CPP INVESTMENT BOARD

All figures in Canadian dollars unless otherwise noted.

CPP Fund Totals $328.2 Billion at Second Quarter Fiscal 2018

TORONTO, ON (November 10, 2017): The CPP Fund ended its second quarter of fiscal 2018 on September 30, 2017, with net assets of $328.2 billion, compared with $326.5 billion at the end of the previous quarter. The $1.7 billion net increase in assets for the quarter consisted of $2.3 billion in net income after all CPPIB costs, less $0.6 billion in net Canada Pension Plan (CPP) cash outflows. The CPP Fund routinely receives more CPP contributions than required to pay benefits during the first part of the calendar year, partially offset by benefit payments exceeding contributions in the final months. On an annual basis, contributions to the Fund continue to exceed outflows.

The portfolio achieved 10-year and five-year net nominal returns of 6.9% and 11.8%, respectively, and 0.7% net of all CPPIB costs for the quarter.

For the six-month fiscal year-to-date period, the CPP Fund increased by $11.5 billion consisting of $8.1 billion in net income after all CPPIB costs, plus $3.4 billion in net CPP cash inflows. The portfolio delivered a net return of 2.5% after all CPPIB costs during the period.

"Equities advanced internationally during the quarter moderated by negative Canadian fixed income and foreign currency returns. The Fund delivered a modest return with contributions from all of our major investment programs as our teams pursued a number of select transactions setting the stage for added future growth," said Mark Machin, President & Chief Executive Officer, Canada Pension Plan Investment Board (CPPIB). "Our broadly diversified investment portfolio continues to generate strong long-term performance results for the Canada Pension Plan and its contributors and beneficiaries."

The CPP Fund is a global portfolio that holds assets denominated in many foreign currencies. CPPIB generally does not hedge these back to the Canadian dollar. Accordingly, when the Canadian dollar strengthens, as it has in the last six months, the Fund will experience currency losses. As an example, the Canadian dollar strengthened against the U.S. dollar by 6.6% over this period. Conversely, when the Canadian dollar weakens, the Fund will benefit from currency gains. While currency exchange-rate fluctuations may impact Fund results in any given period, we do not expect them to have a significant impact on long-term performance.

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Long-Term Sustainability

CPPIB's 10-year annualized net nominal rate of return of 6.9%, or 5.3% on a net real rate of return basis, was above the Chief Actuary's assumption of expected performance over this same period. The real rate of return is reported net of all CPPIB costs to be consistent with the Chief Actuary's approach.

In the most recent triennial review released in September 2016, the Chief Actuary of Canada reaffirmed that, as at December 31, 2015, the CPP remains sustainable at the current contribution rate of 9.9% throughout the forward-looking 75-year period covered by the actuarial report. The Chief Actuary's projections are based on the assumption that the Fund's prospective real rate of return, which takes into account the impact of inflation, will average 3.9% over 75 years.

The report confirmed that the Fund's performance was ahead of projections for the 2013-2015 period as investment income was 248%, or $70 billion, higher than anticipated.

The CPP's multi-generational funding and liabilities give rise to an exceptionally long investment horizon. To meet long-term investment objectives, CPPIB continues to build a portfolio designed to generate and maximize long-term returns at an appropriate risk level. Accordingly, long-term investment returns are a more appropriate measure of CPPIB's performance than returns in any given quarter or single fiscal year.

Five and 10-Year Returns[1, 2]

(for the quarter ending September 30, 2017)

	Investment Rate of Return (Nominal)	Investment Rate of Return (Real)	Net Income[3]
5-Year Annualized	11.8%	10.3%	$133.9 billion
10-Year Annualized	6.9%	5.3%	$153.5 billion

[1] After all CPPIB costs.

[2] Rates of return are calculated on a time-weighted basis. They reflect the performance of the Investment Portfolio, which excludes the Cash for Benefits Portfolio.

[3] Dollar figures are cumulative.

Asset Mix

For the quarter ending September 30, 2017 ($ billions)	$	%
Public Equities		
Canadian	10.6	3.2
Foreign	99.2	30.2
Emerging	21.0	6.4
	130.8	**39.8**
Private Equities		
Canadian	1.2	0.4
Foreign	52.4	15.9
Emerging	7.4	2.3
	61.0	**18.6**
Government Bonds		
Marketable	61.0	18.6
Canadian Provincial Non-marketable	23.5	7.2
	84.5	**25.8**
Credit Investments	**19.9**	**6.1**
Real Assets		
Real Estate	41.0	12.5
Infrastructure	24.3	7.4
Other[1]	7.9	2.4
	73.2	**22.3**
External Debt Issuance	**-23.3**	**-7.1**
Cash and Absolute Return Strategies[2]	**-18.1**	**-5.5**
Investment Portfolio	**328.0**	**100.0**
Cash for Benefits Portfolio	**0.1**	**0**
Net Investments[3]	**328.1**	**100.0**

[1] Other consists of Natural Resources and Agriculture investments.

[2] The negative balance of $18.1 billion in Cash & Absolute Return Strategies represents the net amount of financing through derivatives and repurchase agreements, and the current net position from Absolute Return Strategies.

[3] Excludes non-investment assets (such as premises and equipment) and non-investment liabilities, totalling $0.1 billion for Q2 fiscal 2018. As a result, net investments will differ from the net assets figure of $328.2 billion.

Q2 Investment Highlights:

Private Investments

- Signed an agreement to participate in the acquisition of Calpine Corporation, one of the largest independent power generators in the United States. CPPIB will make this investment as part of a consortium comprised of Energy Capital Partners and other investors for US$5.6 billion in cash. CPPIB will invest US$750 million. The transaction is subject to regulatory and shareholder approval and other customary closing conditions.

- Signed an agreement with Gas Natural Fenosa alongside Allianz Capital Partners (ACP) to acquire a 20% minority equity interest in its gas distribution business in Spain (GNDB) for €1.5 billion. CPPIB will invest €900 million and ACP will invest €600 million. GNDB is the largest gas distribution network in Spain with more than 5.3 million connection points and serving some 1,100 municipalities. The transaction is subject to customary closing conditions and regulatory approvals.

- Invested US$400 million of equity in WME | IMG, a global leader in entertainment, sports and fashion now known as Endeavor, representing an 8% minority interest in the company. Endeavor specializes in talent representation and management; brand strategy, activation and licensing; media production, sales and distribution; and event management.

- Acquired the rights to a portion of royalties in venetoclax, a cancer treatment drug, from the Walter and Eliza Hall Institute of Medical Research. The transaction includes a cash payment of US$250 million upfront and potential milestone payments up to US$75 million.

- Signed a definitive purchase and sale agreement with Shell Overseas Holdings Ltd (Shell) to acquire 100% of Shell E&P Ireland Limited, which holds Shell's 45% interest in Corrib Natural Gas Field in Ireland (Corrib), for a total initial cash consideration of €830 million, with additional payments of up to €250 million between 2018-2025, subject to gas price and production. CPPIB and Vermilion Energy Inc. (Vermilion) entered into a strategic partnership whereby Vermilion will operate the Corrib assets after completion of the acquisition. The transaction is subject to customary conditions and receipt of all necessary government consents.

Real Assets

- Completed a transaction with Cyrela Commercial Properties S.A. (CCP) under which CPPIB acquired a 33% interest in CCP's Brazil-based office portfolio and CCP acquired CPPIB's 50% equity stake in CCP's existing logistics joint venture. The CCP office portfolio is one of Brazil's largest, with 12 Class-A properties predominantly located in Faria Lima, São Paulo's prime office district. In addition, CPPIB and CCP jointly committed US$400 million to a new joint venture to focus on further investment in top-tier office properties in Brazil.

- Acquired a land parcel in Pune, India for INR 1.61 billion (C$32.0 million) alongside The Phoenix Mills Limited through the joint strategic investment platform, Island Star Mall Developers Pvt. Ltd (ISMDPL). The site is the platform's first acquisition and has a development potential of approximately 1.6 million square feet. CPPIB has invested INR 7.2 billion (C$145 million) in ISMDPL and owns 30% in the platform, which was formed in April 2017 to develop, own and operate retail-led, mixed-use developments in India.

- Agreed to provide a £250 million subordinated facility to intu properties plc (intu). The subordinated facility will support intu's corporate business plans and is indirectly secured by the intu Trafford Centre in Manchester, one of the U.K.'s top five shopping centres.

- Acquired a 50% equity stake in Milton Park, one of Europe's largest integrated business, science and technology parks, from Hermes Investment Management for approximately £200 million. Located in the Thames Valley region of the U.K., Milton Park is home to over 250 organizations employing over 9,000 people.

Asset Dispositions:

Real Assets

- Sold our 50% ownership interest in Constitution Square, an Ottawa office property. Net proceeds to CPPIB from the sale were approximately C$240 million before customary closing adjustments. CPPIB acquired its ownership interest in 2005.

- Sold all farmland assets owned by Agriculture Company of America. Net proceeds to CPPIB from the sale were approximately US$520 million. CPPIB accumulated its U.S. farmland assets over a four-year period from 2013 to 2016.

Investment highlights following the quarter end include:

- Invested US$250 million in Meituan-Dianping, China's largest service-focused e-commerce platform, alongside Tencent, Trustbridge and other investors through a Series C financing. Meituan-Dianping connects more than 280 million annual active buying consumers with more than five million annual active local merchants across 2,800 cities in China.

- Partnered with Alpha Investment Partners Limited (Alpha) and Keppel Data Centres Holding Pte. Ltd., for an initial allocation of up to US$350 million alongside the Alpha Data Centre Fund (ADCF), with the option to invest another US$150 million. Launched in 2016 by Alpha, ADCF aims to develop a quality portfolio of new and existing data centre assets in Asia Pacific and Europe.

About Canada Pension Plan Investment Board

Canada Pension Plan Investment Board (CPPIB) is a professional investment management organization that invests the funds not needed by the Canada Pension Plan (CPP) to pay current benefits on behalf of 20 million contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in Hong Kong, London, Luxembourg, Mumbai, New York City, São Paulo and Sydney, CPPIB is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At September 30, 2017, the CPP Fund totalled $328.2 billion. For more information about CPPIB, please visit www.cppib.com or follow us on LinkedIn or Twitter.

Disclaimer

Certain statements included in this press release constitute forward-looking statements with respect to CPPIB's future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as "trend," "potential," "opportunity," "believe," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" and similar expressions. The forward-looking statements are not historical facts but reflect CPPIB's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including available investment income, intended acquisitions, regulatory and other approvals and general investment conditions. Although CPPIB believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, readers are cautioned not to place undue reliance on such statements due to the inherent uncertainty therein. CPPIB does not undertake to publicly update such statements to reflect new information, future events, changes in circumstances or for any other reason. The information contained on CPPIB's website is not a part of this press release.

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