Financial Review

This annual report contains forward-looking statements reflecting management's objectives, outlook and expectations as of the date of this report. These statements involve risks and uncertainties. Therefore, our investment activities may vary from those outlined in these forward-looking statements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following information provides analysis of the operations and financial position of the Canada Pension Plan Investment Board and should be read in conjunction with the Consolidated Financial Statements and accompanying notes for the year ending March 31, 2006. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Vision, Core Activity and Strategy

OVERVIEW

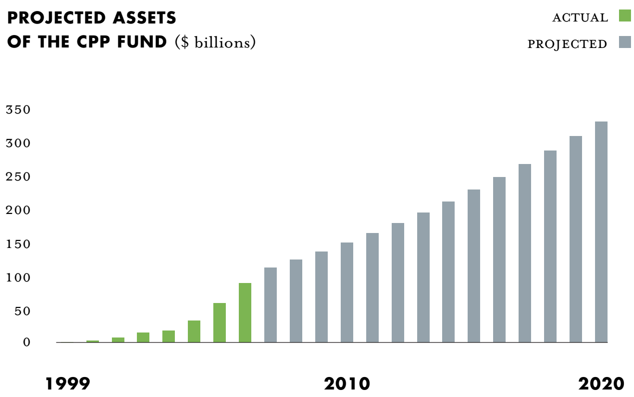
The Canada Pension Plan Investment Board is a Crown corporation operating independently of the Canada Pension Plan and at arm's length from governments. The CPP Investment Board was created in 1997 to invest the assets of the CPP.

We are an investment management organization with a legislated mandate to achieve "a maximum rate of return without undue risk of loss, having regard to the factors that may affect the funding of the Canada Pension Plan and the ability of the Canada Pension Plan to meet its financial obligations on any business day."

As a fiduciary acting on behalf of 16 million contributors and beneficiaries, our investment objective is to help improve the sustainability of the CPP. We do this by designing a portfolio to address the CPP's projected liabilities and by investment activities that enhance risk-adjusted returns.

When the CPP Investment Board began investing in 1999, the CPP fund, which comprises the assets not needed to pay current benefits, held only non-marketable government bonds. To fulfill our mandate, we have spent the ensuing years diversifying the fund by directing incoming contributions primarily into public equity, private equity and real estate investments. By the end of fiscal 2005, the CPP fund had reached the asset allocation that is common among many large defined benefit pension plans: approximately 60 per cent in equities and 40 per cent in fixed income. Beginning in fiscal 2006, the near-term asset-mix target was refined to 60 per cent equity, 30 per cent fixed income and 10 per cent real return assets to improve its risk/return profile.

PROJECTED ASSETS OF THE CPP FUND ($ billions)



GROWTH TRAJECTORY
According to the Chief Actuary of Canada, the CPP fund is projected to grow to $246 billion within the next decade, placing it among the world's largest institutional investors.

We use a total portfolio approach as an overall principle for how we design the portfolio and how we make investment decisions. This approach focuses on the risk/return characteristics of investments rather than traditional asset labels. By seeking diversification by risk and return streams rather than asset classes, we believe we can better manage portfolio risk and achieve superior investment returns.

Based on projections by the Chief Actuary of Canada, CPP contributions are expected to exceed annual benefits paid until 2022, providing a 16-year period before a portion of the investment income is needed to help pay CPP benefits. During this period, the Chief Actuary estimates that large amounts of excess CPP contributions (currently $3.6 billion annually and declining thereafter) will flow to the CPP Investment Board for investment purposes. Thus, there is relative certainty about future asset growth from contributions.

STRATEGY

There are two dimensions to our strategy: an investment strategy for the CPP assets and a development strategy designed to support the CPP Investment Board's growth as an efficient, effective business organization. We provide an overview of the two dimensions here, and elaborate in later sections of this report.

Investment Strategy

During the past year, management refined the fund's asset mix and investment approach to increase risk-adjusted returns and to better match the portfolio's assets to the CPP's projected liabilities. The near-term asset-mix target established in fiscal 2006 is 60-30-10, with 60 per cent of the portfolio in public and private equity investments, 30 per cent in fixed income, consisting almost entirely of non-marketable government bonds, and 10 per cent in real return assets, consisting of inflation-linked bonds as well as real estate and infrastructure.

As we continue to evolve into a more mature investment fund, we are seeking new and expanded investment opportunities to capture returns available from the public and private markets. In the past year, for example, we substantially expanded our private real estate investments and made initial investments in publicly traded inflation-linked bonds.

We have also increasingly diversified the fund by geography. Investing in international markets supports our mission in three primary ways. First, Canada's stock market is small, representing only about 3 per cent of world market capitalization, and is heavily concentrated in a few sectors, such as resources and financial services. It offers few opportunities to invest in sectors such as technology, health care and consumer goods. Second, the flow of contributions into the CPP varies directly with the health of the Canadian economy. By reducing the fund's reliance on the Canadian economy, global diversification offers a source of returns for those times when the Canadian economy, and correspondingly CPP contributions, is in decline. Third, prudent investments in rapidly growing regions will enable the CPP Investment Board to harness the positive demographic growth and rising productivity of other regions of the world to create a flow of foreign income to help support pensions for Canadians. So, while maintaining a sizeable total investment in Canada, we are increasing the percentage of the fund's global investments.

"The CPP Reference Portfolio provides an understandable, demanding investment benchmark to evaluate the impact of our decision-making. In developing it, we focused on the nature of the CPP's liabilities and the risk/return preferences of the CPP stewards, not the asset-mix policies of other large pension plans. We expect it will remain unchanged over the current strategic plan, about five years."

JOHN H. ILKIW
VICE-PRESIDENT — PORTFOLIO DESIGN AND RISK MANAGEMENT

Over the next few years, we expect to base our investment strategy on four themes:

- **Pursue private investments in real estate and infrastructure to enhance returns and diversify the portfolio.** We will complement our real estate holdings, which are predominantly located in Canada, by seeking real estate opportunities globally. In addition, we will actively consider domestic and international infrastructure investments. Real estate and infrastructure have attractive inflation-related characteristics that can offer higher risk-adjusted returns than investments with contractual inflation protection such as real return bonds.
- **Continue our pursuit of private equity investments.** Our goal is to capture private investment returns that exceed the comparable public market opportunities.
- **Continue our pursuit of public market active management strategies.** We will continue to expand our external active management program. In addition, we will introduce an internal active management program with an initial focus on North American equities.
- **Expand our credit evaluation capabilities to invest in a wider range of investment categories.** These categories include government, corporate and high-yield bonds – both domestic and international – as well as emerging market investments in debt and equity.

Development Strategy

The CPP Investment Board experienced rapid growth in every respect during its first seven years of operation and most notably during the past 24 months. The emphasis has been on solidifying the foundation of our investment organization while prudently investing substantial inflows.

We are now focused on expanding our investment activities through the development of our internal capabilities and by fostering strategic partnerships with top-tier external investment managers. As a relatively new organization, we are focused on seeking and adopting current best practices available for every part of our business operation.

While continuing to build institutional strength over the past year, we also conducted a strategic review to better define the organization's mission. Through this review, we identified the comparative advantages we can build upon to maximize the probabilities of our success and adopted an implementation plan for the next three- to five-year period.

Commitment to the highest standards: We believe our mandate requires the CPP Investment Board to operate with the highest standards of integrity and ethical conduct. We have a distinct status as a Crown corporation that was intentionally designed to be independent of, though accountable to, participating governments. Our comprehensive governance and accountability framework includes a number of measures designed to preserve the public trust. But, as part of our commitment to ethical conduct, the CPP Investment Board has gone well beyond legislated requirements and industry norms in establishing and maintaining high standards of conduct and business practice.

One such measure is the CPP Investment Board's stringent code of conduct and conflict of interest procedures for directors, officers and employees. Our code obligates officers and employees to act as whistleblowers if they become aware of any suspected breaches. Any such report can be made confidentially to the chairperson, president, general counsel or an external conduct review advisor. The Honourable Frank Iacobucci, former justice of the Supreme Court of Canada, was appointed to the position of conduct review advisor on October 1, 2005. In this part-time role, Mr. Iacobucci counsels CPP Investment Board directors, employees and external partners who seek confidential guidance on ethical matters related to the board's code of conduct and conflict of interest procedures. The role of conduct review advisor was created in 2003.

We have also adopted comprehensive standards and policies to ensure we always act responsibly as a capital markets participant.

"We are a federal Crown corporation which is governed and managed independently of the CPP and at arm's length from governments. We are accountable to our federal and provincial stewards and at all times act in the best interests of CPP contributors and beneficiaries."

JOHN H. BUTLER
VICE-PRESIDENT — GENERAL COUNSEL AND CORPORATE SECRETARY

Commitment to accountability and disclosure: Accountability and disclosure are also hallmarks of our distinct governance model, carefully designed by the federal and provincial finance ministers to meet our specific investment mission.

As set out in our founding legislation, we report to Parliament through the finance minister, who tables our annual report in the House of Commons. Quarterly financial statements are filed with the federal and provincial finance ministers, who act as stewards of the Canada Pension Plan. Further, the chair and chief executive officer take questions and comments from individual Canadians and stakeholder groups at biennial public meetings in each of the nine provinces that participate in the CPP.

Our disclosure policy goes well beyond these legislated requirements. Indeed, we disclose more information, more often, than any other pension fund in Canada and, to our knowledge, in the world. For example, after each quarter we issue a news release summarizing the investment performance of the CPP fund during the preceding three months and provide quarter-end financial statements. These materials are posted on our website — www.cppib.ca — which maintains an archive dating back to 1999, when we first began investing. The website also contains a complete list of the fund's holdings and a list of our investment partners with links to their websites. As well, interested parties can access the legislation and regulations that govern our activities, by-laws, governance manual and policies, including the Investment Statement, that guide us in managing the CPP's assets. In addition, the website offers a page that solicits feedback and queries and provides a compilation of frequently asked questions.

DISCLOSURE

Disclosure Policy: Canadians have the right to know why, how and where we invest their CPP money, who makes the investment decisions, what assets are owned on their behalf and how the investments are performing.

Our website — www.cppib.ca — provides details of our

- public equity holdings
- private equity, infrastructure and real estate investments
- fixed income portfolio
- external partners
- proxy voting records
- organizational policies and guidelines — a total of about 300 pages
- speeches, news releases and reports
- public opinion surveys
- thumbnail biographies of all directors and senior staff
- annual reports
- quarterly reports

ACCOUNTABILITY

- Investment professionals are accountable to an independent board of directors
- The CPP Investment Board is accountable to the CPP stewards, who are the federal and provincial finance ministers
- We report to the federal minister of finance and to Parliament
- We report to 16 million Canadian contributors and beneficiaries
- Special examination is performed by an external audit firm every six years, as ordered by the federal minister of finance
- Regular annual audits are conducted by an external audit firm
- Special audits can be ordered by the federal finance minister at any time
- There are codes of conduct and conflict of interest procedures for directors and employees, plus a conduct review advisor
- Public meetings are held every two years in the nine participating provinces

Key Performance Drivers

The most powerful performance drivers are the effectiveness of our total portfolio approach to risk/return portfolio management, which affects investment performance, and the ability of the organization to attract and retain internal talent and use external strategic partners to implement our strategy. These issues are covered in more detail throughout this report. Other performance drivers include the knowledge, judgment and discipline of our investment professionals, their ability to work as a team, and their access to information and decision-making tools. While these drivers are common to investment management organizations, there are other drivers that are unique to us including the following:

Mandate: As distinct from some other public pension funds, our mandate has a single investment focus. As enshrined in legislation, our mandate is to help pay future CPP benefits on behalf of the 16 million contributors and beneficiaries. Our investment mission and fiduciary duty are, in part, to maximize returns without undue risk of loss. Our investment organization is accountable to an independent board of directors. The CPP Investment Board reports to Parliament and to the federal and provincial finance ministers, who serve as stewards of the CPP. We are, however, managed independently of the CPP and at arm's length from governments.

Time horizon: Our very long-term investment time horizon and no requirement to help pay benefits for 16 years create rare strategic advantages for the CPP fund. The Chief Actuary has projected that annual CPP contributions will cover benefits paid until 2022. At that time, the plan is expected to begin using a relatively small portion of annual investment income to help pay benefits.

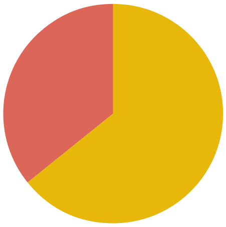
This relative certainty of ongoing positive inflows allows us to invest a higher proportion of the portfolio in areas such as real estate and infrastructure that require patient capital and which offer inflation-sensitive income streams that are a good match for the CPP's inflation-indexed liabilities. We can also invest a higher proportion of the portfolio in areas such as private equity and venture capital that typically require several years to generate returns. Also, substantial annual inflows allow us to make investments with new cash rather than having to sell existing investments to fund new opportunities.

Scale: According to the Chief Actuary of Canada, the CPP fund is projected to grow to $246 billion within the next decade, placing it among the world's largest institutional investors.

The size of the fund entails both advantages and constraints. One of the advantages is that we can commit sizable amounts to individual investment opportunities. We also have the ability to seek strategic partnerships with the world's leading investment management organizations. Moreover, we can cost-effectively commit resources to develop the internal capabilities and leading edge decision-making and risk-management tools that are required to manage a fund of this size and complexity over a long period. As for constraints, the size of the fund generally makes it impractical for us to pursue some investment opportunities that might otherwise be attractive but lack sufficient scale to make an appreciable contribution to our overall returns. As well, our significant investments in public markets can have the potential to affect markets through our trading activity. And, while sizeable monthly inflows from contributions provide new money for investment, they also entail deployment costs.

Focus on risk/return management: Our activities are focused on achieving, at a minimum, the projected return required to help sustain the CPP. Based on reasonable demographic and economic assumptions, the Chief Actuary has projected that the CPP's current benefits and contribution rate are sustainable for at least the next 75 years, the length of the Chief Actuary's study period. The sustainability of the CPP depends on various economic and demographic factors and assumptions. The assumptions are subject to review every three years when the Chief Actuary updates the plan's projection for review by the federal and provincial finance ministers, who serve as stewards of the CPP.

CPP FUND
GEOGRAPHIC DIVERSIFICATION (%)
As at March 31, 2006



Approximately $63 billion of the $98 billion CPP fund is invested in Canada.

Results

ASSET GROWTH

At March 31, the CPP fund[1] totalled $98 billion versus $81.3 billion at March 31, 2005. This growth consisted of $13.1 billion from investment income and $3.6 billion from CPP contributions not required to pay current benefits.

ASSET MIX

At March 31, the CPP fund had made good progress toward the near-term asset-mix target of 60-30-10 created at the beginning of fiscal 2006. Equities totalled $61.7 billion or 63 per cent of the fund. This consisted of publicly traded stocks valued at $57.3 billion or 58.5 per cent of the total fund plus private equity valued at $4.4 billion or 4.5 per cent of the total fund. Fixed income comprised of government bonds and money market securities totalled $27.8 billion or 28.3 per cent of the fund. Real return assets represented $8.5 billion or 8.7 per cent of the fund. This consisted of real estate valued at $4.2 billion or 4.3 per cent of the fund, inflation-linked bonds valued at $4 billion or 4 per cent of the fund and infrastructure investments valued at $350 million or 0.4 per cent of the fund.

INVESTMENT RETURNS BY ASSET CLASS
For the year ended March 31, 2006

	Rate of Return (%)
Equities	22.6
Fixed income	4.3
Real return assets	12.9
Overall rate of return	15.5

INVESTMENT RESULTS

The CPP fund generated income of $13.1 billion during fiscal 2006. This compares with $6.3 billion for fiscal 2005. The rate of return for this year was 15.5 per cent, compared with 8.5 per cent last year.

Equity markets performed exceptionally well in fiscal 2006, accounting for approximately 85 per cent of the fund's gains. Canadian public equity markets were strong in all sectors, especially the energy and financial services sectors, and as a result our Canadian equity holdings generated an overall rate of return of 29.9 per cent.

[1] The CPP fund refers to assets not needed to pay current CPP benefits and contains assets managed by the CPP Investment Board and government bonds not yet transferred to us from the Department of Finance Canada. We take both components into account when making investment decisions. The following commentary reflects this, but the consolidated financial statements that form the latter half of this annual report deal exclusively with the 90.4 per cent of CPP assets managed directly by the CPP Investment Board. When the transfer of government bonds to us is completed in April 2007, the entire CPP fund will be managed directly by the CPP Investment Board.

PERFORMANCE MEASUREMENT

On April 1, 2006, we introduced a performance measurement framework called the CPP Reference Portfolio. This is a notional portfolio comprised of 40 per cent global equities, 25 per cent Canadian equities, 25 per cent fixed income and 10 per cent real return bonds. The CPP Reference Portfolio is designed to reflect the liabilities specific to the CPP. Furthermore, it reflects the systematic risk assumptions incorporated in the 1997 CPP reforms and the CPP's 9.9 per cent contribution rate.

The CPP Reference Portfolio provides the board of directors, management and CPP stakeholders with an understandable, low-cost and demanding investment benchmark to evaluate the impact that CPP Investment Board investment and organizational decision-making has on the performance of the CPP fund. It is benchmarked against broad market indices maintained by organizations such as S&P/Citigroup and Scotia Capital.

A significant adjustment of the public market equities portfolio was initiated in the second quarter of fiscal 2006 to align the portfolio with the new composite benchmark. Prior to this, standard indices were less effective indicators against which to judge the CPP Investment Board's fund performance. At that time, we had a customized benchmark with 51 benchmark returns for the portfolio. The customization was necessary to meet our investment mandate within constraints imposed by the foreign property rule and by Regulation 9 of the *Canada Pension Plan Investment Board Act*. The foreign property rule limited the foreign content of the CPP Investment Board portfolio to 30 per cent of its book value. The removal of those constraints enabled us to adopt a more straightforward and efficient benchmark comprised of just four categories, each of which can be measured against an accepted market index. Aligning the portfolio with this new benchmark required substantial effort during the year.

The 15.5 per cent return for fiscal 2006 compares to the 14.9 per cent median return for Canadian pension plans.[2]

"This was a year of realignment for our public equity portfolio as the repeal of the foreign property rule enabled us to move to a much simpler structure. Realigning a portfolio of this size without notable market impact was akin to navigating a super tanker through a busy harbour. Now, we look forward to building our internal active management capabilities."

DONALD M. RAYMOND
VICE-PRESIDENT — PUBLIC MARKET INVESTMENTS

EQUITIES

Equities generated income of $11.2 billion, representing a return of 22.6 per cent for fiscal 2006. This compares with $4.6 billion and 11.5 per cent for the prior year.

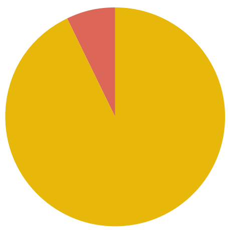
Public Equity

At March 31, public equities totalled $57.3 billion versus $45.7 billion at the end of fiscal 2005. They earned a rate of return of 23 per cent compared with 11.2 per cent for the previous year.

Most of the public equity portfolio is held in a passive portfolio that largely replicates major indexes and is not actively traded. As explained above, the public equity portfolio was realigned during 2006 to replicate market capitalization indices widely used in the investment industry. This realignment was possible because of the removal of investment constraints discussed earlier. Realigning the $57.3 billion public equity portfolio with minimal market impact was a significant undertaking.

[2] According to a survey by RBC Dexia Investor Services, the median performance for Canadian pension plans is 14.9 per cent for the 12 months ending March 31, 2006.

EQUITIES (%)
As at March 31, 2006



Equities generated income of $11.2 billion, representing a return of 22.6 per cent. Public equities make up 58.5 per cent of the CPP fund while private equities make up 4.5 per cent.

Canadian public equities account for more than $28.5 billion, or 29.1 per cent of the fund. As part of our global diversification and risk-management program, we reduced the number of shares of Canadian public equities in order to increase public equity exposure elsewhere. Given strong equity markets in Canada, the dollar value of this portion of the portfolio is little changed. We are also maintaining our sizeable amount of total Canadian investments by purchasing Canadian assets in other segments of the portfolio.

Our active overlay program has now run for two fiscal years and we are pleased with the results to date. This program places a layer of active selection over our passive portfolio of more than 2,600 public companies. Four external investment managers – Barclays Global Investors Canada, Connor, Clark & Lunn Investment Management Ltd., Goldman Sachs Asset Management and UBS Global Asset Management – sell securities that they expect to underperform and invest in securities from which they expect superior performance. Their compensation is primarily performance based; they receive a small base fee plus a percentage of the value they create. Collectively, they delivered $90.1 million in added value for the year and $153 million since inception of the program. During fiscal 2006 we increased three of the four mandates. As part of our partnership approach to help build capability, we are benefiting from the expertise of these partners as we develop our own internal active management capabilities.

Private Equity

At March 31, private equity investments totalled $4.4 billion versus $2.9 billion at the end of fiscal 2005. They earned an internal rate of return of 18.2 per cent compared with 19.1 per cent for fiscal 2005.

We are now experiencing significant growth in distributions[3] as earlier fund investments advance along the typical seven- to 10-year investment life cycle for private equity.

Approximately $13.3 billion has been committed to private equity funds since we entered this market in 2001. The past year saw new commitments of $5.2 billion to private equity funds, which reflected both the Private Investments team's rapid expansion and a market environment where many top-tier fund managers were raising additional capital. Of particular note is the commitment of $400 million to the Canadian private equity and venture capital market through the creation of a new Canadian fund of funds program. This program provides the CPP Investment Board with access to smaller Canadian buyout funds and Canadian venture capital funds.

The private equity fund portfolio now consists of investments in 77 funds with 50 managers and is invested in a wide range of industries, primarily in North America and Western Europe.

Also of note is the recent establishment of a separate team dedicated to making principal[4] investments beside our private equity fund managers. In fiscal 2006, we made a total of seven principal investments totalling $227 million. We expect to expand our principal investment activities substantially in fiscal 2007 and beyond.

Private Investments 2006 Highlights

- Committed $5.2 billion to private equity fund managers
- Completed $598 million in principal investments and secondaries alongside our fund partners
- Received $1.2 billion in distributions from our fund investments
- Hired a permanent vice-president, two directors, and 11 other investment professionals
- Created Funds and Secondaries, Principal Investing and Infrastructure sub-groups within the Private Investments department

[3] Distributions refers to all cash proceeds related to income and permanent returns of capital received as a result of private investment activities.
[4] Principal investing refers to making investments directly into privately held companies.

FIXED INCOME

At March 31, the nominal fixed income allocation of the CPP fund consisted almost entirely of government bonds. We will start the development of an active management capability for fixed income in fiscal 2007.

The government bond portfolio holds non-marketable federal, provincial and territorial debt. These bonds are carried at market value. The total value at March 31 was $27.2 billion. Their geographic and maturity distribution are shown on the CPP Investment Board website.

Until recently, each jurisdiction had one opportunity to renew its maturing debt for 20 years. The agreement governing this was amended during fiscal 2006 so that each government can elect to replace a maturing bond with redeemable debt ranging in term from five years to 30 years. Replacement debt with a term of less than 30 years can be renewed for successive terms to the maximum of 30 years.

The fixed income segment of the CPP fund contributed $1.3 billion during the past year, posting a return of 4.3 per cent. As these bonds are not marketable, we estimated their value at $27.2 billion at March 31. The bond portfolio was valued at $28.6 billion at the same point the year before.

REAL RETURN ASSETS

Fiscal 2006 was a year of further diversification of the CPP fund, with substantial sums deployed in real return assets. In total, real return assets generated $530 million, representing a return of 12.9 per cent for fiscal 2006.

Real return assets are attractive investments because their returns tend to be a good match for the CPP's inflation-linked liabilities.

"Our greatest challenge this year was the volume of transactions we did; about three times more than we assumed. The market recognized that we are able to do major acquisitions and we benefited from working with strong partners. Also, our first public market transaction – the purchase of Olympia & York – was a big step forward in establishing credibility."

GRAEME EADIE
VICE-PRESIDENT — REAL ESTATE INVESTMENTS

Inflation-Linked Bonds

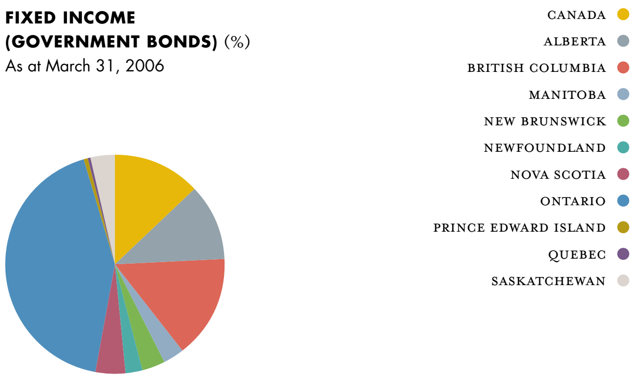
After the lifting of constraints imposed by Regulation 9, we established a position in Canadian real return bonds and later added treasury inflation-protected securities (TIPS) issued by the United States government.

Real Estate

The CPP Investment Board has thus far invested a total of $4 billion in the real estate sector, not including a relatively small index-based weighting of real estate investment trusts (REITs) in our public equities portfolio.

This was a banner year for the recently formed real estate department, with acquisitions totalling nearly $3 billion. Our first major acquisition, for $1 billion, occurred in June when we purchased a 50 per cent ownership interest in a portfolio of 11 quality office buildings located in Vancouver, Calgary, Edmonton, Toronto, Ottawa and Montreal. This interest was acquired from Oxford Properties Group, which remains the operating partner. In November, we were the lead investor in a joint venture that acquired a 50 per cent interest in $2 billion of O&Y's portfolio of office buildings. This investment gave us

FIXED INCOME (GOVERNMENT BONDS) (%)
As at March 31, 2006



As these government bonds are not marketable, we estimate their value to be $27.2 billion, which accounts for 27.7 per cent of the CPP fund.

partial ownership of First Canadian Place in Toronto – Canada's tallest office building – and 23 other quality office buildings in six major Canadian markets. A subsidiary of Brookfield Properties Corporation is the operating partner and holds a 25 per cent interest. In December we acquired 80 per cent of two major shopping centres in Quebec: Galeries de la Capitale in Quebec City and Carrefour de l'Estrie in Sherbrooke. Our investment in these two properties is $660 million. These were purchased with Westerkirk Capital as co-investor and Osmington Inc. as co-investor and operating partner. CPP Investment Board and Osmington own an additional six shopping centres. Oxford, Brookfield, Osmington and Westerkirk are strong real estate operators and our association with them exemplifies the CPP Investment Board's commitment to investing through strategic partnerships.

With approximately three-quarters of our real estate portfolio having been acquired this year, it is too early to report a meaningful rate of return for this segment.

Canadian properties represent 72 per cent of the real estate portfolio and are listed on page 28. The United States represents 18 per cent and consists of an indirect interest in Trizec Properties REIT through our 34.2 per cent ownership of Trizec Canada. Trizec Properties REIT is one of the largest American commercial landlords, with 50 office buildings in seven major metropolitan areas. The balance of the investments is in real estate funds focused on Canada, France and the United Kingdom. We expect to increase our presence in international markets in the future.

We recently hired ING Clarion Real Estate Securities, LP for a global active REIT mandate. REITs offer an expeditious, cost-effective way to obtain international diversification in a sector that is inherently local. In addition to creating an array of inflation-sensitive income streams, we expect to generate gains from the development of REITs in European and Asian markets where the vehicle is relatively new.

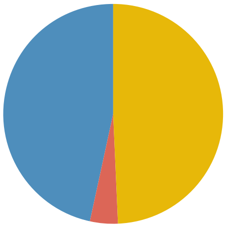
Infrastructure

Infrastructure is an emerging investment area for the CPP Investment Board. Currently, investments total $350 million and constitute 0.4 per cent of the CPP fund; these holdings are too new for us to report a meaningful rate of return.

The CPP Investment Board looks forward to substantially expanding our infrastructure investments in coming years. We have a comparative advantage in meeting infrastructure's need for large, long-term capital commitments. The regulated or contractual long-term income streams of infrastructure investments tend to track inflation and, therefore, are a good match for the CPP's future liabilities.

Our strategy has been to move at a measured pace in infrastructure, investing first as a fund participant and then alongside the fund manager. We completed our first infrastructure co-investment this year, acquiring partial ownership of the Wales and West natural gas distribution network that serves Wales and southwest England.

REAL RETURN ASSETS (%)
As at March 31, 2006



Further diversifying the CPP fund by investing in inflation-linked bonds, infrastructure and real estate means we increased our real return assets to $8.5 billion or 8.7 per cent of the fund, from just $1 billion or 1.2 per cent at the beginning of the year.

Investment Outlook

Although equity markets remained strong and interest rates and inflation continued to be stable through fiscal 2006, more moderate economic growth and further uncertainty is expected in fiscal 2007. The major near-term risk is that the large U.S. current account deficit may cause further deterioration of the U.S. dollar against Canada's currency. Longer term, it is possible that an unchecked U.S. deficit will push up interest rates and dampen growth, limiting returns from equity markets in the process.

Considering these assessments, we think it prudent to assume that equity returns will be modest in the near term. However, we continue to believe that publicly traded equities will outperform fixed income investments over the long term. Consequently, we will maintain a strong weighting to public equities within our portfolio.

Given that we do not require liquidity in the near term, we can afford to be a patient long-term investor realizing superior risk-adjusted returns. We will continue to seek opportunities to invest in real return assets at different stages of the economic cycle. As stated before, we think such assets are attractive because they tend to move with inflation.

Proxy Voting

As a shareholder in 600 Canadian and 2,000 foreign publicly traded companies, the CPP Investment Board has the right to vote on management and shareholder proposals. Proxy voting is one component of the corporate governance process, enabling shareholders to express their view on a variety of issues. We believe that the thoughtful voting of our proxies can constructively influence corporate performance and have a positive impact on the value of the portfolio.

Our proxy voting principles and guidelines were developed in 2003 for two purposes: to give directors and officers of the companies in which we invest guidance on how we are likely to vote on shareholder issues, and to communicate our views on other important business issues.

Our proxy voting principles and guidelines are designed to respond to specific shareholder issues on a company-by-company basis, and are not meant to be a set of rigid rules. We recognize that there are often shades of grey that even the most well-thought-out guidelines cannot anticipate. The proxy voting principles and guidelines are revised annually to reflect our activity during each year's proxy voting season, regulatory developments and best practices in corporate governance.

This year we voted at 1,841 meetings and the number of proxy votes cast was 30,488. A complete list of how we voted our proxies and details of our proxy voting guidelines are available on our website.

Policy on Responsible Investing

The CPP Investment Board is a long-term investor, consistent with the long-term needs of the Canada Pension Plan. As an owner, we are committed to encouraging companies to adopt policies and practices that enhance long-term corporate financial performance.

In October 2005, the board of directors adopted the Policy on Responsible Investing (PRI). This new policy, the successor to the Social Investing Policy, was the result of more than a year of research and study into how institutional investors in Europe, the U.S. and Canada were dealing with responsible investing issues.

The most salient feature of the policy is recognition that responsible corporate behaviour with respect to environmental, social and governance (ESG) factors can generally have a positive influence on long-term financial performance. As a long-term investor, we look at these issues only as they relate to risk/return criteria.

As a result of the policy, we are committed to building an engagement capability to encourage the disclosure of, and improvement on, performance on ESG factors in the companies in which the CPP fund invests. Engagement with investee companies will, over time, encompass a wide range of activities including proxy voting, joining other investors in coalitions to pursue specific issues and direct communication with companies in which the fund invests. The CPP Investment Board has also committed to help fund research on the long-term materiality of ESG factors as they relate to investment returns and risk. As we better understand the nature of these factors, we will begin integrating them into our investment process, as appropriate.

Consistent with the CPP Investment Board's belief that constraints decrease returns and/or increase risk over time, we do not screen stocks. Engagement is a proven strategy for long-term institutional investors, especially those with primarily passive public equity portfolios such as the CPP fund. Moreover, we believe engagement is consistent with our mandate and highly complementary to our investment objective to maximize investment returns without undue risk.

"Our investment decisions have an impact on the future pensions of 16 million Canadians. As a result, our disclosure practices give Canadians a comprehensive view of how the CPP fund is managed and where it is invested. We disclose more information, more often than any other pension plan in Canada and, to our knowledge, any pension plan in the world."

IAN M.C. DALE
VICE-PRESIDENT — COMMUNICATIONS AND STAKEHOLDER RELATIONS

Our commitment to build an engagement capability builds on our proxy voting record, which to date has focused primarily on governance issues. During the past 12 months, we voted on almost 10,000 proxy resolutions. We belong to the Canadian Coalition for Good Governance and the International Corporate Governance Network, and continue to join other coalitions in which like-minded investors pursue common initiatives.

In 2006, the CPP Investment Board joined the Carbon Disclosure Project, a group of 211 institutional investors managing US $31 trillion in assets. This initiative was formed to encourage almost 2,400 public companies to disclose how they are managing climate risk issues that may be affecting their business.

We also became the first Canadian participant in the Enhanced Analytics Initiative, composed primarily of European institutional investors managing $1 trillion. This was designed to provide incentives to sell-side brokerages to expand their traditional research capabilities to encompass ESG factors.

And in April 2006, we became one of two Canadian institutional investors to join the UN-sponsored Principles of Responsible Investment. These principles were developed by a task force of 20 large institutional investors from around the world, including the CPP Investment Board. Signatories to these principles collectively manage US $2 trillion. Our work on this task force also influenced the formulation of the CPP Investment Board's Policy on Responsible Investing, introduced last fall.

We will continue to seek opportunities to improve long-term financial performance as we build our capability to engage with the 2,600 public companies in which we invest.

Capabilities

Initially, the CPP Investment Board operated with a small staff of investment professionals who outsourced investment management implementation. As assets grew, the initial investment in index funds gave way to the creation of an internally managed passive portfolio that now holds shares in more than 2,600 companies. Gradually, the portfolio was further diversified into private equity and then real estate, infrastructure and inflation-linked bonds. We have also introduced more active investment approaches aimed at improving the fund's risk/return profile. Growth in assets and the complexity of our investment activities have required us to strengthen and deepen both our internal capabilities and our strategic long-term relationships with external managers. The CPP Investment Board is transforming itself into a more sophisticated investment management organization that will be capable of investing in any asset class anywhere in the world.

INTERNAL CAPABILITIES

During fiscal 2006, the CPP Investment Board continued to build the institutional strength of the organization by enhancing the professional skills, technology, management systems and processes that are required for us to effectively fulfill our mandate. We are building internal capabilities that

- are critical to the successful implementation of our strategy
- reduce costs through economies of scale
- provide experience and information that benefit our strategy execution
- allow us to consistently exploit comparative advantages

Recognizing that complex, sophisticated investing requires specialized capabilities, we have four investment departments that drive implementation:

Portfolio Design and Risk Management[5]: This department sets the risk/return parameters for the entire portfolio and develops risk/return profiles implemented by the various investment departments. It will manage our enhanced focus on the total portfolio approach and, going forward, balance risk/return decisions at the total portfolio level and across asset classes. In conjunction with our other investment departments, it will also help identify emerging asset classes or investment opportunities to increase returns by investing in more markets, making better asset-mix decisions and more active investments. Over the past year this department developed the CPP Reference Portfolio, which is central to our new accountability framework and improves our ability to measure the value added by our investing activities.

This department is currently developing, with encouragement from the Chief Actuary of Canada, a modelling system that will enable us to better measure the interaction between various portfolio designs and various economic and demographic scenarios that drive the asset/liability characteristics of the CPP. Phase one of this three-phase project was completed this year. Phase two will be developed in fiscal 2007.

[5] Previously known as "Research and Risk Management."

Public Market Investments: This department implements, as efficiently as possible, investment strategies related to any publicly traded security including equities and fixed income. Within the total portfolio approach, public market investments offer a rebalancing mechanism that enables the portfolio to accommodate investments in less liquid assets by making offsetting changes to public market investments. The intent is to maintain a consistent risk/return profile at the total portfolio level. Public Market Investments is currently comprised of two groups: Capital Markets and Portfolio Management.

The Capital Markets group is responsible for trading, short-term value-added strategies and short-term liquidity management. During fiscal 2006 it handled our first forays into global real estate investment trusts and global inflation-linked bonds. It is also building research capabilities focused on trading cost measurement, management and minimization. The group is developing capabilities such as algorithmic trading so we can transact electronically with exchanges and use technology to optimize trading. It is also focused on short-horizon risk measurement and value-added strategies, normally the domain of broker-dealers.

The Portfolio Management group is responsible for traditional value-added management. It oversees external managers and this past year launched a multi-year effort to build internal active management capability combining the best of quantitative and fundamental approaches.

Private Investments: This department is responsible for all of the CPP Investment Board's private investing activity, with the exception of private real estate. The main focus is currently on private equity and infrastructure, though we will continue to expand the scope of our private investment activities over time.

"Our portfolio has done well to date. The biggest challenge now is the state of the private investments markets. They've become very competitive as the supply of new capital has outpaced high-quality opportunities. So we are being prudent. Over the new year, we look forward to building our capabilities as a principal investor and to increasing our infrastructure holdings."

MARK D. WISEMAN
VICE-PRESIDENT — PRIVATE INVESTMENTS

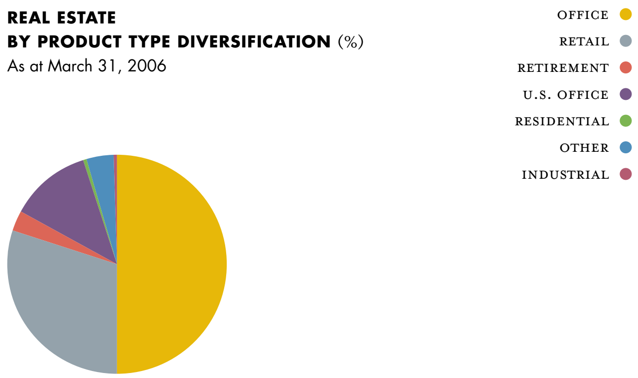
Our goal in making private investments is to find opportunities that will outperform the comparable passive public alternatives. Historically, as we built the program, we focused on making private equity investments through external fund managers. A multi-year transformation was launched in the latter part of fiscal 2006 that will expand our capabilities and allow us to invest in private equity both through external funds and as a principal investor. In addition, we continue to develop our capabilities as a global investor in infrastructure. The Private Investments department is comprised of three groups: Funds and Secondaries, Principal Investing and Infrastructure.

The Funds and Secondaries group is responsible for identifying the best performing private equity managers around the world and committing capital to them. While we are intent on developing our skills as a principal investor, the large amounts of capital that we have to deploy will continue to require us to partner with top-tier external managers. We also continue to be an active participant as a buyer in the secondary market. The secondary market is a relatively narrow segment in which institutions sell limited partnership interests to one another on a privately negotiated basis. Since 2001, we have invested approximately $1 billion in this market. (Since inception, our internal rate of return (IRR) on these investments has been approximately 34.6 per cent.)

Principal Investing is a new group that invests directly in companies instead of through externally managed funds. We typically invest alongside fund managers with whom we have already established relationships. Last year, this group closed co-investment transactions in Europe and the U.S. with a total value of $227 million. As we build capability and expertise, we will increase our activities as both a co-investor in and co-sponsor of private equity transactions.

The Infrastructure group was formally created in August 2005 and is responsible for developing our capabilities as a global investor in infrastructure, acquiring ownership interests in long-lived assets with monopolistic characteristics such as toll roads, airports, electrical transmission networks and water distribution systems. At present, we participate in two infrastructure funds and have one principal investment.

REAL ESTATE
BY PRODUCT TYPE DIVERSIFICATION (%)
As at March 31, 2006



The CPP fund has $4 billion invested in the real estate sector, not including a relatively small index-based weighting of real estate investment trusts (REITs).

Real Estate: This department – spun off in June 2005 from Private Investments – invests in assets through joint ventures and real estate funds. Real estate holdings offer income streams that typically rise with inflation and thus tend to match CPP's indexed liabilities. These holdings also help cushion the total portfolio against business cycle volatility. The department expected to invest about $1 billion in properties during the fiscal year and actually made acquisitions totalling almost $3 billion. These investments are discussed in the Results section, which begins on page 18. The relatively small real estate team will see considerable expansion in fiscal 2007 as it monitors the sizeable portfolio already owned while making new investments.

REAL ESTATE HOLDINGS

Property	City	Province	Total GLA[1] (sq. ft.)	Ownership Interest (%)
OFFICE PROPERTIES				
840 - 7th Avenue SW	Calgary	AB	260,000	50
Altalink Place	Calgary	AB	77,000	50
Altius Centre	Calgary	AB	306,000	50
Canterra Tower	Calgary	AB	819,000	50
Franklin Atrium	Calgary	AB	145,000	50
Franklin Building	Calgary	AB	51,000	50
Gulf Canada Square	Calgary	AB	1,122,000	50
McFarlane Tower	Calgary	AB	237,000	50
Mount Royal Place	Calgary	AB	56,000	50
Bell Tower	Edmonton	AB	473,000	50
Canadian Western Bank Place	Edmonton	AB	410,000	50
Edmonton City Centre (Office)	Edmonton	AB	998,000	50
Enbridge Tower	Edmonton	AB	187,000	50
Guinness Tower	Vancouver	BC	255,000	50
Marine Building	Vancouver	BC	171,000	50
Oceanic Plaza	Vancouver	BC	344,000	50
175 Hargrave Street	Winnipeg	MB	72,000	50
330 St. Mary Avenue	Winnipeg	MB	150,000	50
Acres House	Niagara Falls	ON	149,000	50
2200 Walkley	Ottawa	ON	54,000	50
2204 Walkley	Ottawa	ON	104,000	50
Constitution Square	Ottawa	ON	712,000	50
Jean Edmonds Towers	Ottawa	ON	646,000	50
Place de Ville I	Ottawa	ON	593,000	50
Place de Ville II	Ottawa	ON	673,000	50
18 King Street E	Toronto	ON	234,000	50
2 St. Clair Avenue W	Toronto	ON	239,000	50
40 St. Clair Avenue W	Toronto	ON	127,000	50
First Canadian Place	Toronto	ON	2,663,000	25
Maritime Life Tower	Toronto	ON	471,000	50
One Financial Place	Toronto	ON	654,000	50
Royal Bank Plaza	Toronto	ON	1,483,000	50
Waterpark Place	Toronto	ON	802,000	50
Yonge / Richmond Centre	Toronto	ON	304,000	50
Tour KPMG	Montreal	PQ	508,000	50
TOTAL OFFICE			16,549,000	
RETAIL PROPERTIES				
Edmonton City Centre (Retail)	Edmonton	AB	810,000	50
Pine Centre Mall	Prince George	BC	460,000	80
Cornwall Square	Cornwall	ON	250,000	80
Centre Mall	Hamilton	ON	419,000	80
White Oaks Mall	London	ON	637,000	80
Eastgate Square	Stoney Creek	ON	532,000	80
New Sudbury Centre	Sudbury	ON	533,000	80
Intercity Shopping Centre	Thunder Bay	ON	425,000	80
Promenades Cathedrale	Montreal	PQ	137,000	50
Les Galeries de la Capitale	Quebec City	PQ	1,468,000	80
Carrefour de l'Estrie	Sherbrooke	PQ	1,110,000	80
TOTAL RETAIL			6,781,000	
PORTFOLIO TOTAL			23,330,000	

[1] Gross leasing area.

EXTERNAL CAPABILITIES

The second major part of our program to build institutional strength is through aligned relationships with select external partners.

External partners continue to be a critical part of how we invest, create value and operate the organization. Page 33 lists our investment partners in fiscal 2006 – 10 more than in the previous year.

Partnering enables us to enter markets faster, at lower cost and with more diversification than we could currently achieve on our own. Through strategic partners we efficiently access different asset classes, primarily in private equity, venture capital, real estate and infrastructure, and to a certain extent in public market investments. We also acquire access to top-performing investment managers and to specialized investment expertise in local real estate markets and specific global markets.

During the past year, management adopted a structured approach to establishing and maintaining relationships. This policy stipulates that the CPP Investment Board will

- ensure there is proper alignment between the CPP Investment Board and how the partner will deliver value
- focus on the broader, long-term relationship
- select partners with whom we are willing to jointly experiment in developing new opportunities

Running an Effective, Efficient Business Operation

The total cost of running the CPP Investment Board (excluding external investment management fees) in fiscal 2006 was $54 million compared with $32 million for the prior year. Expressed another way, total operating expenses were 7.1 cents per $100 of invested assets compared with 7 cents in fiscal 2005. For further details, please see Note 7 of the Consolidated Financial Statements. External investment management fees are described in Note 6a.

"We want the CPP Investment Board to be the employer of choice for the world's most talented investment professionals. People are attracted by the ability to grow their skills, do great things and believe they're making a difference in the world. Our size, scope, ethical commitment and impact on the future of 16 million Canadians provide a very compelling story that enables us to attract excellent talent."

DAVID WEXLER
VICE-PRESIDENT – HUMAN RESOURCES

HUMAN CAPITAL

Investment management is largely a people business and the CPP Investment Board is a rapidly growing organization. So, our ability to attract, develop and retain high-calibre staff is critical to our success.

Accordingly, we placed priority this year on augmenting our human resources capabilities. The creation of the position of vice-president, Human Resources is an indicator of the strategic importance that we place on attracting and retaining the right kinds of individuals. In all, the CPP Investment Board hired 63 people this past year.

Within the CPP Investment Board, we emphasize team and overall organizational success. While we have gone outside to recruit the experienced individuals we need to lead this relatively early stage of our strategy execution, we consider the CPP Investment Board a career organization that will look internally for future talent steeped in our approach and values. We stress that this is a growing organization that offers a wide scope of career advancement opportunities for those committed to achieving high expectations and meeting the highest standards of professional integrity.

BUSINESS SYSTEMS

Processes and procedures frame the structure required by every well-run business. The Finance and Operations department is responsible for reporting and control functions, compliance monitoring, performance and risk measurement and monitoring, business process and technology. During fiscal 2006, this group launched a comprehensive review of business processes and supporting technologies for implementation in fiscal 2007 and beyond.

Information is the foundation of investment decision-making and critical to virtually every part of the CPP Investment Board. Fiscal 2006 saw the development of an integrated data repository for use by the entire organization. We also began work on creating a permanent information technology infrastructure to complement our existing outsourced capabilities.

Risk Management

The cornerstone of a successful investment strategy is effective risk management. We are required to adhere to investment policies, standards and procedures that a prudent person would exercise in dealing with the property of others.

Our enterprise-wide approach to risk management involves the board of directors, management and external partners.

The CPP Investment Board develops risk-management policies, procedures, guidelines and other internal controls for application by our professionals and external investment managers and other expert service providers. Our staff monitors compliance by external managers. The board approves all investment and risk-management policies and holds management accountable for complying with them.

Risk management is further supported by our code of conduct and conflict of interest procedures, defined roles and responsibilities, individual and collective performance accountability processes and timely disclosure and communication.

There are two facets to our risk profile. First, risk is an inherent part of investing and our legislated mandate explicitly directs us to manage risk as we deploy the CPP's assets. Second, there is an array of organizational risks that we face as a business operation.

Below are our seven major risk categories:

Investment risk: We are responsible for prudently and cost-effectively earning capital market returns at a risk level that is consistent with the systematic risk assumptions reflected in the 1997 CPP reforms. Within this risk framework we will pursue performance-enhancing investment strategies that can be reasonably expected to increase the fund's long-term risk-adjusted returns.

Our risk/return accountability framework, which includes the new CPP Reference Portfolio, provides an effective, robust and dynamic tool for monitoring and managing investment risk. It also ensures accountability for the return and risk of different levels of decision-making.

We seek to control the overall level of systematic risk by broadly diversifying the portfolio across asset classes and geographies that have non-correlated investment characteristics. As we do this, particularly in asset classes such as real estate, private equity and infrastructure, we look through their traditional labels to assess the underlying risk of the individual investments.

Strategic risk: If business strategies are not developed, executed or monitored effectively, we may not be able to achieve our mission. To manage this risk, we work to have effective governance, organizational structure and leadership, and effective strategic and business planning processes. Those processes were subject to an extensive review over the past fiscal year.

Fiduciary risk: Any organization must consider the possibility that fiduciary responsibilities may not be respected or appropriately executed. To manage this risk effectively, we must have a clear understanding of roles, responsibilities and authorities at each level of the organization. In addition, through our code of conduct and conflict of interest procedures for directors and employees, we ensure that values and behavioural expectations are well understood and integrated throughout the organization.

Business environment risk: This is the risk of not continuously anticipating, monitoring, understanding and responding to changes in the business environment. To manage this risk we stay abreast of social, cultural, economic and political changes that can affect our ability to achieve our mission.

Legislative and regulatory risk: Actual or proposed changes to legislation and the risk of non-compliance with laws, rules, regulations, prescribed practices or ethical standards can undermine our ability to accomplish our mission. We have a compliance management system that tracks our legislative and regulatory obligations. It requires key individuals to acknowledge compliance with various requirements. The system is administered by our Law department, which reports to the audit committee each quarter.

Operational risk: The organization may suffer direct or indirect loss resulting from inadequate or failed internal processes, technology or human performance. To manage this risk, we have established appropriate controls for information processing, sufficient and appropriate reporting and safeguarding of assets, management of information technology and appropriate human resources systems and practices.

Further, we are constantly assessing how we can institutionalize elements of our investment capabilities and processes in order to perpetuate them and how to avoid undue dependence on individuals or idiosyncratic investment methodologies, and still maintain the necessary agility and entrepreneurship essential to a successful investment organization.

Reputation risk: Internal or external factors could damage the organization's reputation, image or credibility. Our Communications and Stakeholder Relations department ensures that clearly understandable communications are provided to stakeholders and the general public.

The board of directors is responsible for ensuring that management has identified the principal risks of the business and has established appropriate policies and internal controls. In turn, management is responsible for recommending policies to the board for its consideration and approval, establishing internal controls and procedures to effectively manage the risks of the organization and providing reports to the board and its committees. Internal auditors, in the course of executing their audit plans, also provide input to management and the board on the effectiveness of the organization's risk-management practices.

We continuously review, assess and manage our risk-management concepts and other practices to ensure that risk is managed effectively. For example, the board of directors limits the maximum investment risk that management can assume. The board of directors likewise approves maximum allocations to various investment activities and asset classes. It also approves credit risk limits, while the president approves the amount of risk that can be taken relative to passive benchmarks (active risk). We also manage cash liquidity risk. Management presents to the board a quarterly report on our compliance with all risk limits, other constraints and the effectiveness of our risk-management controls.

We are a fiduciary acting on behalf of 16 million Canadians who expect us to operate at the highest standard of integrity. One way we manage this element of reputation risk is by adopting very rigorous codes of conduct and conflict of interest procedures that we believe help us meet that expectation in our business practices and the more rigorous standard of perception.

"Our big challenge is keeping up with the huge growth of this organization. The performance drivers haven't changed; it's how we execute them. Planning this year was focused more on the three- to five-year timeframe. We're now building business processes and information technology for the future, not just the present."

JANE NYMAN
VICE-PRESIDENT — FINANCE AND OPERATIONS

Corporate Objectives for Fiscal 2007

For fiscal 2007, we are proposing four key objectives for the CPP Investment Board:

1. Continue to diversify the portfolio by asset class, risk/return characteristics and geography with a particular focus on increasing international investments
2. Fully operationalize the total portfolio approach to portfolio management and create value-added returns above the CPP Reference Portfolio benchmark
3. Begin our internal active management program for public equities and expand our principal investing activities in private equities, infrastructure and real estate
4. Extend the implementation of the technology and business process architecture that was defined in fiscal 2006

Accounting Policies

All of our investments are stated at fair value. Quoted market prices are used for publicly traded stocks, which are priced daily by the market.

In the case of private equity, infrastructure and real estate investments, where quoted market prices are not available, fair value is determined quarterly using accepted industry valuation methods. Bonds transferred from the CPP are non-marketable and are valued using discounted cash flows based on current market yields of instruments with similar characteristics and then adjusted for the non-marketability and rollover provisions of the bonds. As a result, valuations for these investments are based on estimates and are inherently uncertain.

Our significant accounting policies are described in Note 1 of the Consolidated Financial Statements.

INVESTMENT PARTNERS

INFRASTRUCTURE

Macquarie Bank Limited

PRIVATE INVESTMENTS

Advent International
AlpInvest Partners
Apax Europe
Apollo Management, LP
Ares Management LLC
Birch Hill Equity Partners Inc.
Bridgepoint Capital Limited
Brookfield Asset Management
CAI Capital Management Co.
Candover
Celtic House Venture Partners
Clairvest Group Inc.
Coller Capital
CSFB Private Equity
CVC European Equity IV (CDE)
Edgestone Capital Partners
Goldberg Lindsay & Co. LLC
Heartland Industrial Partners
Hellman & Friedman V, LLC
JP Morgan Partners
Kensington Capital Partners Limited
KKR Associates Millennium LP
Lehman Brothers Private Equity
Lexington Partners
Lone Star Management Co. V, Ltd.
Matlin Patterson Global Advisors, LLC
MDS Capital Corp
MidOcean Associates, SPC
MPM Capital
Onex Corporation
PAI Partners
Partners Group Management Limited
Paul Capital Partners
Performance Equity Management, LLC
Perseis Partners Inc.
Schroders Ventures Life Sciences
Silver Lake Technology Associates II, LLC
Skypoint Capital Corporation
Standard Life
TD Capital Private Equity Investors
Terra Firma Capital Partners
Texas Pacific Group
The Blackstone Group
The Carlyle Group
Thomas Weisel Partners LLC
Ventures West Management Inc.
VSS Fund Management LLC
Welsh, Carson, Anderson & Stowe X

PUBLIC MARKET

Barclays Global Investors Canada
Connor, Clark & Lunn Investment Management Ltd.
Enterprise Capital
Goldman Sachs Asset Management
ING Clarion Real Estate Securities, LP
UBS Global Asset Management

REAL ESTATE

Brookfield Properties
ING Real Estate Investment Management
LaSalle Investment Management Inc.
Osmington Inc.
Oxford Properties
Retirement Residences Real Estate Investment Trust
RioCan Real Estate Investment Trust