

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION

Illiquid Pooled Fund Financial Statements

DECEMBER 2015



INVESTING RESPONSIBLY FOR RESULTS



BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS
GROUP OF FUNDS

Mezzanine Mortgage Fund
Private Placement Fund 1996
Private Placement Fund 1997
Private Placement Fund 1998
Private Placement Fund 1999
Private Placement Fund 1999A
2000 Private Placement Fund
2001 Private Placement Fund
2002 Private Placement Fund
2003 Private Placement Fund
2004 Private Placement Fund
2005 Private Placement Fund
2006 Private Placement Fund
2007 Private Placement Fund
2008 Private Placement Fund
2009 Private Placement Fund
2010 Private Placement Fund
2011 Private Placement Fund
2012 Private Placement Fund
2013 Private Placement Fund
2014 Private Placement Fund
2015 Private Placement Fund
2015A Private Placement Fund
Strategic Inv 100 Foreign PP Fund
Strategic Infrastructure Investment Fund 2 (Foreign)
Renewable Resources Investment Fund
IT Investment Trust

FINANCIAL STATEMENTS
FOR THE YEAR OR PERIOD ENDED DECEMBER 31, 2015

**British Columbia Investment Management Corporation
Illiquid Pooled Investment Portfolios**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

British Columbia Investment Management Corporation (bcIMC) manages Pooled Investment Portfolios on behalf of governing fiduciaries such as pension fund trustees and other public sector clients. This report contains the financial statements for the following funds ("the Illiquid Pooled Investment Portfolios") for the years (or periods) ended December 31, 2015:

| | | | |
|------------------------------|-----------------------------|-----------------------------|------------------------------------------------------|
| Mezzanine Mortgage Fund | 2001 Private Placement Fund | 2008 Private Placement Fund | 2015 Private Placement Fund |
| Private Placement Fund 1996 | 2002 Private Placement Fund | 2009 Private Placement Fund | 2015A Private Placement Fund |
| Private Placement Fund 1997 | 2003 Private Placement Fund | 2010 Private Placement Fund | Strategic Inv 100 Foreign PP Fund |
| Private Placement Fund 1998 | 2004 Private Placement Fund | 2011 Private Placement Fund | Strategic Infrastructure Investment Fund 2 (Foreign) |
| Private Placement Fund 1999 | 2005 Private Placement Fund | 2012 Private Placement Fund | Renewable Resources Investment Fund |
| Private Placement Fund 1999A | 2006 Private Placement Fund | 2013 Private Placement Fund | IT Investment Trust |
| 2000 Private Placement Fund | 2007 Private Placement Fund | 2014 Private Placement Fund | |

The financial statements of the Illiquid Pooled Investment Portfolios have been prepared by management of bcIMC and approved by the Chief Investment Officer/Chief Executive Officer. All of the financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies used in the preparation of these statements are disclosed in note 3 to the financial statements. The statements include certain amounts that are based on management's judgement and best estimates.

bcIMC's Board has established an Audit Committee. The Committee's mandate includes making recommendations on the appointment of the external auditor for the Pooled Investment Portfolios, reviewing the external audit plan, reviewing bcIMC's Service Organization Controls Report for the Investment System of British Columbia Investment Management Corporation, and reviewing the annual audited financial statements of the Pooled Investment Portfolios. The Committee reviews the recommendations of the internal and external auditors with respect to internal controls and the responses of management to those recommendations, and also meets with management and the internal and external auditors to review annual audit plans.

bcIMC maintains systems of internal control and supporting processes to provide reasonable assurance that assets are safeguarded; that transactions are appropriately authorized and recorded; and that there are no material misstatements in the financial statements. bcIMC's internal control framework includes: a strong corporate governance structure; a code of conduct that includes conflict of interest guidelines; an organizational structure that provides for appropriate segregation of duties and accountability for performance; an enterprise-wide risk management framework that identifies, monitors and reports on key risks; and Board-approved Pooled Investment Portfolio Policies and client-approved investment mandates. bcIMC's system of internal control is supported by internal and external auditors who review and evaluate internal controls and report directly to the Audit Committee.

bcIMC's external auditors, KPMG LLP, have full and unrestricted access to the Audit Committee and bcIMC management. KPMG LLP discusses with management and the Committee the results of their audit of the Illiquid Pooled Investment Portfolios' financial statements and related findings with respect to such audits. Each of the Illiquid Pooled Investment Portfolios' financial statements is audited by KPMG LLP in accordance with Canadian generally accepted auditing standards. KPMG LLP has performed such tests and other procedures as they considered necessary to express an opinion on the Illiquid Pooled Investment Portfolios' financial statements.

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer / Chief Investment Officer

[S] Gordon Cummings

Gordon Cummings
Acting Senior Vice President, Finance



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Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Unitholders of the following funds managed by
British Columbia Investment Management Corporation (the Manager):

| | |
|-----------------------------------------------------------|------------------------------------------------------|
| Mezzanine Mortgage Fund | 2008 Private Placement Fund |
| Private Placement Fund 1996 | 2009 Private Placement Fund |
| Private Placement Fund 1997 | 2010 Private Placement Fund |
| Private Placement Fund 1998 | 2011 Private Placement Fund |
| Private Placement Fund 1999 | 2012 Private Placement Fund |
| Private Placement Fund 1999A | 2013 Private Placement Fund |
| 2000 Private Placement Fund | 2014 Private Placement Fund |
| 2001 Private Placement Fund | 2015 Private Placement Fund |
| 2002 Private Placement Fund | 2015A Private Placement Fund |
| 2003 Private Placement Fund | Strategic Inv 100 Foreign PP Fund |
| 2004 Private Placement Fund | Strategic Infrastructure Investment Fund 2 (Foreign) |
| 2005 Private Placement Fund | Renewable Resources Investment Fund |
| 2006 Private Placement Fund | IT Investment Trust |
| 2007 Private Placement Fund (collectively, the Funds). | |

We have audited the accompanying financial statements of the Funds, which comprise the statements of financial position of the Funds as at December 31, 2015, and their statements of comprehensive income, changes in net assets attributable to holders of redeemable units, and cash flows for the applicable periods then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Funds' Manager is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2015, and their financial performance and their cash flows for the applicable periods then ended in accordance with International Financial Reporting Standards.



Chartered Professional Accountants

August 19, 2016
Vancouver, Canada

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| | Note | December 31, 2015 | December 31, 2014 |
| Assets | | | |
| Investments | | <u>\$ 204,039</u> | <u>\$ 204,622</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 33 | 34 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>44</u> | <u>44</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 203,995</u></u> | <u><u>\$ 204,578</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>50.453</i> | <i>53.072</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 4,043</u></u> | <u><u>\$ 3,855</u></u> |
| <i>Contingent liability</i> | 6 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Interest income | | \$ 9 | \$ 60 |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | 13,747 | 13,361 |
| Net change in unrealized appreciation (depreciation) | | <u>(1,494)</u> | <u>17,060</u> |
| Total revenue | | <u>12,262</u> | <u>30,481</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 559 | 381 |
| Administrative fees | | <u>20</u> | <u>12</u> |
| Total operating expenses | | <u>579</u> | <u>393</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>11,683</u> | <u>30,088</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(13,177)</u> | <u>(12,398)</u> |
| | | <u>(13,177)</u> | <u>(12,398)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u><u>\$ (1,494)</u></u> | <u><u>\$ 17,690</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 204,578 | \$ 167,216 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (1,494) | 17,690 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 27,234 | 56,374 |
| Reinvestment of distributions | 13,177 | 12,398 |
| Amounts paid for units redeemed | (39,500) | (49,100) |
| Net increase from redeemable unit transactions | 911 | 19,672 |
| Balance, end of period | \$ 203,995 | \$ 204,578 |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (1,494) | \$ 17,690 |
| Adjustments for: | | |
| Interest income | (9) | (60) |
| Net realized gain from investments | (13,747) | (13,361) |
| Net change in unrealized (appreciation) depreciation from investments | 1,494 | (17,060) |
| Non cash distributions | 13,177 | 12,398 |
| Proceeds from sale of investments | 42,599 | 53,275 |
| Amounts paid for purchase of investments | (29,763) | (60,222) |
| bcIMC funds management fees payable | (1) | 9 |
| Other accounts payable | 1 | (3) |
| Interest received | 9 | 60 |
| | 12,266 | (7,274) |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 27,234 | 56,374 |
| Payments on redemption of redeemable units | (39,500) | (49,100) |
| | (12,266) | 7,274 |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | - | - |
| Cash, end of period | \$ - | \$ - |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

Schedule of Investments
as at December 31
(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Mortgage Investments ¹: | \$ 203,642 | \$ 141,687 | \$ 203,735 | \$ 140,286 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled | | | | |
| Investment Portfolio | | | | |
| Fund ST1 | <u>397</u> | <u>397</u> | <u>887</u> | <u>887</u> |
| Total Investments | <u>\$ 204,039</u> | <u>\$ 142,084</u> | <u>\$ 204,622</u> | <u>\$ 141,173</u> |

¹ The mortgage investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

**Financial Risk Management Discussion
as at December 31**

The investment objective of the Mezzanine Mortgage Fund (the Fund) is to increase returns relative to the Fund's benchmark, the FTSE TMX Canada 365 Day T-Bill Index plus 250 basis points (to compensate for illiquidity and credit risk relative to the index). Portfolio managers utilize a multi-factor risk rating model to assess risk levels of individual investment opportunities. The risk factors that are evaluated include location, structure quality, tenant quality, borrower and covenantor's financial strength, loan to value levels, loan to cost levels, debt servicing ability, and developer's experience.

The Fund maintains a prudent level of diversification. The additional risks associated with construction projects are mitigated by requiring the involvement of only experienced developers, obtaining construction engineer evaluations, requiring significant pre-sales/pre-leasing levels and sufficient profit margin levels, as well as obtaining additional security provisions from borrowers.

The Fund invests in the following securities:

- Canadian first mortgages,
- Canadian second and third mortgages, and/or equity participation investments with CIO approval,
- Canadian first, second, and third mortgages, and/or equity participation investments, on properties classified as hotel, motel, recreational, or raw land with CIO approval,
- Units/shares in Canadian mortgage trust, mortgage funds, limited partnerships, co-investment agreements, and parallel investments agreements where the underlying assets comply with these investment policies, with CIO approval, and
- bcIMC Canadian Money Market Funds (ST1) and (ST2)

The following restrictions apply to the holding of securities in the Fund:

- Mortgages must be eligible investments under the Pensions Benefits Standards Act.
- No mortgages will be made without a site inspection, current market appraisal and a current environmental audit.
- The Fund may not invest in derivatives.

The Fund holds its mortgage investments through private corporations. The private corporations hold the following net assets:

**Financial Risk Management Discussion (continued)
as at December 31**

| (in 000s) | 2015 | | 2014 | |
|----------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Fixed-Rate Mortgages | \$ 132,435 | 65.0 % | \$ 97,449 | 47.8 % |
| Variable-Rate Mortgages | 4,724 | 2.3 % | 11,411 | 5.6 % |
| Other Mortgage Investments | 62,418 | 30.7 % | 91,875 | 45.1 % |
| bcIMC Money Market Funds | 2,628 | 1.3 % | 2,405 | 1.2 % |
| Other Net Receivables | 1,437 | 0.7 % | 595 | 0.3 % |
| | <u>\$ 203,642</u> | <u>100.0 %</u> | <u>\$ 203,735</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered. The other mortgage investments consist of limited partnerships and co-investment/parallel investment agreements and often involve equity participation.

Credit Risk

The Fund invests in leveraged properties where the possibility of a borrower defaulting on payment obligations is higher than conventional mortgages. In the event of a default, the Fund may hold assets that otherwise would not be permitted provided the holdings are approved by the CIO and accepting the assets is deemed to be in the best interest of the Fund participants.

Some of the mortgages and other mortgage investments may have a higher loan-to-value ratio than traditional first mortgages. In exchange for the higher levels of risk associated with mortgages of this nature, the Mezzanine Mortgage Fund requires additional compensation and/or additional security provisions. As such, mortgage terms may involve equity participation in the development project to achieve higher rates of return and compensate for additional credit risk.

The fair value of mortgage investments as disclosed in the Statement of Investments represents the Fund's maximum exposure to credit risk.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Liquidity Risk

The Fund's financial assets include unlisted mortgage investments, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

Mezzanine mortgages may have fixed or floating interest rates, adding a risk premium onto Government of Canada bond yields or bank prime lending rates. Mortgage terms may involve equity participation in the development project to achieve higher internal rates of return.

As at December 31, the Fund invested in mortgages with the following terms to maturity:

| MORTGAGES BY MATURITY DATE (in 000s) | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-----------------|-------------------|-----------------|
| | Total | % of Total | Total | % of Total |
| Within 1 year | \$ 78,063 | 56.91 % | \$ 45,658 | 41.94 % |
| 1 to 5 years | 59,096 | 43.09 % | 63,202 | 58.06 % |
| Total Fixed-Rate and Variable-Rate Mortgages | <u>\$ 137,159</u> | <u>100.00 %</u> | <u>\$ 108,860</u> | <u>100.00 %</u> |

The mortgages comprise of one variable rate mortgage, one mortgage with a fixed rate month to month term and closed to early repayment, and the rest are fixed rate fixed term open to repayment. All of the mortgages except for one are subordinate to other bcIMC mortgages which require repayment in full before the mortgage in this fund can be repaid. As at December 31, 2015 and 2014, all of the mortgages were valued at par plus accrued interest. The valuation methodology is supported by the following features specific to mezzanine mortgages: the possibility of early repayment, future advances, variable interest rate, month to month term, or reliance on the performance of a prior loan. Accordingly, sensitivity analysis that would measure the impact of changes in interest rates would not be meaningful and has not been provided.

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's net financial assets and liabilities are denominated in Canadian dollars.

Other Price Risk

Mortgages by Industry Sector

Investments in the Fund are diversified across industry sectors. Sectors to which the Fund had exposure as at December 31 are as follows:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Fixed-Rate and Variable-Rate Mortgages: | | | | |
| Office | \$ 6,000 | 3.0 % | \$ 6,000 | 3.0 % |
| Residential | 107,629 | 53.9 % | 74,485 | 37.1 % |
| Other | 23,530 | 11.8 % | 28,375 | 14.1 % |
| Total Fixed-Rate and Variable-Rate Mortgages | 137,159 | 68.7 % | 108,860 | 54.2 % |
| Total Other Mortgage Investments in Residential Properties | 62,418 | 31.3 % | 91,875 | 45.8 % |
| | <u>\$ 199,577</u> | <u>100.0 %</u> | <u>\$ 200,735</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk (continued)

| INDUSTRY SECTOR (Number of Mortgages) | 2015 | | 2014 | |
|------------------------------------------------------------|-------|------------|-------|------------|
| | Total | % of Total | Total | % of Total |
| Fixed-Rate and Variable-Rate Mortgages: | | | | |
| Office | 1 | 4.2 % | 1 | 3.7 % |
| Residential | 10 | 41.6 % | 12 | 44.4 % |
| Other | 4 | 16.7 % | 4 | 14.8 % |
| Total Fixed-Rate and Variable-Rate Mortgages | 15 | 62.5 % | 17 | 63.0 % |
| Total Other Mortgage Investments in Residential Properties | 9 | 37.5 % | 10 | 37.0 % |
| | 24 | 100.0 % | 27 | 100.0 % |

As at December 31, 2015 and 2014, had the fair value of the mortgage investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$20,404,000 (2014 - \$20,462,000) or 10.0% (2014 – 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Fair Value Measurement Discussion
as at December 31

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Net Investment-Related Receivables | \$ - | \$ 1,437 | \$ - | \$ 1,437 |
| bclMC Money Market Funds | 3,025 | - | - | 3,025 |
| Fixed-Rate and Variable-Rate Mortgages | - | 137,159 | - | 137,159 |
| Other Mortgage Investments | - | - | 62,418 | 62,418 |
| Total Investments | \$ 3,025 | \$ 138,596 | \$ 62,418 | \$ 204,039 |
| | | | | |
| | 2014 | | | |
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Net Investment-Related Receivables | \$ - | \$ 595 | \$ - | \$ 595 |
| bclMC Money Market Funds | 3,292 | - | - | 3,292 |
| Fixed-Rate and Variable-Rate Mortgages | - | 108,860 | - | 108,860 |
| Other Mortgage Investments | - | - | 91,875 | 91,875 |
| Total Investments | \$ 3,292 | \$ 109,455 | \$ 91,875 | \$ 204,622 |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | 2014 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| (in 000s) | Other Mortgage Investments | Other Mortgage Investments |
| Balance, beginning of year | \$ 91,875 | \$ 66,345 |
| Total gains or (losses) recognized in profit or loss | (14,959) | 11,409 |
| Purchases | 734 | 16,591 |
| Sales | (15,232) | (2,470) |
| Balance, end of year | <u>\$ 62,418</u> | <u>\$ 91,875</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ (14,959)</u> | <u>\$ 11,409</u> |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of mortgage investments categorized as Level 3 in the fair value hierarchy as at December 31:

| 2015 | | | | | |
|----------------------------------|-------------------------|-------------------------|-----------------------|-------------------|-----------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Other Mortgage Investments | \$ 27,890 | Net Asset Value | Net Asset Value | \$27,890 | The estimated fair value would increase (decrease) if the net asset value was higher (lower). |
| | \$ 34,528 | Discounted Cash Flow | Discount rate | 9%-10% | The estimated fair value would increase (decrease) if the discount rate was lower (higher). |

| | 2014 | | | | |
|----------------------------------|-------------------------|-------------------------|-----------------------|-------------------|-----------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Other Mortgage Investments | \$ 52,454 | Net Asset Value | Net Asset Value | \$52,454 | The estimated fair value would increase (decrease) if the net asset value was higher (lower). |
| | \$ 39,421 | Discounted Cash Flow | Discount rate | 9%-10% | The estimated fair value would increase (decrease) if the discount rate was lower (higher). |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Net Asset Value:
Represents the net asset value of the unlisted mortgage investments investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted mortgage investments investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

- (ii) Discount rate:
Represents the discount rate applied to the expected future cash flows of each private debt investment and debt issued. For the discount rates used, bcIMC management assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity differences, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Input on Fair Value Measurement

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of other mortgage investments were calculated by adjusting the respective other mortgage investments' net assets by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|------------|------------|
| Favourable | \$ 6,200 | \$ 9,200 |
| Unfavourable | \$ (6,200) | \$ (9,200) |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

MEZZANINE MORTGAGE FUND

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 4 intermediary holding corporations, all of which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities, approximately \$203,642,000 (2014 - \$203,735,000), is shown under Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships, co-investments, syndicate investments and equity participation investments. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------|----------------------------------------------|------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 3,025 |
| Unlisted mortgage investments investee funds administered by third party managers | 10 | \$ 329,505 | \$ 62,418 |

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------|----------------------------------------------|------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 1 | \$ 3,978,383 | \$ 3,293 |
| Unlisted mortgage investments investee funds administered by third party managers | 11 | \$ 428,712 | \$ 91,875 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|----------------------|----------------------|
| | Note | December 31, 2015 | December 31, 2014 |
| Assets | | | |
| Investments | | \$ 502 | \$ 1,678 |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 3 | 3 |
| Other accounts payable | | 11 | 10 |
| | | <u>14</u> | <u>13</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 488</u> | <u>\$ 1,665</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>0.028</i> | <i>0.091</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 17,429</u> | <u>\$ 18,297</u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|-----------------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 817 | \$ 207 |
| Net change in unrealized depreciation | | (761) | (1,736) |
| Total revenue | | <u>56</u> | <u>(1,529)</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 26 | 35 |
| Administrative fees | | 19 | 13 |
| Total operating expenses | | <u>45</u> | <u>48</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>11</u> | <u>(1,577)</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | (772) | (159) |
| | | <u>(772)</u> | <u>(159)</u> |
| Decrease in net assets attributable to holders of redeemable units | | <u>\$ (761)</u> | <u>\$ (1,736)</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 1,665 | \$ 3,437 |
| Decrease in net assets attributable to holders of redeemable units | (761) | (1,736) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 43 | 58 |
| Reinvestment of distributions | 772 | 159 |
| Amounts paid for units redeemed | <u>(1,231)</u> | <u>(253)</u> |
| Net decrease from redeemable unit transactions | <u>(416)</u> | <u>(36)</u> |
| Balance, end of period | <u>\$ 488</u> | <u>\$ 1,665</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Decrease in net assets attributable to holders of redeemable units | \$ (761) | \$ (1,736) |
| Adjustments for: | | |
| Net realized gain from investments | (817) | (207) |
| Net change in unrealized depreciation from investments | 761 | 1,736 |
| Non cash distributions | 772 | 159 |
| Proceeds from sale of investments | 1,275 | 302 |
| Amounts paid for purchase of investments | (43) | (54) |
| bcIMC funds management fees payable | - | (3) |
| Other accounts payable | <u>1</u> | <u>(2)</u> |
| | <u>1,188</u> | <u>195</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 43 | 58 |
| Payments on redemption of redeemable units | <u>(1,231)</u> | <u>(253)</u> |
| | <u>(1,188)</u> | <u>(195)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | - | - |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

Schedule of Investments
as at December 31
(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|---------------|-------------------|---------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 498 | \$ 177 | \$ 1,673 | \$ 591 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>4</u> | <u>4</u> | <u>5</u> | <u>5</u> |
| Total Investments | <u>\$ 502</u> | <u>\$ 181</u> | <u>\$ 1,678</u> | <u>\$ 596</u> |

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1996.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|---------------|----------------|-----------------|----------------|
| | Total | % of Total | Total | % of Total |
| Unlisted Private Equity Investee Funds | \$ 481 | 96.6 % | \$ 1,659 | 99.2 % |
| bcIMC Money Market Funds | 17 | 3.4 % | 15 | 0.9 % |
| Net Investment-Related Payables | - | - % | (1) | (0.1)% |
| | <u>\$ 498</u> | <u>100.0 %</u> | <u>\$ 1,673</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

**Financial Risk Management Discussion (continued)
as at December 31**

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

The Fund holds net financial assets denominated in U.S. currency totalling \$481,000 Cdn which represents 98.6% of the net asset value of the Fund (2014 - \$873,000 Cdn which represented 52.4% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposure set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not indicated above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, 2015, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$5,000 Cdn (2014 - \$9,000 Cdn), representing 1.0% of the Fund's net assets (2014 - 0.5%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

Financial Risk Management Discussion (continued)
as at December 31

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$495,000 Cdn (2014 - \$413,000 Cdn).

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$5,000 Cdn (2014 - \$4,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Accordingly, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$50,000 (2014 - \$167,000) or 10.2% (2014 - 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | | 2015 | | | |
|----------------------------------------|--|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|--------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | | |
| bcIMC Money Market Funds | | \$ 21 | \$ - | \$ - | \$ 21 |
| Unlisted Private Equity Investee Funds | | - | - | 481 | 481 |
| Total Investments | | \$ 21 | \$ - | \$ 481 | \$ 502 |

| | | 2014 | | | |
|----------------------------------------|--|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|----------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | | |
| Net Investment-Related Payables | | \$ - | \$ (1) | \$ - | \$ (1) |
| bcIMC Money Market Funds | | 20 | - | - | 20 |
| Unlisted Private Equity Investee Funds | | - | - | 1,659 | 1,659 |
| Total Investments | | \$ 20 | \$ (1) | \$ 1,659 | \$ 1,678 |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | | 2015 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------|
| | | Unlisted Private Equity Investee Funds |
| (in 000s) | | |
| Balance, beginning of year | | \$ 1,659 |
| Total gains or (losses) recognized in profit or loss | | 82 |
| Purchases | | - |
| Sales | | (1,260) |
| Balance, end of year | | \$ 481 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | | \$ 5,182 |

| | | 2014 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------|
| | | Unlisted Private Equity Investee Funds |
| (in 000s) | | |
| Balance, beginning of year | | \$ 3,439 |
| Total gains or (losses) recognized in profit or loss | | (1,527) |
| Purchases | | - |
| Sales | | (253) |
| Balance, end of year | | \$ 1,659 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | | \$ (1,602) |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| 2015 | | | | | |
|----------------------------------------|-------------------------|----------------------------|----------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 481 | Unadjusted Net Asset Value | Net Asset Value | \$481 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| 2014 | | | | | |
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 867 | Unadjusted Net Asset Value | Net Asset Value | \$867 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 792 | Adjusted Net Asset Value | Net Asset Value Fair Value Adjustment | \$2,135 \$(1,343) | The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (ii) Fair value adjustment:
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

Effects of Unobservable Input on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|---------|----------|
| Favourable | \$ 48 | \$ 167 |
| Unfavourable | \$ (48) | \$ (167) |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1996

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity, approximately \$498,000 (2014 - \$1,673,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 21 |
| Unlisted private equity investee funds administered by third party managers | 2 | \$ 66,735 | \$ 481 |

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ 20 |
| Unlisted private equity investee funds administered by third party managers | 3 | \$ 77,678 | \$ 1,659 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|-------------------------|-------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | <u>\$ 14,277</u> | <u>\$ 19,325</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 7 | 7 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>18</u> | <u>17</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 14,259</u></u> | <u><u>\$ 19,308</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 3.438 | 6.024 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 4,147</u></u> | <u><u>\$ 3,205</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 5,121 | \$ 2,800 |
| Net change in unrealized appreciation (depreciation) | | <u>(1,070)</u> | <u>366</u> |
| Total revenue | | <u>4,051</u> | <u>3,166</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 76 | 101 |
| Administrative fees | | <u>19</u> | <u>13</u> |
| Total operating expenses | | <u>95</u> | <u>114</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>3,956</u> | <u>3,052</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(5,025)</u> | <u>(2,686)</u> |
| | | <u>(5,025)</u> | <u>(2,686)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u><u>\$ (1,069)</u></u> | <u><u>\$ 366</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 19,308 | \$ 22,111 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (1,069) | 366 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 115 | 109 |
| Reinvestment of distributions | 5,025 | 2,686 |
| Amounts paid for units redeemed | <u>(9,120)</u> | <u>(5,964)</u> |
| Net decrease from redeemable unit transactions | <u>(3,980)</u> | <u>(3,169)</u> |
| Balance, end of period | <u>\$ 14,259</u> | <u>\$ 19,308</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (1,069) | \$ 366 |
| Adjustments for: | | |
| Net realized gain from investments | (5,121) | (2,800) |
| Net change in unrealized (appreciation) depreciation from investments | 1,070 | (366) |
| Non cash distributions | 5,025 | 2,686 |
| Proceeds from sale of investments | 9,213 | 6,084 |
| Amounts paid for purchase of investments | (114) | (109) |
| bcIMC funds management fees payable | - | (4) |
| Other accounts payable | <u>1</u> | <u>(2)</u> |
| | <u>9,005</u> | <u>5,855</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 115 | 109 |
| Payments on redemption of redeemable units | <u>(9,120)</u> | <u>(5,964)</u> |
| | <u>(9,005)</u> | <u>(5,855)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

Schedule of Investments
as at December 31
(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-----------------|-------------------|-----------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 14,251 | \$ 5,225 | \$ 19,320 | \$ 9,224 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>26</u> | <u>26</u> | <u>5</u> | <u>5</u> |
| Total Investments | <u>\$ 14,277</u> | <u>\$ 5,251</u> | <u>\$ 19,325</u> | <u>\$ 9,229</u> |

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1997

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1997.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|-----------------|----------------|-----------------|----------------|
| | Total | % of Total | Total | % of Total |
| Unlisted Private Equity Investee Funds | \$14,060 | 98.7 % | \$17,714 | 91.6 % |
| bcIMC Money Market Funds | 191 | 1.3 % | 1,628 | 8.5 % |
| Net Investment-Related Payables | - | - % | (22) | (0.1)% |
| | <u>\$14,251</u> | <u>100.0 %</u> | <u>\$19,320</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

**Financial Risk Management Discussion (continued)
as at December 31**

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| Euro | \$ 30 | 0.2 % | \$ 106 | 0.5 % |
| United States Dollar | 11,028 | 77.3 % | 15,050 | 77.9 % |
| Net Exposure | <u>\$ 11,058</u> | <u>77.6 %</u> | <u>\$ 15,156</u> | <u>78.5 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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Financial Risk Management Discussion (continued)
as at December 31

Currency Risk (continued)

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$111,000 Cdn (2014 - \$152,000 Cdn), representing 0.8% of the Fund's net assets (2014 – 0.8%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$16,607,000 Cdn (2014 - \$14,108,000 Cdn).

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$166,000 Cdn (2014 - \$141,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$1,428,000 (2014 - \$1,933,000) or 10.0% (2014 – 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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ILLIQUID POOLED INVESTMENT PORTFOLIOS

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**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | | 2015 | | | |
|----------------------------------------|--|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-----------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | | |
| bclMC Money Market Funds | | \$ 217 | \$ - | \$ - | \$ 217 |
| Unlisted Private Equity Investee Funds | | - | - | 14,060 | 14,060 |
| Total Investments | | \$ 217 | \$ - | \$ 14,060 | \$ 14,277 |
| | | 2014 | | | |
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | | |
| Net Investment-Related Payables | | \$ - | \$ (22) | \$ - | \$ (22) |
| bclMC Money Market Funds | | 1,633 | - | - | 1,633 |
| Unlisted Private Equity Investee Funds | | - | - | 17,714 | 17,714 |
| Total Investments | | \$ 1,633 | \$ (22) | \$ 17,714 | \$ 19,325 |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | | 2015 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------|
| | | Unlisted Private Equity Investee Funds |
| (in 000s) | | |
| Balance, beginning of year | | \$ 17,714 |
| Total gains or (losses) recognized in profit or loss | | 2,830 |
| Purchases | | 312 |
| Sales | | (6,796) |
| Balance, end of year | | \$ 14,060 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | | \$ 12,928 |
| | | 2014 |
| | | Unlisted Private Equity Investee Funds |
| (in 000s) | | |
| Balance, beginning of year | | \$ 22,085 |
| Total gains or (losses) recognized in profit or loss | | 2,961 |
| Purchases | | - |
| Sales | | (7,332) |
| Balance, end of year | | \$ 17,714 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | | \$ (143) |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| 2015 | | | | | |
|----------------------------------------|-------------------------|----------------------------|----------------------------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 14,060 | Unadjusted Net Asset Value | Net Asset Value | \$14,060 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| 2014 | | | | | |
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 13,535 | Unadjusted Net Asset Value | Net Asset Value | \$13,535 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 4,179 | Adjusted Net Asset Value | Net Asset Value Fair Value Adjustment | \$3,753 \$426 | The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (ii) Fair value adjustment:
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

Effects of Unobservable Input on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|-----------|-----------|
| Favourable | \$ 1,406 | \$ 1,771 |
| Unfavourable | \$(1,406) | \$(1,771) |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$14,251,000 (2014 - \$19,320,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 217 |
| Unlisted private equity investee funds administered by third party managers | 8 | \$ 195,127 | \$ 14,060 |

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ 1,633 |
| Unlisted private equity investee funds administered by third party managers | 8 | \$ 244,722,281 | \$ 17,714 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|----------------------|---------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | \$ 5,900 | \$ 13,660 |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 4 | 5 |
| Other accounts payable | | 11 | 10 |
| | | <u>15</u> | <u>15</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 5,885</u> | <u>\$ 13,645</u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>0.329</i> | <i>1.991</i> |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 17,888</u> | <u>\$ 6,853</u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 7,318 | \$ 11,962 |
| Net change in unrealized appreciation (depreciation) | | (5,662) | 1,952 |
| Total revenue | | <u>1,656</u> | <u>13,914</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 33 | 76 |
| Administrative fees | | 19 | 13 |
| Total operating expenses | | <u>52</u> | <u>89</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>1,604</u> | <u>13,825</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | (7,266) | (11,873) |
| | | <u>(7,266)</u> | <u>(11,873)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u>\$ (5,662)</u> | <u>\$ 1,952</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1998

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 13,645 | \$ 16,673 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (5,662) | 1,952 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 52 | 83 |
| Reinvestment of distributions | 7,266 | 11,873 |
| Amounts paid for units redeemed | <u>(9,416)</u> | <u>(16,936)</u> |
| Net decrease from redeemable unit transactions | <u>(2,098)</u> | <u>(4,980)</u> |
| Balance, end of period | <u>\$ 5,885</u> | <u>\$ 13,645</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (5,662) | \$ 1,952 |
| Adjustments for: | | |
| Net realized gain from investments | (7,318) | (11,962) |
| Net change in unrealized (appreciation) depreciation from investments | 5,662 | (1,952) |
| Non cash distributions | 7,266 | 11,873 |
| Proceeds from sale of investments | 9,464 | 17,030 |
| Amounts paid for purchase of investments | (48) | (80) |
| bcIMC funds management fees payable | (1) | (6) |
| Other accounts payable | 1 | (2) |
| | <u>9,364</u> | <u>16,853</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 52 | 83 |
| Payments on redemption of redeemable units | <u>(9,416)</u> | <u>(16,936)</u> |
| | <u>(9,364)</u> | <u>(16,853)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | - | - |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1998

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|---------------|-------------------|-----------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 5,895 | \$ 409 | \$ 13,655 | \$ 2,507 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>5</u> | <u>5</u> | <u>5</u> | <u>5</u> |
| Total Investments | <u>\$ 5,900</u> | <u>\$ 414</u> | <u>\$ 13,660</u> | <u>\$ 2,512</u> |

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1998

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1998.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|-----------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 972 | 16.5 % | \$ 1,403 | 10.3 % |
| Unlisted Private Equity Investee Funds | 2,263 | 38.4 % | 12,166 | 89.1 % |
| bcIMC Money Market Funds | 2,660 | 45.1 % | 19 | 0.1 % |
| Net Investment-Related Receivables | - | - % | 67 | 0.5 % |
| | <u>\$ 5,895</u> | <u>100.0 %</u> | <u>\$ 13,655</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

**Financial Risk Management Discussion (continued)
as at December 31**

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| British Pound Sterling | \$ - | - % | \$ 70 | 0.5 % |
| United States Dollar | 2,665 | 45.3 % | 1,977 | 14.5 % |
| Net Exposure | <u>\$ 2,665</u> | <u>45.3 %</u> | <u>\$ 2,047</u> | <u>15.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk (continued)

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$27,000 Cdn (2014 - \$20,000 Cdn), representing 0.5% of the Fund's net assets (2014 - 0.1%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 | 2014 |
|------------------------|---------------|-----------------|
| British Pound Sterling | \$ - | \$ 1,127 |
| United States Dollar | 993 | - |
| | <u>\$ 993</u> | <u>\$ 1,127</u> |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$10,000 Cdn (2014 - \$11,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|---------------------------------------------------------------------------------------|-----------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Energy | \$ 962 | 29.7 % | \$ 402 | 3.0 % |
| Pharmaceuticals, Biotechnology & Life Sciences | 10 | 0.3 % | - | - % |
| Commercial & Professional Services | - | - % | 1,001 | 7.3 % |
| Total Direct Private Equity Investments | 972 | 30.0 % | 1,403 | 10.3 % |
| Total Unlisted Private Equity Investee Funds in Energy and Telecommunication Services | 2,263 | 70.0 % | 12,166 | 89.7 % |
| | <u>\$ 3,235</u> | <u>100.0 %</u> | <u>\$ 13,569</u> | <u>100.0 %</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk (continued)

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|--------------------------------------------------------|-----------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Canada | \$ 962 | 29.7 % | \$ 1,001 | 7.4 % |
| United States | 10 | 0.3 % | 402 | 2.9 % |
| Total Direct Private Equity Investments | 972 | 30.0 % | 1,403 | 10.3 % |
| Total Unlisted Private Equity Investee Funds in Canada | 2,263 | 70.0 % | 12,166 | 89.7 % |
| | <u>\$ 3,235</u> | <u>100.0 %</u> | <u>\$ 13,569</u> | <u>100.0 %</u> |

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$590,000 (2014 - \$1,366,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| (in 000s) | 2015 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-----------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| bcIMC Money Market Funds | \$ 2,665 | \$ - | \$ - | \$ 2,665 |
| Direct Private Equity Investments | - | - | 972 | 972 |
| Unlisted Private Equity Investee Funds | - | - | 2,263 | 2,263 |
| Total Investments | <u>\$ 2,665</u> | <u>\$ -</u> | <u>\$ 3,235</u> | <u>\$ 5,900</u> |

| (in 000s) | 2014 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| Net Investment-Related Receivables | \$ - | \$ 67 | \$ - | \$ 67 |
| bcIMC Money Market Funds | 24 | - | - | 24 |
| Direct Private Equity Investments | - | - | 1,403 | 1,403 |
| Unlisted Private Equity Investee Funds | - | - | 12,166 | 12,166 |
| Total Investments | <u>\$ 24</u> | <u>\$ 67</u> | <u>\$ 13,569</u> | <u>\$ 13,660</u> |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

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**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | |
|------------------------------------------------------|-----------------------------------------|----------------------------------------------|-----------------|
| (in 000s) | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| Balance, beginning of year | \$ 1,403 | \$ 12,166 | \$ 13,569 |
| Total gains or (losses) recognized in profit or loss | 1,302 | 261 | 1,563 |
| Purchases | - | - | - |
| Sales | (1,733) | (10,164) | (11,897) |
| Balance, end of year | <u>\$ 972</u> | <u>\$ 2,263</u> | <u>\$ 3,235</u> |

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date

| | | |
|-----------|--------|-----------|
| \$ 12,111 | \$ 257 | \$ 12,368 |
|-----------|--------|-----------|

| | 2014 | | |
|------------------------------------------------------|-----------------------------------------|----------------------------------------------|------------------|
| (in 000s) | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| Balance, beginning of year | \$ 8,999 | \$ 7,654 | \$ 16,653 |
| Total gains or (losses) recognized in profit or loss | 8,987 | 4,887 | 13,874 |
| Purchases | - | - | - |
| Sales | (16,583) | (375) | (16,958) |
| Balance, end of year | <u>\$ 1,403</u> | <u>\$ 12,166</u> | <u>\$ 13,569</u> |

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date

| | | |
|------------|-----------|-----------|
| \$ (2,890) | \$ 18,449 | \$ 15,559 |
|------------|-----------|-----------|

During 2015 and 2014, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | | |
|----------------------------------------|-------------------------|----------------------------|------------------------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 972 | Market approach | EV / EBITDA | \$972 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 15 | Unadjusted Net Asset Value | Net Asset Value | \$15 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 2,248 | Adjusted Net Asset Value | Net Asset Value Fair Value Adjustment | \$5,497 -\$3,249 | The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher). |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

| 2014 | | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|----------------------------------------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 1,403 | Market approach | EV / EBITDA | \$1,403 | The estimated fair value would increase(decrease) if the EV / EBITDA multiple was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 987 | Unadjusted Net Asset Value | Net Asset Value | \$987 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 11,179 | Adjusted Net Asset Value | Net Asset Value Fair Value Adjustment | \$8,934 \$2,245 | The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value ("EV") and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (iii) Fair value adjustment:
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and certain direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|----------|-----------|
| Favourable | \$ 324 | \$ 1,359 |
| Unfavourable | \$ (324) | \$(1,359) |

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$5,895,000 (2014 - \$13,665,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 2,665 |
| Unlisted private equity investee funds administered by third party managers | 3 | \$ 10,064 | \$ 2,263 |

See accompanying Notes to the Financial Statements.

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**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Statement of Financial Position (in 000s) | Investments in the Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ | 24 |
| Unlisted private equity investee funds administered by third party managers | 4 | \$ 50,939 | \$ | 12,166 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|-------------------------|-------------------------|
| | Note | December 31, 2015 | December 31, 2014 |
| Assets | | | |
| Investments | | <u>\$ 34,986</u> | <u>\$ 47,210</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 5 | 5 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>16</u> | <u>15</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 34,970</u></u> | <u><u>\$ 47,195</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>18.037</i> | <i>28.229</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,939</u></u> | <u><u>\$ 1,672</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 7,641 | \$ 8,945 |
| Net change in unrealized appreciation (depreciation) | | <u>(2,354)</u> | <u>1,327</u> |
| Total revenue | | <u>5,287</u> | <u>10,272</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 73 | 107 |
| Administrative fees | | <u>19</u> | <u>13</u> |
| Total operating expenses | | <u>92</u> | <u>120</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>5,195</u> | <u>10,152</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(7,549)</u> | <u>(8,137)</u> |
| | | <u>(7,549)</u> | <u>(8,137)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u><u>\$ (2,354)</u></u> | <u><u>\$ 2,015</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 47,195 | \$ 69,319 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (2,354) | 2,015 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 114 | 96 |
| Reinvestment of distributions | 7,549 | 8,137 |
| Amounts paid for units redeemed | <u>(17,534)</u> | <u>(32,372)</u> |
| Net decrease from redeemable unit transactions | <u>(9,871)</u> | <u>(24,139)</u> |
| Balance, end of period | <u>\$ 34,970</u> | <u>\$ 47,195</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (2,354) | \$ 2,015 |
| Adjustments for: | | |
| Net realized gain from investments | (7,641) | (8,945) |
| Net change in unrealized (appreciation) depreciation from investments | 2,354 | (1,327) |
| Non cash distributions | 7,549 | 8,137 |
| Proceeds from sale of investments | 17,624 | 32,501 |
| Amounts paid for purchase of investments | (113) | (97) |
| bcIMC funds management fees payable | - | (6) |
| Other accounts payable | <u>1</u> | <u>(2)</u> |
| | <u>17,420</u> | <u>32,276</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 114 | 96 |
| Payments on redemption of redeemable units | <u>(17,534)</u> | <u>(32,372)</u> |
| | <u>(17,420)</u> | <u>(32,276)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|------------------|-------------------|------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 34,962 | \$ 17,360 | \$ 47,209 | \$ 27,253 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>24</u> | <u>24</u> | <u>1</u> | <u>1</u> |
| Total Investments | <u>\$ 34,986</u> | <u>\$ 17,384</u> | <u>\$ 47,210</u> | <u>\$ 27,254</u> |

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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PRIVATE PLACEMENT FUND 1999

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1999.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 31 | 0.1 % | \$ 142 | 0.3 % |
| Unlisted Private Equity Investee Funds | 29,796 | 85.2 % | 40,435 | 85.7 % |
| bcIMC Money Market Funds | 5,136 | 14.7 % | 6,658 | 14.1 % |
| Net Investment-Related Payables | (1) | - % | (26) | (0.1)% |
| | <u>\$ 34,962</u> | <u>100.0 %</u> | <u>\$ 47,209</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

The Fund holds net financial assets denominated in U.S. currency totalling \$33,179,000 Cdn which represents 94.9% of the net asset value of the Fund (2014 - \$44,361,000 Cdn which represented 94.0% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposure set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not indicated above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, 2015, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$332,000 Cdn (2014 - \$444,000 Cdn), representing 0.9% of the Fund's net assets (2014 - 0.9%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$4,128,000 Cdn (2014 - \$5,156,000 Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$41,000 Cdn (2014 - \$52,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

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**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------------------------------------------------|------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Commercial & Professional Services | \$ - | - % | \$ 142 | 0.2 % |
| Pharmaceuticals, Biotechnology & Life Sciences | 31 | 0.1 % | - | - % |
| Total Direct Private Equity Investments | 31 | 0.1 % | 142 | 0.2 % |
| Total Unlisted Private Equity Investee Funds in diversified industries | 29,796 | 99.9 % | 40,435 | 99.8 % |
| | <u>\$ 29,827</u> | <u>100.0 %</u> | <u>\$ 40,577</u> | <u>100.0 %</u> |

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk (continued)

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|-------------------------------------------------------------------|------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| United States | \$ 31 | 0.1 % | \$ 142 | 0.3 % |
| Total Unlisted Private Equity Investee Funds diversified globally | 29,796 | 99.9 % | 40,435 | 99.7 % |
| | <u>\$ 29,827</u> | <u>100.0 %</u> | <u>\$ 40,577</u> | <u>100.0 %</u> |

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$3,499,000 (2014 - \$4,721,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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PRIVATE PLACEMENT FUND 1999

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Net Investment-Related Payables | \$ - | \$ (1) | \$ - | \$ (1) |
| bcIMC Money Market Funds | 5,160 | - | - | 5,160 |
| Direct Private Equity Investments | - | - | 31 | 31 |
| Unlisted Private Equity Investee Funds | - | - | 29,796 | 29,796 |
| Total Investments | <u>\$ 5,160</u> | <u>\$ (1)</u> | <u>\$ 29,827</u> | <u>\$ 34,986</u> |

| | 2014 | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Net Investment-Related Payables | \$ - | \$ (26) | \$ - | \$ (26) |
| bcIMC Money Market Funds | 6,659 | - | - | 6,659 |
| Direct Private Equity Investments | - | - | 142 | 142 |
| Unlisted Private Equity Investee Funds | - | - | 40,435 | 40,435 |
| Total Investments | <u>\$ 6,659</u> | <u>\$ (26)</u> | <u>\$ 40,577</u> | <u>\$ 47,210</u> |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | |
|---------------------------------------------------------|-----------------------------------------|-------------------------------------------------|------------------|
| | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | |
| Balance, beginning of year | \$ 142 | \$ 40,435 | \$ 40,577 |
| Total gains or (losses) recognized in profit or loss | (39) | 5,241 | 5,202 |
| Purchases | - | 1,946 | 1,946 |
| Sales | (72) | (17,826) | (17,898) |
| Balance, end of year | <u>\$ 31</u> | <u>\$ 29,796</u> | <u>\$ 29,827</u> |

| | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------|-------------------|
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ (111)</u> | <u>\$ (4,935)</u> | <u>\$ (5,046)</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------|-------------------|

See accompanying Notes to the Financial Statements.

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**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

| | 2014 | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------|--------------------|
| | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | |
| Balance, beginning of year | \$ 100 | \$ 69,178 | \$ 69,278 |
| Total gains or (losses) recognized in profit or loss | 42 | 10,291 | 10,333 |
| Purchases | - | 443 | 443 |
| Sales | - | (39,477) | (39,477) |
| Balance, end of year | <u>\$ 142</u> | <u>\$ 40,435</u> | <u>\$ 40,577</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 42</u> | <u>\$ (18,937)</u> | <u>\$ (18,895)</u> |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | |
|----------------------------------------|-------------------------|----------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range |
| Direct Private Equity Investments | \$ 31 | Market Approach | EV / EBITDA | Sensitivity to Change in Significant Unobservable Input The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 29,796 | Unadjusted Net Asset Value | Net Asset Value | \$29,796 The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

| | 2014 | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 142 | Market Approach | EV / EBITDA | \$142 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 40,435 | Unadjusted Net Asset Value | Net Asset Value | \$40,435 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value (“EV”) and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds’ policy to categorize the investee as level 3 within the fair value hierarchy.

**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and certain direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|------------|------------|
| Favourable | \$ 2,983 | \$ 4,058 |
| Unfavourable | \$ (2,983) | \$ (4,058) |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$34,962,000 (2014 - \$47,209,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 5,160 |
| Unlisted private equity investee funds administered by third party managers | 8 | \$ 909,517 | \$ 29,796 |

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ 6,659 |
| Unlisted private equity investee funds administered by third party managers | 8 | \$ 1,240,381 | \$ 40,577 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|----------------------|----------------------|
| | Note | December 31, 2015 | December 31, 2014 |
| Assets | | | |
| Investments | | \$ 3,801 | \$ 8,338 |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 2 | 2 |
| Other accounts payable | | 11 | 10 |
| | | <u>13</u> | <u>12</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 3,788</u> | <u>\$ 8,326</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 1,576 | 5,000 |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 2,404</u> | <u>\$ 1,665</u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized loss | | \$ (852) | \$ (128) |
| Net change in unrealized appreciation | | <u>1,271</u> | <u>2,037</u> |
| Total revenue | | <u>419</u> | <u>1,909</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 29 | 44 |
| Administrative fees | | <u>19</u> | <u>13</u> |
| Total operating expenses | | <u>48</u> | <u>57</u> |
| Increase in net assets attributable to holders of redeemable units from operations | | <u>371</u> | <u>1,852</u> |
| Increase in net assets attributable to holders of redeemable units | | <u>\$ 371</u> | <u>\$ 1,852</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 8,326 | \$ 6,824 |
| Increase in net assets attributable to holders of redeemable units | 371 | 1,852 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 47 | 68 |
| Amounts paid for units redeemed | (4,956) | (418) |
| Net decrease from redeemable unit transactions | (4,909) | (350) |
| Balance, end of period | \$ 3,788 | \$ 8,326 |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 371 | \$ 1,852 |
| Adjustments for: | | |
| Net realized loss from investments | 852 | 128 |
| Net change in unrealized appreciation from investments | (1,271) | (2,037) |
| Proceeds from sale of investments | 5,003 | 477 |
| Amounts paid for purchase of investments | (47) | (63) |
| bcIMC funds management fees payable | - | (5) |
| Other accounts payable | 1 | (2) |
| | 4,909 | 350 |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 47 | 68 |
| Payments on redemption of redeemable units | (4,956) | (418) |
| | (4,909) | (350) |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | - | - |
| Cash, end of period | \$ - | \$ - |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-----------------|-------------------|-----------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 3,795 | \$ 2,626 | \$ 8,333 | \$ 8,434 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>6</u> | <u>5</u> | <u>5</u> | <u>5</u> |
| Total Investments | <u>\$ 3,801</u> | <u>\$ 2,631</u> | <u>\$ 8,338</u> | <u>\$ 8,439</u> |

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Private Placement Fund 1999A.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|-----------------|----------------|-----------------|----------------|
| | Total | % of Total | Total | % of Total |
| Unlisted Private Equity Investee Funds | \$ 3,779 | 99.6 % | \$ 8,318 | 99.8 % |
| bclMC Money Market Funds | 16 | 0.4 % | 15 | 0.2 % |
| | <u>\$ 3,795</u> | <u>100.0 %</u> | <u>\$ 8,333</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

The Fund holds net financial assets denominated in U.S. currency totalling \$2,230,000 Cdn which represents 58.9% of the net asset value of the Fund (2014 - \$2,826,000 Cdn which represented 33.9% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposure set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not indicated above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, 2015, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$22,300 Cdn (2014 - \$28,000 Cdn), representing 0.6% of the Fund's net assets (2014 - 0.3%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$1,059,000 Cdn (2014 - \$883,000 Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$11,000 Cdn (2014 - \$9,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$380,000 (2014 - \$834,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Financial Risk Management Discussion (continued)
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| 2015 | | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|----------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | \$ 22 | \$ - | \$ - | \$ 22 |
| Unlisted Private Equity Investee Funds | - | - | 3,779 | 3,779 |
| Total Investments | \$ 22 | \$ - | \$ 3,779 | \$ 3,801 |

| 2014 | | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|----------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | \$ 20 | \$ - | \$ - | \$ 20 |
| Unlisted Private Equity Investee Funds | - | - | 8,318 | 8,318 |
| Total Investments | \$ 20 | \$ - | \$ 8,318 | \$ 8,338 |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| (in 000s) | Unlisted Private Equity Investee Funds |
| Balance, beginning of year | \$ 8,318 |
| Total gains or (losses) recognized in profit or loss | 417 |
| Purchases | - |
| Sales | (4,956) |
| Balance, end of year | <u>\$ 3,779</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 109</u> |
| | 2014 |
| (in 000s) | Unlisted Private Equity Investee Funds |
| Balance, beginning of year | \$ 6,828 |
| Total gains or (losses) recognized in profit or loss | 1,911 |
| Purchases | - |
| Sales | (421) |
| Balance, end of year | <u>\$ 8,318</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 1,937</u> |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | | |
|----------------------------------------|-------------------------|----------------------------------|----------------------------------------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 2,223 | Unadjusted Net Asset Value | Net Asset Value | \$2,223 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 1,556 | Adjusted Net Asset Value | Net Asset Value Fair Value Adjustment | \$4,619 -\$3,063 | The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher). |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

| 2014 | | | | | |
|----------------------------------------|-------------------------|----------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 2,820 | Unadjusted Net Asset Value | Net Asset Value | \$2,820 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 5,498 | Adjusted Net Asset Value | Net Asset Value | \$4,557 | The estimated fair value would increase (decrease) if: |
| | | | Fair Value Adjustment | \$941 | - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant unobservable inputs are developed as follows:

- (i) **Net Asset Value:**
Represents the net asset value of the unlisted private equity investee funds bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.
- The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (ii) **Fair value adjustment:**
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

Effects of Unobservable Input on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|----------|----------|
| Favourable | \$ 378 | \$ 832 |
| Unfavourable | \$ (378) | \$ (832) |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

PRIVATE PLACEMENT FUND 1999A

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$3,795,000 (2014 - \$8,333,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 22 |
| Unlisted private equity investee funds administered by third party managers | 4 | \$ 176,898 | \$ 3,779 |

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ 20 |
| Unlisted private equity investee funds administered by third party managers | 4 | \$ 246,408 | \$ 8,318 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|-------------------------|-------------------------|
| | Note | December 31, 2015 | December 31, 2014 |
| Assets | | | |
| Investments | | <u>\$ 21,535</u> | <u>\$ 27,006</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 11 | 5 |
| Other accounts payable | | <u>5</u> | <u>10</u> |
| | | <u>16</u> | <u>15</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 21,519</u></u> | <u><u>\$ 26,991</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 5.275 | 7.000 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 4,079</u></u> | <u><u>\$ 3,856</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 5,605 | \$ 7,761 |
| Net change in unrealized depreciation | | <u>(3,954)</u> | <u>(5,390)</u> |
| Total revenue | | <u>1,651</u> | <u>2,371</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 50 | 83 |
| Administrative fees | | <u>19</u> | <u>13</u> |
| Total operating expenses | | <u>69</u> | <u>96</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>1,582</u> | <u>2,275</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(5,536)</u> | <u>(7,800)</u> |
| | | <u>(5,536)</u> | <u>(7,800)</u> |
| Decrease in net assets attributable to holders of redeemable units | | <u><u>\$ (3,954)</u></u> | <u><u>\$ (5,525)</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 26,991 | \$ 35,450 |
| Decrease in net assets attributable to holders of redeemable units | (3,954) | (5,525) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 70 | 104 |
| Reinvestment of distributions | 5,536 | 7,800 |
| Amounts paid for units redeemed | <u>(7,124)</u> | <u>(10,838)</u> |
| Net decrease from redeemable unit transactions | <u>(1,518)</u> | <u>(2,934)</u> |
| Balance, end of period | <u>\$ 21,519</u> | <u>\$ 26,991</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Decrease in net assets attributable to holders of redeemable units | \$ (3,954) | \$ (5,525) |
| Adjustments for: | | |
| Net realized gain from investments | (5,605) | (7,761) |
| Net change in unrealized depreciation from investments | 3,954 | 5,390 |
| Non cash distributions | 5,536 | 7,800 |
| Proceeds from sale of investments | 7,192 | 10,942 |
| Amounts paid for purchase of investments | (70) | (105) |
| bcIMC funds management fees payable | 6 | (5) |
| Other accounts payable | <u>(5)</u> | <u>(2)</u> |
| | <u>7,054</u> | <u>10,734</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 70 | 104 |
| Payments on redemption of redeemable units | <u>(7,124)</u> | <u>(10,838)</u> |
| | <u>(7,054)</u> | <u>(10,734)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousand \$)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-----------------|-------------------|-----------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 21,514 | \$ 4,587 | \$ 26,987 | \$ 6,106 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>21</u> | <u>21</u> | <u>19</u> | <u>19</u> |
| Total Investments | <u>\$ 21,535</u> | <u>\$ 4,608</u> | <u>\$ 27,006</u> | <u>\$ 6,125</u> |

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2000 Private Placement Fund.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 25 | 0.1 % | \$ - | - % |
| Unlisted Private Equity Investee Funds | 17,539 | 81.5 % | 25,231 | 93.5 % |
| bcIMC Money Market Funds | 3,950 | 18.4 % | 1,782 | 6.6 % |
| Net Investment-Related Payables | - | - % | (26) | (0.1)% |
| | <u>\$ 21,514</u> | <u>100.0 %</u> | <u>\$ 26,987</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

**Financial Risk Management Discussion (continued)
as at December 31**

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| Euro | \$ 347 | 1.6 % | \$ 2,064 | 7.6 % |
| United States Dollar | 17,447 | 81.1 % | 19,225 | 71.2 % |
| Net Exposure | <u>\$ 17,794</u> | <u>82.7 %</u> | <u>\$ 21,289</u> | <u>78.9 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk (continued)

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$178,000 Cdn (2014 - \$213,000 Cdn), representing 0.8% of the Fund's net assets (2014 – 0.8%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$6,681,000 Cdn (2014 - \$5,571,000 Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$53,000 Cdn (2014 - \$56,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------------------------------------------------------|------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Pharmaceuticals, Biotechnology & Life Sciences | \$ 25 | 0.1 % | \$ - | - % |
| Total Unlisted Private Equity Investee Funds in diversified industries | 17,539 | 99.9 % | 25,231 | 100.0 % |
| | <u>\$ 17,564</u> | <u>100.0 %</u> | <u>\$ 25,231</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk (continued)

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

GEOGRAPHIC REGION
(in 000s)

| | 2015 | | 2014 | |
|-------------------------------------------------------------------|------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| United States | \$ 25 | 0.1 % | \$ - | - % |
| Total Unlisted Private Equity Investee Funds diversified globally | 17,539 | 99.9 % | 25,231 | 100.0 % |
| | <u>\$ 17,564</u> | <u>100.0 %</u> | <u>\$ 25,231</u> | <u>100.0 %</u> |

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$2,153,000 (2014 - \$2,701,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

Financial Risk Management Discussion (continued)
as at December 31

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | \$ 3,971 | \$ - | \$ - | \$ 3,971 |
| Direct Private Equity Investments | - | - | 25 | 25 |
| Unlisted Private Equity Investee Funds | - | - | 17,539 | 17,539 |
| Total Investments | <u>\$ 3,971</u> | <u>\$ -</u> | <u>\$ 17,564</u> | <u>\$ 21,535</u> |

| | 2014 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Net Investment-Related Payables | \$ - | \$ (26) | \$ - | \$ (26) |
| bcIMC Money Market Funds | 1,801 | - | - | 1,801 |
| Unlisted Private Equity Investee Funds | - | - | 25,231 | 25,231 |
| Total Investments | <u>\$ 1,801</u> | <u>\$ (26)</u> | <u>\$ 25,231</u> | <u>\$ 27,006</u> |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| (in 000s) | 2015 | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------------|-------|---------|
| | Direct Private | Unlisted | | |
| | Equity Investments | Private Equity Investee Funds | Total | |
| Balance, beginning of year | \$ - | \$ 25,231 | \$ | 25,231 |
| Total gains or (losses) recognized in profit or loss | 25 | 1,108 | | 1,133 |
| Purchases | - | 8 | | 8 |
| Sales | - | (8,808) | | (8,808) |
| Balance, end of year | \$ 25 | \$ 17,539 | \$ | 17,564 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | \$ 25 | \$ 5,641 | \$ | 5,666 |

| (in 000s) | 2014 | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------------|-------|----------|
| | Direct Private | Unlisted | | |
| | Equity Investments | Private Equity Investee Funds | Total | |
| Balance, beginning of year | \$ - | \$ 34,881 | \$ | 34,881 |
| Total gains or (losses) recognized in profit or loss | - | 1,808 | | 1,808 |
| Purchases | - | 673 | | 673 |
| Sales | - | (12,131) | | (12,131) |
| Balance, end of year | \$ - | \$ 25,231 | \$ | 25,231 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | \$ - | \$ (6,704) | \$ | (6,704) |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | | |
|---------------------------------------|----------------------|----------------------------|--------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 25 | Market approach | EV / EBITDA | \$25 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Fund | \$ 17,539 | Unadjusted Net Asset Value | Net Asset Value | \$17,539 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

| 2014 | | | | | |
|----------------------------------------|-------------------------|----------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 24,417 | Unadjusted Net Asset Value | Net Asset Value | \$24,417 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 814 | Adjusted Net Asset Value | Net Asset Value | \$628 | The estimated fair value would increase (decrease) if: |
| | | | Fair Value Adjustment | \$186 | - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value ("EV") and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (iii) Fair value adjustment:
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and of certain direct private equity were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|------------|------------|
| Favourable | \$ 1,756 | \$ 2,523 |
| Unfavourable | \$ (1,756) | \$ (2,523) |

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$21,514,000 (2014 - \$26,987,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 3,971 |
| Unlisted private equity investee funds administered by third party managers | 11 | \$ 1,188,023 | \$ 17,539 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2000 PRIVATE PLACEMENT FUND

Involvement with Structured Entities (continued)
as at December 31

| Entity | December 31, 2014 | | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Statement of Financial Position (in 000s) | Investments in the Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ | 1,801 |
| Unlisted private equity investee funds administered by third party managers | 10 | \$ 1,407,930 | \$ | 25,231 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2001 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|-------------------------|-------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | <u>\$ 13,597</u> | <u>\$ 17,155</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 4 | 4 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>15</u> | <u>14</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 13,582</u></u> | <u><u>\$ 17,141</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>3.000</i> | <i>4.621</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 4,527</u></u> | <u><u>\$ 3,709</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 5,107 | \$ 8,073 |
| Net change in unrealized depreciation | | <u>(2,009)</u> | <u>(6,872)</u> |
| Total revenue | | <u>3,098</u> | <u>1,201</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 30 | 30 |
| Administrative fees | | <u>19</u> | <u>13</u> |
| Total operating expenses | | <u>49</u> | <u>43</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>3,049</u> | <u>1,158</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(5,057)</u> | <u>(8,030)</u> |
| | | <u>(5,057)</u> | <u>(8,030)</u> |
| Decrease in net assets attributable to holders of redeemable units | | <u><u>\$ (2,008)</u></u> | <u><u>\$ (6,872)</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2001 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 17,141 | \$ 26,989 |
| Decrease in net assets attributable to holders of redeemable units | (2,008) | (6,872) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 48 | 50 |
| Reinvestment of distributions | 5,057 | 8,030 |
| Amounts paid for units redeemed | <u>(6,656)</u> | <u>(11,056)</u> |
| Net decrease from redeemable unit transactions | <u>(1,551)</u> | <u>(2,976)</u> |
| Balance, end of period | <u>\$ 13,582</u> | <u>\$ 17,141</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Decrease in net assets attributable to holders of redeemable units | \$ (2,008) | \$ (6,872) |
| Adjustments for: | | |
| Net realized gain from investments | (5,107) | (8,073) |
| Net change in unrealized depreciation from investments | 2,009 | 6,872 |
| Non cash distributions | 5,057 | 8,030 |
| Proceeds from sale of investments | 6,699 | 11,098 |
| Amounts paid for purchase of investments | (43) | (47) |
| Other accounts payable | <u>1</u> | <u>(2)</u> |
| | <u>6,608</u> | <u>11,006</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 48 | 50 |
| Payments on redemption of redeemable units | <u>(6,656)</u> | <u>(11,056)</u> |
| | <u>(6,608)</u> | <u>(11,006)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2001 PRIVATE PLACEMENT FUND

Schedule of Investments
as at December 31
(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-----------------|-------------------|-----------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 13,592 | \$ 2,840 | \$ 17,150 | \$ 4,389 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>5</u> | <u>5</u> | <u>5</u> | <u>5</u> |
| Total Investments | <u>\$ 13,597</u> | <u>\$ 2,845</u> | <u>\$ 17,155</u> | <u>\$ 4,394</u> |

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2001 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2001 Private Placement Fund.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Unlisted Private Equity Investee Funds | \$ 12,882 | 94.8 % | \$ 16,129 | 94.0 % |
| bciMC Money Market Funds | 710 | 5.2 % | 1,021 | 6.0 % |
| | <u>\$ 13,592</u> | <u>100.0 %</u> | <u>\$ 17,150</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

The Fund holds net financial assets denominated in U.S. currency totalling \$13,582,000 Cdn which represents 100.0% of the net asset value of the Fund (2014 - \$17,140,000 Cdn which represented 100.0% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposure set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not indicated above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, 2015, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$136,000 Cdn (2014 - \$171,000 Cdn), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$2,272,000 Cdn (2014 - \$2,756,000 Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$23,000 Cdn (2014 - \$28,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2001 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$1,360,000 (2014 - \$1,715,000) or 10.0% (2014 – 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| 2015 | | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-----------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | \$ 715 | \$ - | \$ - | \$ 715 |
| Unlisted Private Equity Investee Funds | - | - | 12,882 | 12,882 |
| Total Investments | \$ 715 | \$ - | \$ 12,882 | \$ 13,597 |

| 2014 | | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-----------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | \$ 1,026 | \$ - | \$ - | \$ 1,026 |
| Unlisted Private Equity Investee Funds | - | - | 16,129 | 16,129 |
| Total Investments | \$ 1,026 | \$ - | \$ 16,129 | \$ 17,155 |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

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ILLIQUID POOLED INVESTMENT PORTFOLIOS

2001 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| (in 000s) | Unlisted Private Equity Investee Funds |
| Balance, beginning of year | \$ 16,129 |
| Total gains or (losses) recognized in profit or loss | 3,059 |
| Purchases | 920 |
| Sales | (7,226) |
| Balance, end of year | <u>\$ 12,882</u> |
| | |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ (1,416)</u> |
| | |
| | 2014 |
| (in 000s) | Unlisted Private Equity Investee Funds |
| Balance, beginning of year | \$ 26,979 |
| Total gains or (losses) recognized in profit or loss | 1,174 |
| Purchases | - |
| Sales | (12,024) |
| Balance, end of year | <u>\$ 16,129</u> |
| | |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ (6,820)</u> |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | | |
|----------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 12,882 | Unadjusted Net Asset Value | Net Asset Value | \$12,882 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| | | | | | |
| | 2014 | | | | |
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 16,129 | Unadjusted Net Asset Value | Net Asset Value | \$16,129 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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**Fair Value Measurement Discussion (continued)
as at December 31**

Significant unobservable inputs are developed as follows:

- (i) **Net Asset Value:**
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

Effects of Unobservable Input on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|------------|------------|
| Favourable | \$ 1,288 | \$ 1,613 |
| Unfavourable | \$ (1,288) | \$ (1,613) |

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$13,592,000 (2014 - \$17,150,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 715 |
| Unlisted private equity investee funds administered by third party managers | 5 | \$ 605,532 | \$ 12,882 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Statement of Financial Position (in 000s) | Investments in the Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ | 1,026 |
| Unlisted private equity investee funds administered by third party managers | 5 | \$ 813,625 | \$ | 16,129 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2002 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|-------------------------|-------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | <u>\$ 50,855</u> | <u>\$ 62,360</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 4 | 3 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>15</u> | <u>13</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 50,840</u></u> | <u><u>\$ 62,347</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>16.503</i> | <i>23.539</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 3,081</u></u> | <u><u>\$ 2,649</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 10,521 | \$ 6,235 |
| Net change in unrealized appreciation (depreciation) | | <u>(2,290)</u> | <u>2,368</u> |
| Total revenue | | <u>8,231</u> | <u>8,603</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 55 | 48 |
| Administrative fees | | <u>19</u> | <u>13</u> |
| Total operating expenses | | <u>74</u> | <u>61</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>8,157</u> | <u>8,542</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(10,447)</u> | <u>(6,173)</u> |
| | | <u>(10,447)</u> | <u>(6,173)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u><u>\$ (2,290)</u></u> | <u><u>\$ 2,369</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2002 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 62,347 | \$ 68,176 |
| Increase (decrease) in net assets attributable to holders of redeemable units | (2,290) | 2,369 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 66 | 67 |
| Reinvestment of distributions | 10,447 | 6,173 |
| Amounts paid for units redeemed | (19,730) | (14,438) |
| Net decrease from redeemable unit transactions | (9,217) | (8,198) |
| Balance, end of period | \$ 50,840 | \$ 62,347 |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ (2,290) | \$ 2,369 |
| Adjustments for: | | |
| Net realized gain from investments | (10,521) | (6,235) |
| Net change in unrealized (appreciation) depreciation from investments | 2,290 | (2,368) |
| Non cash distributions | 10,447 | 6,173 |
| Proceeds from sale of investments | 19,802 | 14,503 |
| Amounts paid for purchase of investments | (66) | (66) |
| bcIMC funds management fees payable | 1 | (3) |
| Other accounts payable | 1 | (2) |
| | 19,664 | 14,371 |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 66 | 67 |
| Payments on redemption of redeemable units | (19,730) | (14,438) |
| | (19,664) | (14,371) |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | - | - |
| Cash, end of period | \$ - | \$ - |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2002 PRIVATE PLACEMENT FUND

Schedule of Investments
as at December 31
(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|------------------|-------------------|------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 50,848 | \$ 21,510 | \$ 62,346 | \$ 30,718 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>7</u> | <u>7</u> | <u>14</u> | <u>14</u> |
| Total Investments | <u>\$ 50,855</u> | <u>\$ 21,517</u> | <u>\$ 62,360</u> | <u>\$ 30,732</u> |

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2002 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2002 Private Placement Fund.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Unlisted Private Equity Investee Funds | \$ 47,577 | 93.6 % | \$ 60,903 | 97.7 % |
| bciMC Money Market Funds | 3,271 | 6.4 % | 1,443 | 2.3 % |
| | <u>\$ 50,848</u> | <u>100.0 %</u> | <u>\$ 62,346</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| Euro | \$ 2,282 | 4.5 % | \$ 4,385 | 7.0 % |
| United States Dollar | 45,659 | 89.8 % | 51,875 | 83.2 % |
| Net Exposure | <u>\$ 47,941</u> | <u>94.3 %</u> | <u>\$ 56,260</u> | <u>90.2 %</u> |

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$479,000 Cdn (2014 - \$563,000 Cdn), representing 0.9% of the Fund's net assets (2014 - 0.9%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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Financial Risk Management Discussion (continued)
as at December 31

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 | 2014 |
|------------------------|-----------------|-----------------|
| Euro | \$ 721 | \$ 516 |
| United States Dollar | 3,445 | 3,614 |
| | <u>\$ 4,166</u> | <u>\$ 4,130</u> |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$42,000 Cdn (2014 - \$41,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$5,085,000 (2014 - \$6,236,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | | 2015 | | | |
|----------------------------------------|--|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-----------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | | |
| bclMC Money Market Funds | | \$ 3,278 | \$ - | \$ - | \$ 3,278 |
| Unlisted Private Equity Investee Funds | | - | - | 47,577 | 47,577 |
| Total Investments | | \$ 3,278 | \$ - | \$ 47,577 | \$ 50,855 |

| | | 2014 | | | |
|----------------------------------------|--|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-----------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | | |
| bclMC Money Market Funds | | \$ 1,457 | \$ - | \$ - | \$ 1,457 |
| Unlisted Private Equity Investee Funds | | - | - | 60,903 | 60,903 |
| Total Investments | | \$ 1,457 | \$ - | \$ 60,903 | \$ 62,360 |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | | 2015 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------|
| | | Unlisted Private Equity Investee Funds |
| (in 000s) | | |
| Balance, beginning of year | | \$ 60,903 |
| Total gains or (losses) recognized in profit or loss | | 7,659 |
| Purchases | | 818 |
| Sales | | (21,803) |
| Balance, end of year | | \$ 47,577 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | | \$ (8,351) |

| | | 2014 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------|
| | | Unlisted Private Equity Investee Funds |
| (in 000s) | | |
| Balance, beginning of year | | \$ 67,820 |
| Total gains or (losses) recognized in profit or loss | | 8,345 |
| Purchases | | 867 |
| Sales | | (16,129) |
| Balance, end of year | | \$ 60,903 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | | \$ 2,312 |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

See accompanying Notes to the Financial Statements.

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**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| 2015 | | | | | |
|----------------------------------------|-------------------------|----------------------------|----------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Fund | \$ 47,577 | Unadjusted Net Asset Value | Net Asset Value | \$47,577 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| 2014 | | | | | |
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 54,838 | Unadjusted Net Asset Value | Net Asset Value | \$54,838 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 6,065 | Adjusted Net Asset value | Net Asset Value Fair Value Adjustment | \$7,770 \$(1,705) | The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (ii) Fair value adjustment:
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

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**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|------------|------------|
| Favourable | \$ 4,758 | \$ 6,090 |
| Unfavourable | \$ (4,758) | \$ (6,090) |

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$50,848,000 (2014 - \$62,346,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 3,278 |
| Unlisted private equity investee funds administered by third party managers | 5 | \$ 896,394 | \$ 47,577 |

See accompanying Notes to the Financial Statements.

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Involvement with Structured Entities (continued)
as at December 31

| Entity | December 31, 2014 | | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Statement of Financial Position (in 000s) | Investments in the Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ | 1,457 |
| Unlisted private equity investee funds administered by third party managers | 5 | \$ 1,322,714 | \$ | 60,903 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|-------------------------|-------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | <u>\$ 88,440</u> | <u>\$ 81,492</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 7 | 5 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>18</u> | <u>15</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 88,422</u></u> | <u><u>\$ 81,477</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>40.951</i> | <i>42.905</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 2,159</u></u> | <u><u>\$ 1,899</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 2,590 | \$ 5,924 |
| Net change in unrealized appreciation | | <u>8,213</u> | <u>11,830</u> |
| Total revenue | | <u>10,803</u> | <u>17,754</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 90 | 90 |
| Administrative fees | | <u>19</u> | <u>13</u> |
| Total operating expenses | | <u>109</u> | <u>103</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>10,694</u> | <u>17,651</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(2,481)</u> | <u>(5,821)</u> |
| | | <u>(2,481)</u> | <u>(5,821)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 8,213</u></u> | <u><u>\$ 11,830</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 81,477 | \$ 73,540 |
| Increase in net assets attributable to holders of redeemable units | 8,213 | 11,830 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 118 | 2,006 |
| Reinvestment of distributions | 2,481 | 5,821 |
| Amounts paid for units redeemed | <u>(3,867)</u> | <u>(11,720)</u> |
| Net decrease from redeemable unit transactions | <u>(1,268)</u> | <u>(3,893)</u> |
| Balance, end of period | <u>\$ 88,422</u> | <u>\$ 81,477</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 8,213 | \$ 11,830 |
| Adjustments for: | | |
| Net realized gain from investments | (2,590) | (5,924) |
| Net change in unrealized appreciation from investments | (8,213) | (11,830) |
| Non cash distributions | 2,481 | 5,821 |
| Proceeds from sale of investments | 3,964 | 11,828 |
| Amounts paid for purchase of investments | (109) | (2,006) |
| bcIMC funds management fees payable | 2 | (3) |
| Other accounts payable | <u>1</u> | <u>(2)</u> |
| | <u>3,749</u> | <u>9,714</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 118 | 2,006 |
| Payments on redemption of redeemable units | <u>(3,867)</u> | <u>(11,720)</u> |
| | <u>(3,749)</u> | <u>(9,714)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|------------------|-------------------|------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 88,421 | \$ 25,909 | \$ 81,485 | \$ 27,186 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>19</u> | <u>18</u> | <u>7</u> | <u>6</u> |
| Total Investments | <u>\$ 88,440</u> | <u>\$ 25,927</u> | <u>\$ 81,492</u> | <u>\$ 27,192</u> |

¹ The private equity investments are held through a private corporation.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2003 Private Placement Fund.

The Fund holds its private equity investments through a corporation. The corporation holds the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 8,734 | 9.9 % | \$ 8,734 | 10.7 % |
| Unlisted Private Equity Investee Funds | 71,514 | 80.9 % | 72,735 | 89.3 % |
| bcIMC Money Market Funds | 8,173 | 9.2 % | 16 | - % |
| | <u>\$ 88,421</u> | <u>100.0 %</u> | <u>\$ 81,485</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and its investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

The Fund holds net financial assets denominated in U.S. currency totalling \$13,917,000 Cdn which represents 15.7% of the net asset value of the Fund (2014 - \$16,327,000 Cdn which represented 20.0% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity and unlisted private equity investee funds. Such exposure may include currencies not indicated above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, 2015, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$139,000 Cdn (2014 - \$163,000 Cdn), representing 0.2% of the Fund's net assets (2014 - 0.2%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$3,492,000 Cdn (2014 - \$2,430,000 Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$35,000 Cdn (2014 - \$24,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The investments are held in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------------------------------------------------|------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Software & Services | \$ 8,734 | 10.9 % | \$ 8,734 | 10.7 % |
| Total Unlisted Private Equity Investee Funds in diversified industries | 71,514 | 89.1 % | 72,735 | 89.3 % |
| | <u>\$ 80,248</u> | <u>100.0 %</u> | <u>\$ 81,469</u> | <u>100.0 %</u> |

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk (continued)

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|-------------------------------------------------------------------|------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Canada | \$ 8,734 | 10.9 % | \$ 8,734 | 10.7 % |
| Total Unlisted Private Equity Investee Funds diversified globally | 71,514 | 89.1 % | 72,735 | 89.3 % |
| | <u>\$ 80,248</u> | <u>100.0 %</u> | <u>\$ 81,469</u> | <u>100.0 %</u> |

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$8,844,000 (2014 - \$8,149,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | \$ 8,192 | \$ - | \$ - | \$ 8,192 |
| Direct Private Equity Investments | - | - | 8,734 | 8,734 |
| Unlisted Private Equity Investee Funds | - | - | 71,514 | 71,514 |
| Total Investments | <u>\$ 8,192</u> | <u>\$ -</u> | <u>\$ 80,248</u> | <u>\$ 88,440</u> |

| | 2014 | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | \$ 23 | \$ - | \$ - | \$ 23 |
| Direct Private Equity Investments | - | - | 8,734 | 8,734 |
| Unlisted Private Equity Investee Funds | - | - | 72,735 | 72,735 |
| Total Investments | <u>\$ 23</u> | <u>\$ -</u> | <u>\$ 81,469</u> | <u>\$ 81,492</u> |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------|------------------|
| | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | |
| Balance, beginning of year | \$ 8,734 | \$ 72,735 | \$ 81,469 |
| Total gains or (losses) recognized in profit or loss | - | 10,208 | 10,208 |
| Purchases | - | - | - |
| Sales | - | (11,429) | (11,429) |
| Balance, end of year | <u>\$ 8,734</u> | <u>\$ 71,514</u> | <u>\$ 80,248</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | | | |
| | <u>\$ -</u> | <u>\$ 6,961</u> | <u>\$ 6,961</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

| | 2014 | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------|------------------|
| | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | |
| Balance, beginning of year | \$ 4,090 | \$ 69,430 | \$ 73,520 |
| Total gains or (losses) recognized in profit or loss | 2,737 | 14,161 | 16,898 |
| Purchases | 1,907 | 622 | 2,529 |
| Sales | - | (11,478) | (11,478) |
| Balance, end of year | <u>\$ 8,734</u> | <u>\$ 72,735</u> | <u>\$ 81,469</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 2,737</u> | <u>\$ 5,119</u> | <u>\$ 7,856</u> |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 8,734 | Market approach | EV / EBITDA | \$8,734 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 71,514 | Unadjusted Net Asset Value | Net Asset Value | \$71,514 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2003 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

| 2014 | | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 8,734 | Market approach | EV / EBITDA | \$8,734 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 85 | Market approach | EV / EBITDA | \$85 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 72,650 | Unadjusted Net Asset Value | Net Asset Value | \$72,650 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value ("EV") and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and certain direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|------------|------------|
| Favourable | \$ 8,025 | \$ 8,147 |
| Unfavourable | \$ (8,025) | \$ (8,147) |

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$88,421,000 (2014 - \$81,485,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 8,192 |
| Unlisted private equity investee funds administered by third party managers | 8 | \$ 3,402,132 | \$ 71,514 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2003 PRIVATE PLACEMENT FUND

Involvement with Structured Entities (continued)
as at December 31

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ 23 |
| Unlisted private equity investee funds administered by third party managers | 8 | \$ 3,231,753 | \$ 72,735 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|-------------------------|-------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | <u>\$ 35,630</u> | <u>\$ 39,696</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 7 | 5 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>18</u> | <u>15</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 35,612</u></u> | <u><u>\$ 39,681</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 36.397 | 42.845 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 978</u></u> | <u><u>\$ 926</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|-----------------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 2,445 | \$ 2,396 |
| Net change in unrealized appreciation (depreciation) | | <u>15</u> | <u>(6,868)</u> |
| Total revenue | | <u>2,460</u> | <u>(4,472)</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 84 | 98 |
| Administrative fees | | <u>19</u> | <u>13</u> |
| Total operating expenses | | <u>103</u> | <u>111</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>2,357</u> | <u>(4,583)</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(2,342)</u> | <u>(10,269)</u> |
| | | <u>(2,342)</u> | <u>(10,269)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | <u><u>\$ 15</u></u> | <u><u>\$ (14,852)</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 39,681 | \$ 61,779 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 15 | (14,852) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 594 | 875 |
| Reinvestment of distributions | 2,342 | 10,269 |
| Amounts paid for units redeemed | <u>(7,020)</u> | <u>(18,390)</u> |
| Net decrease from redeemable unit transactions | <u>(4,084)</u> | <u>(7,246)</u> |
| Balance, end of period | <u>\$ 35,612</u> | <u>\$ 39,681</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ 15 | \$ (14,852) |
| Adjustments for: | | |
| Net realized gain from investments | (2,445) | (2,396) |
| Net change in unrealized (appreciation) depreciation from investments | (15) | 6,868 |
| Non cash distributions | 2,342 | 10,269 |
| Proceeds from sale of investments | 7,121 | 18,506 |
| Amounts paid for purchase of investments | (595) | (874) |
| bcIMC funds management fees payable | 2 | (4) |
| Other accounts payable | <u>1</u> | <u>(2)</u> |
| | <u>6,426</u> | <u>17,515</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 594 | 875 |
| Payments on redemption of redeemable units | <u>(7,020)</u> | <u>(18,390)</u> |
| | <u>(6,426)</u> | <u>(17,515)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

Schedule of Investments
as at December 31
(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|------------------|-------------------|------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 35,603 | \$ 42,272 | \$ 39,671 | \$ 46,355 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled | | | | |
| Investment Portfolio | | | | |
| Fund ST1 | <u>27</u> | <u>27</u> | <u>25</u> | <u>25</u> |
| Total Investments | <u>\$ 35,630</u> | <u>\$ 42,299</u> | <u>\$ 39,696</u> | <u>\$ 46,380</u> |

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2004 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Unlisted Private Equity Investee Funds | \$ 34,717 | 97.5 % | \$ 39,563 | 99.7 % |
| bciMC Money Market Funds | 886 | 2.5 % | 108 | 0.3 % |
| | <u>\$ 35,603</u> | <u>100.0 %</u> | <u>\$ 39,671</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| Euro | \$ 4,092 | 11.5 % | \$ 6,462 | 16.3 % |
| Japanese Yen | - | - % | 154 | 0.4 % |
| United States Dollar | 12,436 | 34.9 % | 12,339 | 31.1 % |
| Net Exposure | <u>\$ 16,528</u> | <u>46.4 %</u> | <u>\$ 18,955</u> | <u>47.8 %</u> |

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$165,000 Cdn (2014 - \$190,000 Cdn), representing 0.5% of the Fund's net assets (2014 - 0.5%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 | 2014 |
|------------------------|---------------|------------------|
| Euro | \$ 42 | \$ 39 |
| Japanese Yen | - | 10,413 |
| United States Dollar | 134 | 3,146 |
| | <u>\$ 176</u> | <u>\$ 13,598</u> |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$2,000 Cdn (2014 - \$136,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$3,560,000 (2014 - \$3,970,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | | 2015 | | | |
|----------------------------------------|--|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-----------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | | |
| bclMC Money Market Funds | | \$ 913 | \$ - | \$ - | \$ 913 |
| Unlisted Private Equity Investee Funds | | - | - | 34,717 | 34,717 |
| Total Investments | | \$ 913 | \$ - | \$ 34,717 | \$ 35,630 |
| | | 2014 | | | |
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | | |
| bclMC Money Market Funds | | \$ 133 | \$ - | \$ - | \$ 133 |
| Unlisted Private Equity Investee Funds | | - | - | 39,563 | 39,563 |
| Total Investments | | \$ 133 | \$ - | \$ 39,563 | \$ 39,696 |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | | 2015 |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------|
| | | Unlisted Private Equity Investee Funds |
| (in 000s) | | |
| Balance, beginning of year | | \$ 39,563 |
| Total gains or (losses) recognized in profit or loss | | (1,628) |
| Purchases | | 332 |
| Sales | | (3,550) |
| Balance, end of year | | \$ 34,717 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | | \$ 20,412 |
| | | 2014 |
| | | Unlisted Private Equity Investee Funds |
| (in 000s) | | |
| Balance, beginning of year | | \$ 61,757 |
| Total gains or (losses) recognized in profit or loss | | (7,551) |
| Purchases | | 867 |
| Sales | | (15,510) |
| Balance, end of year | | \$ 39,563 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | | \$ (16,478) |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| 2015 | | | | | |
|----------------------------------------|-------------------------|-------------------------------------------|----------------------------------------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 34,717 | Unadjusted Adjusted Net Asset Value | Net Asset Value | \$34,717 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| 2014 | | | | | |
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 33,594 | Unadjusted Adjusted Net Asset Value | Net Asset Value | \$33,594 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 5,969 | Adjusted Net Asset Value | Net Asset Value Fair Value Adjustment | \$6,131 \$(162) | The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant unobservable inputs are developed as follows:

- (i) **Net Asset Value:**
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (ii) **Fair value adjustment:**
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

Effects of Unobservable Input on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|------------|------------|
| Favourable | \$ 3,472 | \$ 3,956 |
| Unfavourable | \$ (3,472) | \$ (3,956) |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLQUID POOLED INVESTMENT PORTFOLIOS

2004 PRIVATE PLACEMENT FUND

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$35,603,000 (2014 - \$39,671,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 913 |
| Unlisted private equity investee funds administered by third party managers | 8 | \$ 404,271 | \$ 34,717 |

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ 133 |
| Unlisted private equity investee funds administered by third party managers | 10 | \$ 408,897 | \$ 39,563 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | \$ 260,860 | \$ 316,955 |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 18 | 16 |
| Other accounts payable | | 11 | 10 |
| | | <u>29</u> | <u>26</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 260,831</u></u> | <u><u>\$ 316,929</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 216.620 | 325.899 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,204</u></u> | <u><u>\$ 972</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Foreign exchange gain | | \$ 1 | \$ - |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | 76,992 | 102,379 |
| Net change in unrealized depreciation | | (19,368) | (44,337) |
| Total revenue | | <u>57,625</u> | <u>58,042</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 203 | 180 |
| External management fees | | (13) | 128 |
| Administrative fees | | 19 | 13 |
| Total operating expenses | | <u>209</u> | <u>321</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>57,416</u> | <u>57,721</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | (76,784) | (101,958) |
| | | <u>(76,784)</u> | <u>(101,958)</u> |
| Decrease in net assets attributable to holders of redeemable units | | <u><u>\$ (19,368)</u></u> | <u><u>\$ (44,237)</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 316,929 | \$ 439,981 |
| Decrease in net assets attributable to holders of redeemable units | (19,368) | (44,237) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 1,425 | 1,171 |
| Reinvestment of distributions | 76,784 | 101,958 |
| Amounts paid for units redeemed | (114,939) | (181,944) |
| Net decrease from redeemable unit transactions | (36,730) | (78,815) |
| Balance, end of period | \$ 260,831 | \$ 316,929 |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Decrease in net assets attributable to holders of redeemable units | \$ (19,368) | \$ (44,237) |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | (1) | - |
| Net realized gain from investments | (76,992) | (102,379) |
| Net change in unrealized depreciation from investments | 19,368 | 44,337 |
| Non cash distributions | 76,784 | 101,958 |
| Proceeds from sale of investments | 115,399 | 182,266 |
| Amounts paid for purchase of investments | (1,680) | (1,171) |
| bcIMC funds management fees payable | 2 | 1 |
| Other accounts payable | 1 | (2) |
| | <u>113,513</u> | <u>180,773</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 1,425 | 1,171 |
| Payments on redemption of redeemable units | (114,939) | (181,944) |
| | <u>(113,514)</u> | <u>(180,773)</u> |
| Net decrease in cash | (1) | - |
| Effect of exchange rate changes on cash | 1 | - |
| Cash, beginning of period | - | - |
| Cash, end of period | \$ - | \$ - |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

Schedule of Investments
as at December 31
(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 260,831 | \$ 75,030 | \$ 316,901 | \$ 111,732 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | 23 | 23 | 54 | 54 |
| Fund ST3 | <u>6</u> | <u>6</u> | <u>-</u> | <u>-</u> |
| | <u>29</u> | <u>29</u> | <u>54</u> | <u>54</u> |
| Total Investments | <u>\$ 260,860</u> | <u>\$ 75,059</u> | <u>\$ 316,955</u> | <u>\$ 111,786</u> |

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2005 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 13,984 | 5.4 % | \$ 6,518 | 2.0 % |
| Direct Private Debt Investments | 7,892 | 3.0 % | - | - % |
| Unlisted Private Equity Investee Funds | 234,172 | 89.8 % | 306,065 | 96.6 % |
| bclMC Money Market Funds | 4,783 | 1.8 % | 2,810 | 0.9 % |
| Net Investment-Related Receivables | - | - % | 1,508 | 0.5 % |
| | <u>\$ 260,831</u> | <u>100.0 %</u> | <u>\$ 316,901</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

The majority of the private debt investments are in closely held private companies where the Fund has a significant ownership percentage. Due to the private nature of the debt, it is not subject to rating by a rating agency. The maximum credit risk exposure is \$7,892,317 Cdn (2014 - \$- Cdn).

**Financial Risk Management Discussion (continued)
as at December 31**

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

The Fund holds debt investments in conjunction with equity investments in one private company. As at December 31, the Fund invested in the following debt instruments:

| INTEREST RATE RISK | 2015 | | |
|-----------------------|--------------------------|---------------|---------------|
| | Carrying Value (in 000s) | Interest Rate | Maturity Date |
| Fixed-rate debt | <u>\$ 7,892</u> | <u>15%</u> | <u>2055</u> |

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| Euro | \$ 51,414 | 19.7 % | \$ 54,023 | 17.0 % |
| United States Dollar | 205,893 | 78.9 % | 252,655 | 79.7 % |
| Net Exposure | <u>\$ 257,307</u> | <u>98.6 %</u> | <u>\$ 306,678</u> | <u>96.8 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

Financial Risk Management Discussion (continued)
as at December 31

Currency Risk (continued)

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$2,573,000 Cdn (2014 - \$3,067,000 Cdn), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 | 2014 |
|------------------------|------------------|------------------|
| Euro | \$ 4,778 | \$ 12,740 |
| United States Dollar | 49,522 | 43,719 |
| | <u>\$ 54,300</u> | <u>\$ 56,459</u> |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$543,000 Cdn (2014 - \$565,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments, direct private debt and unlisted private equity investee funds are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------------------------------------------------------|-------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity and Debt Investments: | | | | |
| Consumer Discretionary | \$ 21,876 | 8.5 % | \$ 6,518 | 2.1 % |
| Total Unlisted Private Equity Investee Funds in diversified industries | <u>234,172</u> | <u>91.5 %</u> | <u>306,065</u> | <u>97.9 %</u> |
| | <u>\$ 256,048</u> | <u>100.0 %</u> | <u>\$ 12,583</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk (continued)

The Fund's direct private equity, direct private debt and private equity investee fund investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|-------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Unlisted private equity and debt investments: | | | | |
| Europe | \$ 21,876 | 8.5 % | \$ 6,518 | 2.1 % |
| Total Unlisted Private Equity Investee Funds diversified globally | 234,172 | 91.5 % | 306,065 | 97.9 % |
| | <u>\$ 256,048</u> | <u>100.0 %</u> | <u>\$ 312,583</u> | <u>100.0 %</u> |

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$26,086,000 (2014 - \$31,696,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Financial Risk Management Discussion (continued)
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| (in 000s) | 2015 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| bcIMC Money Market Funds | \$ 4,812 | \$ - | \$ - | \$ 4,812 |
| Direct Private Equity Investments | - | - | 13,984 | 13,984 |
| Direct Private Debt Investments | - | - | 7,892 | 7,892 |
| Unlisted Private Equity Investee Funds | - | - | 234,172 | 234,172 |
| Total Investments | <u>\$ 4,812</u> | <u>\$ -</u> | <u>\$ 256,048</u> | <u>\$ 260,860</u> |

| (in 000s) | 2014 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| Net Investment-Related Receivables | \$ - | \$ 1,508 | \$ - | \$ 1,508 |
| bcIMC Money Market Funds | 2,864 | - | - | 2,864 |
| Direct Private Equity Investments | - | - | 6,518 | 6,518 |
| Unlisted Private Equity Investee Funds | - | - | 306,065 | 306,065 |
| Total Investments | <u>\$ 2,864</u> | <u>\$ 1,508</u> | <u>\$ 312,583</u> | <u>\$ 316,955</u> |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------|-------------------------------------------------|-------------------|
| | Direct Private Equity Investments | Direct Private Debt Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | | |
| Balance, beginning of year | \$ 6,518 | \$ - | \$ 306,065 | \$ 312,583 |
| Total gains or (losses) recognized in profit or loss | 7,466 | 507 | 43,949 | 51,922 |
| Purchases | - | 7,385 | 3,458 | 10,843 |
| Sales | - | - | (119,300) | (119,300) |
| Balance, end of year | <u>\$ 13,984</u> | <u>\$ 7,892</u> | <u>\$ 234,172</u> | <u>\$ 256,048</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 7,466</u> | <u>\$ 507</u> | <u>\$ (13,672)</u> | <u>\$ (5,699)</u> |

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

| | 2014 | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------|-------------------------------------------------|--------------------|
| | Direct Private Equity Investments | Direct Private Debt Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | | |
| Balance, beginning of year | \$ 2,794 | \$ - | \$ 425,499 | \$ 428,293 |
| Total gains or (losses) recognized in profit or loss | 3,724 | - | 51,015 | 54,739 |
| Purchases | - | - | 4,955 | 4,955 |
| Sales | - | - | (175,404) | (175,404) |
| Balance, end of year | <u>\$ 6,518</u> | <u>\$ -</u> | <u>\$ 306,065</u> | <u>\$ 312,583</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 3,724</u> | <u>\$ -</u> | <u>\$ (63,011)</u> | <u>\$ (59,287)</u> |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments, direct private debt investments, and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 13,984 | Market approach | EV / EBITDA | \$13,984 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Direct Private Debt Investments | \$ 7,982 | Market approach | EV / EBITDA | \$7,892 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 234,172 | Unadjusted Net Asset Value | Net Asset Value | \$234,172 | The estimated fair value would increase (decrease) if the net asset value was higher (lower). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

| | 2014 | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 6,518 | Market approach | EV / EBITDA | \$6,518 | The estimated fair value would increase(decrease) if the EV / EBITDA multiple was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 306,065 | Unadjusted Net Asset Value | Net Asset Value | \$306,065 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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Fair Value Measurement Discussion (continued)
as at December 31

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value (“EV”) and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds’ policy to categorize the investee as level 3 within the fair value hierarchy.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity and direct private debt investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds, direct private equity and direct private debt investments were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|-------------|-------------|
| Favourable | \$ 25,605 | \$ 31,258 |
| Unfavourable | \$ (25,605) | \$ (31,258) |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2005 PRIVATE PLACEMENT FUND

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$260,831,000 (2014 - \$316,901,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 4,812 |
| Unlisted private equity investee funds administered by third party managers | 12 | \$ 19,593,754 | \$ 234,172 |

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ 2,864 |
| Unlisted private equity investee funds administered by third party managers | 13 | \$ 22,780,871 | \$ 306,065 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2006 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | <u>\$ 496,761</u> | <u>\$ 568,756</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 18 | 17 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>29</u> | <u>27</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 496,732</u></u> | <u><u>\$ 568,729</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>196.904</i> | <i>315.245</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 2,523</u></u> | <u><u>\$ 1,804</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 114,613 | \$ 78,248 |
| Net change in unrealized appreciation | | <u>31,557</u> | <u>37,037</u> |
| Total revenue | | <u>146,170</u> | <u>115,285</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 244 | 182 |
| Administrative fees | | <u>19</u> | <u>13</u> |
| Total operating expenses | | <u>263</u> | <u>195</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>145,907</u> | <u>115,090</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(114,350)</u> | <u>(79,560)</u> |
| | | <u>(114,350)</u> | <u>(79,560)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 31,557</u></u> | <u><u>\$ 35,530</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2006 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 568,729 | \$ 666,429 |
| Increase in net assets attributable to holders of redeemable units | 31,557 | 35,530 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 4,893 | 2,521 |
| Reinvestment of distributions | 114,350 | 79,560 |
| Amounts paid for units redeemed | <u>(222,797)</u> | <u>(215,311)</u> |
| Net decrease from redeemable unit transactions | <u>(103,554)</u> | <u>(133,230)</u> |
| Balance, end of period | <u>\$ 496,732</u> | <u>\$ 568,729</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 31,557 | \$ 35,530 |
| Adjustments for: | | |
| Net realized gain from investments | (114,613) | (78,248) |
| Net change in unrealized appreciation from investments | (31,557) | (37,037) |
| Non cash distributions | 114,350 | 79,560 |
| Proceeds from sale of investments | 223,059 | 215,498 |
| Amounts paid for purchase of investments | (4,894) | (2,517) |
| bcIMC funds management fees payable | 1 | 6 |
| Other accounts payable | <u>1</u> | <u>(2)</u> |
| | <u>217,904</u> | <u>212,790</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 4,893 | 2,521 |
| Payments on redemption of redeemable units | <u>(222,797)</u> | <u>(215,311)</u> |
| | <u>(217,904)</u> | <u>(212,790)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2006 PRIVATE PLACEMENT FUND

Schedule of Investments
as at December 31
(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 496,694 | \$ 178,718 | \$ 568,751 | \$ 282,331 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>67</u> | <u>66</u> | <u>5</u> | <u>5</u> |
| Total Investments | <u>\$ 496,761</u> | <u>\$ 178,784</u> | <u>\$ 568,756</u> | <u>\$ 282,336</u> |

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2006 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2006 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 78 | - % | \$ 82 | - % |
| Unlisted Private Equity Investee Funds | 490,110 | 98.7 % | 537,422 | 94.5 % |
| bcIMC Money Market Funds | 5,082 | 1.0 % | 29,378 | 5.2 % |
| Cash | 1,424 | 0.3 % | 1,869 | 0.3 % |
| | <u>\$ 496,694</u> | <u>100.0 %</u> | <u>\$ 568,751</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| Euro | \$ 111,885 | 22.5 % | \$ 130,604 | 23.0 % |
| United States Dollar | 296,939 | 59.8 % | 312,821 | 55.0 % |
| Net Exposure | <u>\$ 408,824</u> | <u>82.3 %</u> | <u>\$ 443,425</u> | <u>78.0 %</u> |

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$4,088,000 Cdn (2014 - \$4,434,000 Cdn), representing 0.8% of the Fund's net assets (2014 - 0.8%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 | 2014 |
|------------------------|------------------|------------------|
| Euro | \$ 22,243 | \$ 25,366 |
| United States Dollar | 29,077 | 31,067 |
| | <u>\$ 51,320</u> | <u>\$ 56,433</u> |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$513,000 Cdn (2014 - \$564,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

**Financial Risk Management Discussion (continued)
as at December 31**

INDUSTRY SECTOR
(in 000s)

| | 2015 | | 2014 | |
|------------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Utilities | \$ 78 | - % | \$ 82 | - % |
| Total Unlisted Private Equity Investee Funds in diversified industries | 490,110 | 100.0 % | 537,422 | 100.0 % |
| | <u>\$ 490,188</u> | <u>100.0 %</u> | <u>\$ 537,504</u> | <u>100.0 %</u> |

The Fund's direct private equity and private equity investee fund investments are concentrated in the following geographic regions:

GEOGRAPHIC REGION
(in 000s)

| | 2015 | | 2014 | |
|-------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| United States | \$ 78 | - % | \$ 82 | - % |
| Total Unlisted Private Equity Investee Funds diversified globally | 490,110 | 100.0 % | 537,422 | 100.0 % |
| | <u>\$ 490,188</u> | <u>100.0 %</u> | <u>\$ 537,504</u> | <u>100.0 %</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2006 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk (continued)

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$49,676,000 (2014 - \$56,876,000) or 10.0% (2014 – 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Cash | \$ - | \$ 1,424 | \$ - | \$ 1,424 |
| bcIMC Money Market Funds | 5,149 | - | - | 5,149 |
| Private Equity Investments | - | - | 78 | 78 |
| Unlisted Private Equity Investee Funds | - | - | 490,110 | 490,110 |
| Total Investments | <u>\$ 5,149</u> | <u>\$ 1,424</u> | <u>\$ 490,188</u> | <u>\$ 496,761</u> |

| | 2014 | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Cash | \$ - | \$ 1,869 | \$ - | \$ 1,869 |
| bcIMC Money Market Funds | 29,383 | - | - | 29,383 |
| Direct Private Equity Investments | - | - | 82 | 82 |
| Unlisted Private Equity Investee Funds | - | - | 537,422 | 537,422 |
| Total Investments | <u>\$ 29,383</u> | <u>\$ 1,869</u> | <u>\$ 537,504</u> | <u>\$ 568,756</u> |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2006 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | |
|------------------------------------------------------|-----------------------------------------|----------------------------------------------|------------|
| | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | |
| Balance, beginning of year | \$ 82 | \$ 537,422 | \$ 537,504 |
| Total gains or (losses) recognized in profit or loss | (4) | 100,936 | 100,932 |
| Purchases | - | 8,692 | 8,692 |
| Sales | - | (156,940) | (156,940) |
| Balance, end of year | \$ 78 | \$ 490,110 | \$ 490,188 |

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date

| | | |
|--------|-----------|-----------|
| \$ (4) | \$ 18,260 | \$ 18,256 |
|--------|-----------|-----------|

| | 2014 | | |
|------------------------------------------------------|-----------------------------------------|----------------------------------------------|------------|
| | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | |
| Balance, beginning of year | \$ 62,783 | \$ 598,871 | \$ 661,654 |
| Total gains or (losses) recognized in profit or loss | 11,843 | 71,777 | 83,620 |
| Purchases | - | 13,369 | 13,369 |
| Sales | (74,544) | (146,595) | (221,139) |
| Balance, end of year | \$ 82 | \$ 537,422 | \$ 537,504 |

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date

| | | |
|-------------|-------------|-------------|
| \$ (32,761) | \$ (17,946) | \$ (50,707) |
|-------------|-------------|-------------|

During 2015 and 2014, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | | |
|----------------------------------------|-------------------------|---------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 78 | Market approach | EV / EBITDA | \$78 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 490,110 | Undjusted Net Asset Value | Net Asset Value | \$490,110 | The estimated fair value would increase (decrease) if the net asset value was higher (lower). |

| | 2014 | | | | |
|----------------------------------------|-------------------------|----------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 82 | Market approach | EV / EBITDA | 82 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 537,422 | Unadjusted Net Asset Value | Net Asset Value | \$537,422 | The estimated fair value would increase (decrease) if the net asset value was higher (lower). |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value (“EV”) and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds’ policy to categorize the investee as level 3 within the fair value hierarchy.

**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|-------------|-------------|
| Favourable | \$ 49,019 | \$ 53,750 |
| Unfavourable | \$ (49,019) | \$ (53,750) |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2006 PRIVATE PLACEMENT FUND

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through an intermediary holding corporation which constitutes a structured entity. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. This structured entity has been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of this entity of approximately \$496,694,000 (2014 - \$568,751,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporation). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 5,149 |
| Unlisted private equity investee funds administered by third party managers | 9 | \$ 21,800,384 | \$ 490,110 |

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ 29,383 |
| Unlisted private equity investee funds administered by third party managers | 9 | \$ 20,660,710 | \$ 537,422 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2007 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | <u>\$ 622,427</u> | <u>\$ 747,407</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 33 | 26 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>44</u> | <u>36</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 622,383</u></u> | <u><u>\$ 747,371</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>383.113</i> | <i>505.544</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,625</u></u> | <u><u>\$ 1,478</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Interest income | | \$ - | \$ 1 |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | 102,729 | 155,600 |
| Net change in unrealized depreciation | | <u>(36,285)</u> | <u>(76,281)</u> |
| Total revenue | | <u>66,444</u> | <u>79,320</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 412 | 320 |
| Administrative fees | | 19 | 13 |
| Pursuit costs | | <u>4</u> | <u>-</u> |
| Total operating expenses | | <u>435</u> | <u>333</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>66,009</u> | <u>78,987</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(102,295)</u> | <u>(155,845)</u> |
| | | <u>(102,295)</u> | <u>(155,845)</u> |
| Decrease in net assets attributable to holders of redeemable units | | <u><u>\$ (36,286)</u></u> | <u><u>\$ (76,858)</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2007 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 747,371 | \$ 1,032,264 |
| Decrease in net assets attributable to holders of redeemable units | (36,286) | (76,858) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 14,332 | 5,063 |
| Reinvestment of distributions | 102,295 | 155,845 |
| Amounts paid for units redeemed | <u>(205,329)</u> | <u>(368,943)</u> |
| Net decrease from redeemable unit transactions | <u>(88,702)</u> | <u>(208,035)</u> |
| Balance, end of period | <u>\$ 622,383</u> | <u>\$ 747,371</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Decrease in net assets attributable to holders of redeemable units | \$ (36,286) | \$ (76,858) |
| Adjustments for: | | |
| Interest income | - | (1) |
| Net realized gain from investments | (102,729) | (155,600) |
| Net change in unrealized depreciation from investments | 36,285 | 76,281 |
| Non cash distributions | 102,295 | 155,845 |
| Proceeds from sale of investments | 205,757 | 369,340 |
| Amounts paid for purchase of investments | (14,333) | (5,133) |
| bcIMC funds management fees payable | 7 | 7 |
| Other accounts payable | 1 | (2) |
| Interest received | <u>-</u> | <u>1</u> |
| | <u>190,997</u> | <u>363,880</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 14,332 | 5,063 |
| Payments on redemption of redeemable units | <u>(205,329)</u> | <u>(368,943)</u> |
| | <u>(190,997)</u> | <u>(363,880)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2007 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 622,312 | \$ 306,728 | \$ 747,376 | \$ 395,507 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>115</u> | <u>115</u> | <u>31</u> | <u>31</u> |
| Total Investments | <u>\$ 622,427</u> | <u>\$ 306,843</u> | <u>\$ 747,407</u> | <u>\$ 395,538</u> |

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2007 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2007 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 10,422 | 1.7 % | \$ 33,075 | 4.4 % |
| Direct Private Debt Investments | 23,424 | 3.8 % | 61,762 | 8.3 % |
| Unlisted Private Equity Investee Funds | 554,624 | 89.1 % | 645,147 | 86.3 % |
| Foreign Currency Contracts | - | - % | (2) | - % |
| bcIMC Money Market Funds | 23,148 | 3.7 % | 6,514 | 0.9 % |
| Public Equities | 10,694 | 1.7 % | - | - % |
| Net Investment-Related Receivables | - | - % | 880 | 0.1 % |
| | <u>\$ 622,312</u> | <u>100.0 %</u> | <u>\$ 747,376</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

The majority of the private debt investments are in closely held private companies. Due to the private nature of the debt, it is not subject to rating by a rating agency. The maximum credit risk exposure is \$23,424,000 Cdn (2014 - \$61,762,000 Cdn).

**Financial Risk Management Discussion (continued)
as at December 31**

Liquidity Risk

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's remaining non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

The Fund holds debt investments in conjunction with equity investments in several private companies. As at December 31, the Fund invested in the following debt instruments:

| INTEREST RATE RISK | 2015 | | |
|-----------------------|--------------------------|----------------|---------------|
| | Carrying Value (in 000s) | Interest Rate | Maturity Date |
| Fixed-rate debt | \$ 23,424 | 0.00% to 9.88% | 2017 to 2037 |

| INTEREST RATE RISK | 2014 | | |
|-----------------------|--------------------------|----------------|---------------|
| | Carrying Value (in 000s) | Interest Rate | Maturity Date |
| Fixed-rate debt | \$ 61,762 | 0.00% to 9.88% | 2017 to 2037 |

The value of the combined debt and equity investments is calculated based on enterprise values of the private companies and the value is then allocated to the debt and equity investments. Any change in market value of the debt investments due to fluctuations in interest rates would result in an offsetting change in value of the related equity investment. Accordingly, sensitivity analysis that would measure the impact of changes in interest rates would not be meaningful and has not been provided.

As at December 31, 2015 and 2014, the Fund had no other assets or liabilities which change in value as a result of changes in the interest rates.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2007 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| Brazilian Real | \$ 10,694 | 1.7 % | \$ - | - % |
| Euro | 60,239 | 9.7 % | 121,005 | 16.2 % |
| United States Dollar | 445,979 | 71.7 % | 481,548 | 64.4 % |
| Net Exposure | <u>\$ 516,912</u> | <u>83.1 %</u> | <u>\$ 602,553</u> | <u>80.6 %</u> |

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, direct private debt and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$5,169,000 Cdn (2014 - \$6,026,000 Cdn), representing 0.8% of the Fund's net assets (2014 - 0.8%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 | 2014 |
|------------------------|------------------|------------------|
| Euro | \$ 2,872 | \$ 3,175 |
| United States Dollar | <u>65,881</u> | <u>64,476</u> |
| | <u>\$ 68,753</u> | <u>\$ 67,651</u> |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$688,000 Cdn (2014 - \$677,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's unlisted private equity, private debt and private equity investee fund investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity and Debt Investments: | | | | |
| Commercial & Professional Services | \$ 28,735 | 4.9 % | \$ 24,412 | 3.3 % |
| Food and Beverage | 5,111 | 0.9 % | 20,791 | 2.8 % |
| Consumer Discretionary | - | - % | 17,999 | 2.4 % |
| Energy | - | - % | 31,635 | 4.3 % |
| Total Direct Private Equity and Debt Investments | 33,846 | 5.8 % | 94,837 | 12.8 % |
| Total Unlisted Private Equity Investee Funds in diversified industries | 554,624 | 94.2 % | 645,147 | 87.2 % |
| | <u>\$ 588,470</u> | <u>100.0 %</u> | <u>\$ 739,984</u> | <u>100.0 %</u> |

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk (continued)

The Fund's direct private equity, direct private debt and private equity investee fund investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|-------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity and Debt Investments: | | | | |
| Canada | \$ - | - % | \$ 31,635 | 4.2 % |
| Europe | 30,182 | 5.1 % | 49,453 | 6.7 % |
| Latin America | 3,664 | 0.6 % | 13,749 | 1.9 % |
| Total Direct Private Equity and Debt Investments | 33,846 | 5.8 % | 94,837 | 12.8 % |
| Total Unlisted Private Equity Investee Funds diversified globally | 554,624 | 94.2 % | 645,147 | 87.2 % |
| | <u>\$ 588,470</u> | <u>100.0 %</u> | <u>\$ 739,984</u> | <u>100.0 %</u> |

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$62,243,000 (2014 - \$74,741,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2007 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | \$ 23,263 | \$ - | \$ - | \$ 23,263 |
| Direct Private Debt Investments | - | - | 23,424 | 23,424 |
| Direct Private Equity Investments | - | - | 10,422 | 10,422 |
| Public Equities | 10,694 | - | - | 10,694 |
| Unlisted Private Equity Investee Funds | - | - | 554,624 | 554,624 |
| Total Investments | <u>\$ 33,957</u> | <u>\$ -</u> | <u>\$ 588,470</u> | <u>\$ 622,427</u> |

| | 2014 | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Net Investment-Related | | | | |
| Receivables | \$ - | \$ 880 | \$ - | \$ 880 |
| Foreign Currency Contracts | - | (2) | - | (2) |
| bcIMC Money Market Funds | 6,545 | - | - | 6,545 |
| Direct Private Equity Investments | - | - | 33,075 | 33,075 |
| Direct Private Debt Investments | - | - | 61,762 | 61,762 |
| Unlisted Private Equity Investee Funds | - | - | 645,147 | 645,147 |
| Total Investments | <u>\$ 6,545</u> | <u>\$ 878</u> | <u>\$ 739,984</u> | <u>\$ 747,407</u> |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------|-------------------------------------------------|--------------------|
| | Direct Private Equity Investments | Direct Private Debt Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | | |
| Balance, beginning of year | \$ 33,075 | \$ 61,762 | \$ 645,147 | \$ 739,984 |
| Total gains or (losses) recognized in profit or loss | (18,400) | (20,053) | 87,168 | 48,715 |
| Purchases | - | 1,258 | 15,083 | 16,341 |
| Sales | (4,253) | (19,543) | (192,774) | (216,570) |
| Balance, end of year | <u>\$ 10,422</u> | <u>\$ 23,424</u> | <u>\$ 554,624</u> | <u>\$ 588,470</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ (21,668)</u> | <u>\$ (21,003)</u> | <u>\$ (14,561)</u> | <u>\$ (57,232)</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2007 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

| | 2014 | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------|-------------------------------------------------|---------------------|
| | Direct Private Equity Investments | Direct Private Debt Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | | |
| Balance, beginning of year | \$ 234,053 | \$ 64,199 | \$ 730,551 | \$ 1,028,803 |
| Total gains or (losses) recognized in profit or loss | (69,544) | 23,621 | 110,522 | 64,599 |
| Purchases | - | 2,536 | 22,396 | 24,932 |
| Sales | (131,434) | (28,594) | (218,322) | (378,350) |
| Balance, end of year | <u>\$ 33,075</u> | <u>\$ 61,762</u> | <u>\$ 645,147</u> | <u>\$ 739,984</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ (200,976)</u> | <u>\$ 23,387</u> | <u>\$ (21,109)</u> | <u>\$ (198,698)</u> |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|---------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 10,422 | Market approach | EV / EBITDA | \$10,422 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Direct Private Debt Investments | \$ 23,424 | Market approach | EV / EBITDA | \$23,424 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 554,624 | Unadjusted Net Asset Value | Net Asset Value | \$554,624 | The estimated fair value would increase (decrease) if the net asset value was higher (lower). |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

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**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

| 2014 | | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|----------------------------------------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 33,075 | Market approach | EV / EBITDA | \$33,075 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Direct Private Debt Investments | \$ 61,762 | Market approach | EV / EBITDA | \$61,762 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 573,595 | Unadjusted Net Asset Value | Net Asset Value | \$573,595 | The estimated fair value would increase (decrease) if the net asset value was higher (lower). |
| Unlisted Private Equity Investee Fund | \$ 71,552 | Adjusted Net Asset Value | Net Asset Value Fair Value Adjustment | \$70,024 \$1,528 | The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value ("EV") and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (iii) Fair value adjustment:
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2007 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity and direct private debt investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds, direct private equity and direct private debt investments were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|-------------|-------------|
| Favourable | \$ 58,847 | \$ 73,998 |
| Unfavourable | \$ (58,847) | \$ (73,998) |

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$622,312,000 (2014 - \$747,376,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 23,263 |
| Unlisted private equity investee funds administered by third party managers | 17 | \$ 4,516,448 | \$ 554,624 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2007 PRIVATE PLACEMENT FUND

Involvement with Structured Entities (continued)
as at December 31

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ 6,545 |
| Unlisted private equity investee funds administered by third party managers | 17 | \$ 16,470,722 | \$ 645,147 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2008 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | <u>\$ 898,673</u> | <u>\$ 855,893</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 32 | 27 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>43</u> | <u>37</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 898,630</u></u> | <u><u>\$ 855,856</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>301.617</i> | <i>415.751</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 2,979</u></u> | <u><u>\$ 2,059</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 135,979 | \$ 76,620 |
| Net change in unrealized appreciation | | <u>148,617</u> | <u>77,836</u> |
| Total revenue | | <u>284,596</u> | <u>154,456</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 368 | 276 |
| Administrative fees | | 19 | 13 |
| Pursuit costs | | <u>-</u> | <u>3</u> |
| Total operating expenses | | <u>387</u> | <u>292</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>284,209</u> | <u>154,164</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(135,592)</u> | <u>(77,916)</u> |
| | | <u>(135,592)</u> | <u>(77,916)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 148,617</u></u> | <u><u>\$ 76,248</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2008 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 855,856 | \$ 847,372 |
| Increase in net assets attributable to holders of redeemable units | 148,617 | 76,248 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 8,441 | 28,671 |
| Reinvestment of distributions | 135,592 | 77,916 |
| Amounts paid for units redeemed | <u>(249,876)</u> | <u>(174,351)</u> |
| Net decrease from redeemable unit transactions | <u>(105,843)</u> | <u>(67,764)</u> |
| Balance, end of period | <u><u>\$ 898,630</u></u> | <u><u>\$ 855,856</u></u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 148,617 | \$ 76,248 |
| Adjustments for: | | |
| Net realized gain from investments | (135,979) | (76,620) |
| Net change in unrealized appreciation from investments | (148,617) | (77,836) |
| Non cash distributions | 135,592 | 77,916 |
| Proceeds from sale of investments | 250,588 | 174,691 |
| Amounts paid for purchase of investments | (8,772) | (28,725) |
| bcIMC funds management fees payable | 5 | 8 |
| Other accounts payable | <u>1</u> | <u>(2)</u> |
| | <u>241,435</u> | <u>145,680</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 8,441 | 28,671 |
| Payments on redemption of redeemable units | <u>(249,876)</u> | <u>(174,351)</u> |
| | <u>(241,435)</u> | <u>(145,680)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2008 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 898,568 | \$ 288,890 | \$ 855,872 | \$ 394,812 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>105</u> | <u>105</u> | <u>21</u> | <u>20</u> |
| Total Investments | <u>\$ 898,673</u> | <u>\$ 288,995</u> | <u>\$ 855,893</u> | <u>\$ 394,832</u> |

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2008 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2008 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 257,300 | 28.6 % | \$ 187,972 | 22.0 % |
| Unlisted Private Equity Investee Funds | 625,964 | 69.7 % | 642,979 | 75.1 % |
| Foreign Currency Contracts | - | - % | (3) | - % |
| bcIMC Money Market Funds | 15,303 | 1.7 % | 9,409 | 1.1 % |
| Cash | 1 | - % | 15,515 | 1.8 % |
| | <u>\$ 898,568</u> | <u>100.0 %</u> | <u>\$ 855,872</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

**Financial Risk Management Discussion (continued)
as at December 31**

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| Euro | \$ 486,956 | 54.2 % | \$ 433,627 | 50.7 % |
| United States Dollar | 337,184 | 37.5 % | 389,247 | 45.5 % |
| Net Exposure | <u>\$ 824,140</u> | <u>91.7 %</u> | <u>\$ 822,874</u> | <u>96.1 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2008 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk (continued)

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$8,241,000 Cdn (2014 - \$8,229,000 Cdn), representing 0.9% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 | 2014 |
|------------------------|-------------------|-------------------|
| Euro | \$ 43,200 | \$ 43,516 |
| United States Dollar | 80,201 | 76,578 |
| | <u>\$ 123,401</u> | <u>\$ 120,094</u> |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$1,234,000 Cdn (2014 - \$1,201,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

**INDUSTRY SECTOR
(in 000s)**

| | 2015 | | 2014 | |
|------------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Commercial & Professional Services | \$ 127,312 | 14.4 % | \$ 61,498 | 7.4 % |
| Health Care Equipment & Services | 38,966 | 4.4 % | 47,170 | 5.7 % |
| Pharmaceuticals, Biotechnology & Life Sciences | 32,348 | 3.7 % | 28,379 | 3.4 % |
| Software & Services | 58,674 | 6.6 % | 50,925 | 6.1 % |
| Total Direct Private Equity Investments | 257,300 | 29.1 % | 187,972 | 22.6 % |
| Total Unlisted Private Equity Investee Funds in diversified industries | 625,964 | 70.9 % | 642,979 | 77.4 % |
| | <u>\$ 883,264</u> | <u>100.0 %</u> | <u>\$ 830,951</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2008 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk (continued)

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

**GEOGRAPHIC REGION
(in 000s)**

| | 2015 | | 2014 | |
|-------------------------------------------------------------------|-------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Europe | \$ 185,986 | 21.0 % | \$ 112,424 | 13.5 % |
| United States | 71,314 | 8.1 % | 75,548 | 9.1 % |
| Total Direct Private Equity Investments | 257,300 | 29.1 % | 187,972 | 22.6 % |
| Total Unlisted Private Equity Investee Funds diversified globally | 625,964 | 70.9 % | 642,979 | 77.4 % |
| | <u>\$ 883,264</u> | <u>100.0 %</u> | <u>\$ 30,951</u> | <u>100.0 %</u> |

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$89,867,000 (2014 - \$85,589,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Cash | \$ - | \$ 1 | \$ - | \$ 1 |
| bcIMC Money Market Funds | 15,408 | - | - | 15,408 |
| Direct Private Equity Investments | - | - | 257,300 | 257,300 |
| Unlisted Private Equity Investee Funds | - | - | 625,964 | 625,964 |
| Total Investments | <u>\$ 15,408</u> | <u>\$ 1</u> | <u>\$ 883,264</u> | <u>\$ 898,673</u> |

| | 2014 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Cash | \$ - | \$ 15,515 | \$ - | \$ 15,515 |
| bcIMC Money Market Funds | 9,430 | - | - | 9,430 |
| Foreign Currency Contracts | - | (3) | - | (3) |
| Direct Private Equity Investments | - | - | 187,972 | 187,972 |
| Unlisted Private Equity Investee Funds | - | - | 642,979 | 642,979 |
| Total Investments | <u>\$ 9,430</u> | <u>\$ 15,512</u> | <u>\$ 830,951</u> | <u>\$ 855,893</u> |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2008 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|------------|
| | Direct Private | Private Equity | Unlisted |
| (in 000s) | Investments | Equity | Investee |
| | | | Funds |
| | | | Total |
| Balance, beginning of year | \$ 187,972 | \$ 642,979 | \$ 830,951 |
| Total gains or (losses) recognized in profit or loss | 86,050 | 188,017 | 274,067 |
| Purchases | - | 26,787 | 26,787 |
| Sales | (16,722) | (231,819) | (248,541) |
| Balance, end of year | \$ 257,300 | \$ 625,964 | \$ 883,264 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | \$ 71,167 | \$ 36,941 | \$ 108,108 |

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

| | 2014 | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|------------|
| | Direct Private | Private Equity | Unlisted |
| (in 000s) | Investments | Equity | Investee |
| | | | Funds |
| | | | Total |
| Balance, beginning of year | \$ 201,346 | \$ 629,728 | \$ 831,074 |
| Total gains or (losses) recognized in profit or loss | 31,287 | 111,408 | 142,695 |
| Purchases | - | 57,518 | 57,518 |
| Sales | (44,661) | (155,675) | (200,336) |
| Balance, end of year | \$ 187,972 | \$ 642,979 | \$ 830,951 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | \$ (3,672) | \$ 26,613 | \$ 22,941 |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2008 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|----------------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 257,300 | Market approach | EV / EBITDA | \$257,300 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 576,789 | Unadjusted Net Asset Value | Net Asset Value | \$576,789 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 49,175 | Adjusted Net Asset Value | Net Asset Value Fair Value Adjustment | \$30,697 \$18,478 | The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

| | 2014 | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|----------------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 187,972 | Market Approach | EV / EBITDA | \$187,972 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 592,474 | Unadjusted Net Asset Value | Net Asset Value | \$592,474 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 50,505 | Adjusted Net Asset Value | Net Asset Value Fair Value Adjustment | \$30,784 \$19,721 | The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower). |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2008 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value (“EV”) and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds’ policy to categorize the investee as level 3 within the fair value hierarchy.
- (iii) Fair value adjustment:
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|-------------|-------------|
| Favourable | \$ 88,326 | \$ 83,095 |
| Unfavourable | \$ (88,326) | \$ (83,095) |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2008 PRIVATE PLACEMENT FUND

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$898,568,000 (2014 - \$855,872,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 15,408 |
| Unlisted private equity investee funds administered by third party managers | 14 | \$ 24,583,482 | \$ 625,964 |

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,160,208 | \$ 9,430 |
| Unlisted private equity investee funds administered by third party managers | 14 | \$ 36,706,210 | \$ 642,979 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | <u>\$ 630,763</u> | <u>\$ 491,246</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 20 | 14 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>31</u> | <u>24</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 630,732</u></u> | <u><u>\$ 491,222</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>989.656</i> | <i>989.373</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 637</u></u> | <u><u>\$ 496</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 25,368 | \$ 5,435 |
| Net change in unrealized appreciation | | <u>112,902</u> | <u>99,037</u> |
| Total revenue | | <u>138,270</u> | <u>104,472</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 229 | 156 |
| External management fees | | 1,066 | 641 |
| Administrative fees | | <u>19</u> | <u>13</u> |
| Total operating expenses | | <u>1,314</u> | <u>810</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>136,956</u> | <u>103,662</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(24,053)</u> | <u>(4,730)</u> |
| | | <u>(24,053)</u> | <u>(4,730)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 112,903</u></u> | <u><u>\$ 98,932</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 491,222 | \$ 343,635 |
| Increase in net assets attributable to holders of redeemable units | 112,903 | 98,932 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 58,878 | 63,278 |
| Reinvestment of distributions | 24,053 | 4,730 |
| Amounts paid for units redeemed | <u>(56,324)</u> | <u>(19,353)</u> |
| Net increase from redeemable unit transactions | <u>26,607</u> | <u>48,655</u> |
| Balance, end of period | <u>\$ 630,732</u> | <u>\$ 491,222</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 112,903 | \$ 98,932 |
| Adjustments for: | | |
| Net realized gain from investments | (25,368) | (5,435) |
| Net change in unrealized appreciation from investments | (112,902) | (99,037) |
| Non cash distributions | 24,053 | 4,730 |
| Proceeds from sale of investments | 60,932 | 20,167 |
| Amounts paid for purchase of investments | (62,179) | (63,284) |
| bcIMC funds management fees payable | 6 | 4 |
| Other accounts payable | <u>1</u> | <u>(2)</u> |
| | <u>(2,554)</u> | <u>(43,925)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 58,878 | 63,278 |
| Payments on redemption of redeemable units | <u>(56,324)</u> | <u>(19,353)</u> |
| | <u>2,554</u> | <u>43,925</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 630,693 | \$ 322,383 | \$ 491,241 | \$ 295,832 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>70</u> | <u>69</u> | <u>5</u> | <u>5</u> |
| Total Investments | <u>\$ 630,763</u> | <u>\$ 322,452</u> | <u>\$ 491,246</u> | <u>\$ 295,837</u> |

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2009 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 63,622 | 10.1 % | \$ 42,795 | 8.8 % |
| Unlisted Private Equity Investee Funds | 553,943 | 87.8 % | 442,837 | 90.1 % |
| Foreign Currency Contracts | - | - % | (1) | - % |
| bcIMC Money Market Funds | 13,128 | 2.1 % | 5,610 | 1.1 % |
| | <u>\$ 630,693</u> | <u>100.0 %</u> | <u>\$ 491,241</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

The Fund holds net financial assets denominated in U.S. currency totalling \$630,676,000 Cdn which represents 100.0% of the net asset value of the Fund (2014 - \$491,224,000 Cdn which represented 100.0% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity and unlisted private equity investee funds. Such exposure may include currencies not indicated above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, 2015, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$6,307,000 Cdn (2014 - \$4,912,000 Cdn), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$99,699,000 Cdn (2014 - \$139,757,000 Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$997,000 Cdn (2014 - \$1,398,000 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The investments are held in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Health Care Equipment & Services | \$ 63,622 | 10.3 % | \$ 42,795 | 8.8 % |
| Total Unlisted Private Equity Investee Funds in diversified industries | 553,943 | 89.7 % | 442,837 | 91.2 % |
| | <u>\$ 617,565</u> | <u>100.0 %</u> | <u>\$ 485,632</u> | <u>100.0 %</u> |

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk (continued)

The Fund's unlisted private equity and private equity investee fund investments are concentrated in the following geographic regions:

| GEOGRAPHIC REGION (in 000s) | 2015 | | 2014 | |
|-------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| United States | \$ 63,622 | 10.3 % | \$ 42,795 | 8.8 % |
| Total Unlisted Private Equity Investee Funds diversified globally | 553,943 | 89.7 % | 442,837 | 91.2 % |
| | <u>\$ 617,565</u> | <u>100.0 %</u> | <u>\$ 485,632</u> | <u>100.0 %</u> |

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$63,076,000 (2014 - \$49,125,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | \$ 13,198 | \$ - | \$ - | \$ 13,198 |
| Direct Private Equity Investments | - | - | 63,622 | 63,622 |
| Unlisted Private Equity Investee Funds | - | - | 553,943 | 553,943 |
| Total Investments | <u>\$ 13,198</u> | <u>\$ -</u> | <u>\$ 617,565</u> | <u>\$ 630,763</u> |

| | 2014 | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | \$ 5,615 | \$ - | \$ - | \$ 5,615 |
| Foreign Currency Contracts | - | (1) | - | (1) |
| Direct Private Equity Investments | - | - | 42,795 | 42,795 |
| Unlisted Private Equity Investee Funds | - | - | 442,837 | 442,837 |
| Total Investments | <u>\$ 5,615</u> | <u>\$ (1)</u> | <u>\$ 485,632</u> | <u>\$ 491,246</u> |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------|-------------------|
| | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | |
| Balance, beginning of year | \$ 42,795 | \$ 442,837 | \$ 485,632 |
| Total gains or (losses) recognized in profit or loss | 16,797 | 116,296 | 133,093 |
| Purchases | 4,030 | 70,409 | 74,439 |
| Sales | - | (75,599) | (75,599) |
| Balance, end of year | <u>\$ 63,622</u> | <u>\$ 553,943</u> | <u>\$ 617,565</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 59,592</u> | <u>\$ 33,797</u> | <u>\$ 93,389</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

| | 2014 | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------|-----------|----------------|
| | Direct Private Equity Investments | Private Equity Investee Funds | Unlisted | Total |
| (in 000s) | | | | |
| Balance, beginning of year | \$ 29,442 | \$ 313,829 | \$ | 343,271 |
| Total gains or (losses) recognized in profit or loss | 13,353 | 87,995 | | 101,348 |
| Purchases | - | 106,485 | | 106,485 |
| Sales | - | (65,472) | | (65,472) |
| Balance, end of year | <u>\$ 42,795</u> | <u>\$ 442,837</u> | <u>\$</u> | <u>485,632</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 13,353</u> | <u>\$ 65,418</u> | <u>\$</u> | <u>78,771</u> |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | | |
|----------------------------------------|-------------------------|----------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 63,622 | Market approach | EV / EBITDA | \$63,622 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 553,943 | Unadjusted Net Asset Value | Net Asset Value | \$553,943 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

| 2014 | | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 42,795 | Market approach | EV / EBITDA | \$42,795 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 442,837 | Unadjusted Net Asset Value | Net Asset Value | \$442,837 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value (“EV”) and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds’ policy to categorize the investee as level 3 within the fair value hierarchy.
- (iii) Fair value adjustment:
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|-------------|-------------|
| Favourable | \$ 61,757 | \$ 48,563 |
| Unfavourable | \$ (61,757) | \$ (48,563) |

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$630,693,000 (2014 - \$491,241,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 13,198 |
| Unlisted private equity investee funds administered by third party managers | 10 | \$ 35,604,849 | \$ 553,943 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2009 PRIVATE PLACEMENT FUND

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Statement of Financial Position (in 000s) | Investments in the Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ | 5,615 |
| Unlisted private equity investee funds administered by third party managers | 10 | \$ 21,694,173 | \$ | 442,837 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | <u>\$ 412,311</u> | <u>\$ 281,824</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 15 | 10 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>26</u> | <u>20</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 412,285</u></u> | <u><u>\$ 281,804</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>521.359</i> | <i>450.828</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 791</u></u> | <u><u>\$ 625</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 8,909 | \$ 2,021 |
| Net change in unrealized appreciation | | <u>77,587</u> | <u>41,219</u> |
| Total revenue | | <u>86,496</u> | <u>43,240</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 159 | 113 |
| Administrative fees | | <u>19</u> | <u>13</u> |
| Total operating expenses | | <u>178</u> | <u>126</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>86,318</u> | <u>43,114</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(8,731)</u> | <u>(1,419)</u> |
| | | <u>(8,731)</u> | <u>(1,419)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 77,587</u></u> | <u><u>\$ 41,695</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 281,804 | \$ 178,872 |
| Increase in net assets attributable to holders of redeemable units | 77,587 | 41,695 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 79,374 | 72,880 |
| Reinvestment of distributions | 8,731 | 1,419 |
| Amounts paid for units redeemed | <u>(35,211)</u> | <u>(13,062)</u> |
| Net increase from redeemable unit transactions | <u>52,894</u> | <u>61,237</u> |
| Balance, end of period | <u>\$ 412,285</u> | <u>\$ 281,804</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 77,587 | \$ 41,695 |
| Adjustments for: | | |
| Net realized gain from investments | (8,909) | (2,021) |
| Net change in unrealized appreciation from investments | (77,587) | (41,219) |
| Non cash distributions | 8,731 | 1,419 |
| Proceeds from sale of investments | 35,384 | 14,881 |
| Amounts paid for purchase of investments | (79,375) | (74,572) |
| bcIMC funds management fees payable | 5 | 1 |
| Other accounts payable | <u>1</u> | <u>(2)</u> |
| | <u>(44,163)</u> | <u>(59,818)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 79,374 | 72,880 |
| Payments on redemption of redeemable units | <u>(35,211)</u> | <u>(13,062)</u> |
| | <u>44,163</u> | <u>59,818</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 412,292 | \$ 260,625 | \$ 281,788 | \$ 207,708 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled | | | | |
| Investment Portfolio | | | | |
| Fund ST1 | <u>19</u> | <u>19</u> | <u>36</u> | <u>36</u> |
| Total Investments | <u>\$ 412,311</u> | <u>\$ 260,644</u> | <u>\$ 281,824</u> | <u>\$ 207,744</u> |

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2010 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Unlisted Private Equity Investee Funds | \$ 394,482 | 95.7 % | \$ 278,911 | 98.9 % |
| Foreign Currency Contracts | - | - % | (9) | - % |
| bcIMC Money Market Funds | 25 | - % | 486 | 0.2 % |
| Cash | 17,785 | 4.3 % | - | - % |
| Net Investment-Related Receivables | - | - % | 2,400 | 0.9 % |
| | <u>\$ 412,292</u> | <u>100.0 %</u> | <u>\$ 281,788</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| Euro | \$ 190,078 | 46.1 % | \$ 115,287 | 40.9 % |
| United States Dollar | 197,136 | 47.8 % | 137,165 | 48.7 % |
| Net Exposure | <u>\$ 387,214</u> | <u>93.9 %</u> | <u>\$ 252,452</u> | <u>89.6 %</u> |

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$3,872,000 Cdn (2014 - \$2,525,000 Cdn), representing 0.9% of the Fund's net assets (2014 - 0.9%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

Financial Risk Management Discussion (continued)
as at December 31

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 | 2014 |
|------------------------|-------------------|-------------------|
| Euro | \$ 48,826 | \$ 81,281 |
| United States Dollar | 61,440 | 91,519 |
| | <u>\$ 110,266</u> | <u>\$ 172,800</u> |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$1,103,000 Cdn (2014 - \$1,728,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

Financial Risk Management Discussion (continued)
as at December 31

Other Price Risk

The investments are held in limited partnerships and fund of fund investment portfolios and include shares, bonds, and other securities of investees. The investments are diversified globally. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$41,231,000 (2014 - \$28,182,000) or 10.0% (2014 – 10.0%) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Cash | \$ - | \$ 17,785 | \$ - | \$ 17,785 |
| bclMC Money Market Funds | 44 | - | - | 44 |
| Unlisted Private Equity Investee Funds | - | - | 394,482 | 394,482 |
| Total Investments | <u>\$ 44</u> | <u>\$ 17,785</u> | <u>\$ 394,482</u> | <u>\$ 412,311</u> |

| | 2014 | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Net Investment-Related Receivables | \$ - | \$ 2,400 | \$ - | \$ 2,400 |
| bclMC Money Market Funds | 522 | - | - | 522 |
| Foreign Currency Contracts | - | (9) | - | (9) |
| Unlisted Private Equity Investee Funds | - | - | 278,911 | 278,911 |
| Total Investments | <u>\$ 522</u> | <u>\$ 2,391</u> | <u>\$ 278,911</u> | <u>\$ 281,824</u> |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| | Unlisted Private Equity Investee Funds |
| (in 000s) | |
| Balance, beginning of year | \$ 278,911 |
| Total gains or (losses) recognized in profit or loss | 80,165 |
| Purchases | 98,793 |
| Sales | (63,387) |
| Balance, end of year | <u>\$ 394,482</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 56,960</u> |

| | 2014 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| | Unlisted Private Equity Investee Funds |
| (in 000s) | |
| Balance, beginning of year | \$ 178,740 |
| Total gains or (losses) recognized in profit or loss | 39,986 |
| Purchases | 82,401 |
| Sales | (22,216) |
| Balance, end of year | <u>\$ 278,911</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 32,191</u> |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments, unlisted direct private debt, unlisted private equity investee funds and debt issued categorized as Level 3 in the fair value hierarchy as at December 31:

| 2015 | | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 394,482 | Unadjusted Net Asset Value | Net Asset Value | \$394,482 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

| 2014 | | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Funds | \$ 278,911 | Unadjusted Net Asset Value | Net Asset Value | \$278,911 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant unobservable inputs are developed as follows:

- (i) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|-------------|-------------|
| Favourable | \$ 39,448 | \$ 27,891 |
| Unfavourable | \$ (39,448) | \$ (27,891) |

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$412,292,000 (2014 - \$281,788,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 44 |
| Unlisted private equity investee funds administered by third party managers | 9 | \$ 16,733,035 | \$ 394,482 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2010 PRIVATE PLACEMENT FUND

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,160,208 | \$ 522 |
| Unlisted private equity investee funds administered by third party managers | 9 | \$ 13,525,815 | \$ 278,911 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | <u>\$ 597,938</u> | <u>\$ 403,983</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 22 | 14 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>33</u> | <u>24</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 597,905</u></u> | <u><u>\$ 403,959</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>579.192</i> | <i>509.865</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,032</u></u> | <u><u>\$ 792</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 7,492 | \$ 1,030 |
| Net change in unrealized appreciation | | <u>132,098</u> | <u>43,514</u> |
| Total revenue | | <u>139,590</u> | <u>44,544</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 244 | 166 |
| Administrative fees | | 19 | 1 |
| Pursuit costs | | <u>-</u> | <u>1</u> |
| Total operating expenses | | <u>263</u> | <u>168</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>139,327</u> | <u>44,376</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(6,955)</u> | <u>-</u> |
| | | <u>(6,955)</u> | <u>-</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 132,372</u></u> | <u><u>\$ 44,376</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 403,959 | \$ 216,541 |
| Increase in net assets attributable to holders of redeemable units | 132,372 | 44,376 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 100,111 | 163,286 |
| Reinvestment of distributions | 6,955 | - |
| Amounts paid for units redeemed | <u>(45,492)</u> | <u>(20,244)</u> |
| Net increase from redeemable unit transactions | <u>61,574</u> | <u>143,042</u> |
| Balance, end of period | <u>\$ 597,905</u> | <u>\$ 403,959</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 132,372 | \$ 44,376 |
| Adjustments for: | | |
| Net realized gain from investments | (7,492) | (1,030) |
| Net change in unrealized appreciation from investments | (132,098) | (43,514) |
| Non cash distributions | 6,955 | - |
| Proceeds from sale of investments | 46,231 | 22,741 |
| Amounts paid for purchase of investments | (100,596) | (165,602) |
| bcIMC funds management fees payable | 8 | 1 |
| Other accounts payable | <u>1</u> | <u>(14)</u> |
| | <u>(54,619)</u> | <u>(143,042)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 100,111 | 163,286 |
| Payments on redemption of redeemable units | <u>(45,492)</u> | <u>(20,244)</u> |
| | <u>54,619</u> | <u>143,042</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

Schedule of Investments
as at December 31
(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 597,890 | \$ 409,586 | \$ 403,980 | \$ 347,774 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>48</u> | <u>48</u> | <u>3</u> | <u>3</u> |
| Total Investments | <u>\$ 597,938</u> | <u>\$ 409,634</u> | <u>\$ 403,983</u> | <u>\$ 347,777</u> |

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2011 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 3,248 | 0.5 % | \$ 1,354 | 0.3 % |
| Unlisted Private Equity Investee Funds | 585,734 | 98.0 % | 402,409 | 99.6 % |
| bciMC Money Market Funds | 8,908 | 1.5 % | 217 | 0.1 % |
| | <u>\$ 597,890</u> | <u>100.0 %</u> | <u>\$ 403,980</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| Australian Dollar | \$ 18,628 | 3.1 % | \$ 10,406 | 2.6 % |
| Euro | 258,767 | 43.3 % | 156,181 | 38.7 % |
| United States Dollar | 240,547 | 40.2 % | 170,954 | 42.3 % |
| Net Exposure | <u>\$ 517,942</u> | <u>86.6 %</u> | <u>\$ 337,541</u> | <u>83.6 %</u> |

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$5,179,000 Cdn (2014 - \$3,375,000 Cdn), representing 0.9% of the Fund's net assets (2014 - 0.8%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 | 2014 |
|------------------------|-------------------|-------------------|
| Australian Dollar | \$ 7,666 | \$ 22,879 |
| Euro | 134,698 | 199,880 |
| United States Dollar | 92,693 | 104,714 |
| | <u>\$ 235,057</u> | <u>\$ 327,473</u> |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$2,351,000 Cdn (2014 - \$3,275,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

**Financial Risk Management Discussion (continued)
as at December 31**

**INDUSTRY SECTOR
(in 000s)**

| | 2015 | | 2014 | |
|------------------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Energy | \$ 3,248 | 0.6 % | \$ 1,354 | 0.3 % |
| Total Unlisted Private Equity Investee Funds in diversified industries | 585,734 | 99.4 % | 402,409 | 99.7 % |
| | <u>\$ 588,982</u> | <u>100.0 %</u> | <u>\$ 403,763</u> | <u>100.0 %</u> |

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

**GEOGRAPHIC REGION
(in 000s)**

| | 2015 | | 2014 | |
|-----------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Canada | \$ 3,248 | 0.6 % | \$ 1,354 | 0.3 % |
| Total Unlisted Private Equity Investee Funds in Canada | 585,734 | 99.4 % | 402,409 | 99.7 % |
| | <u>\$ 588,982</u> | <u>100.0 %</u> | <u>\$ 403,763</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk (continued)

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$59,794,000 (2014 - \$40,398,000) or 10.0% (2014 – 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | | 2015 | | | |
|-------------------------------------------|----|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | | |
| bcIMC Money Market Funds | \$ | 8,956 | \$ - | \$ - | \$ 8,956 |
| Direct Private Equity Investments | | - | - | 3,248 | 3,248 |
| Unlisted Private Equity Investee Funds | | - | - | 585,734 | 585,734 |
| Total Investments | \$ | 8,956 | \$ - | \$ 588,982 | \$ 597,938 |

| | | 2014 | | | |
|-------------------------------------------|----|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | | |
| bcIMC Money Market Funds | \$ | 220 | \$ - | \$ - | \$ 220 |
| Direct Private Equity Investments | | - | - | 1,354 | 1,354 |
| Unlisted Private Equity Investee Funds | | - | - | 402,409 | 402,409 |
| Total Investments | \$ | 220 | \$ - | \$ 403,763 | \$ 403,983 |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | |
|------------------------------------------------------|-----------------------------------------|----------------------------------------------|------------|
| (in 000s) | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| Balance, beginning of year | \$ 1,354 | \$ 402,409 | \$ 403,763 |
| Total gains or (losses) recognized in profit or loss | 1,894 | 129,442 | 131,336 |
| Purchases | - | 146,265 | 146,265 |
| Sales | - | (92,382) | (92,382) |
| Balance, end of year | \$ 3,248 | \$ 585,734 | \$ 588,982 |

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date

| | | |
|----------|-----------|-----------|
| \$ 1,894 | \$ 77,492 | \$ 79,386 |
|----------|-----------|-----------|

| | 2014 | | |
|------------------------------------------------------|-----------------------------------------|----------------------------------------------|------------|
| (in 000s) | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| Balance, beginning of year | \$ 4,406 | \$ 212,107 | \$ 216,513 |
| Total gains or (losses) recognized in profit or loss | (3,052) | 45,866 | 42,814 |
| Purchases | - | 178,817 | 178,817 |
| Sales | - | (34,381) | (34,381) |
| Balance, end of year | \$ 1,354 | \$ 402,409 | \$ 403,763 |

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date

| | | |
|------------|-----------|-----------|
| \$ (3,052) | \$ 40,003 | \$ 36,951 |
|------------|-----------|-----------|

During 2015 and 2014, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | | |
|----------------------------------------|-------------------------|----------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 3,248 | Market approach | EV / EBITDA | \$3,248 | The estimated fair value would increase (decrease) if the EV / EBITDA multiple was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 585,734 | Unadjusted Net Asset Value | Net Asset Value | \$585,734 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

| | 2014 | | | | |
|----------------------------------------|-------------------------|----------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 1,354 | Market approach | EV/EBITDA | 6.0x | The estimated fair value would increase (decrease) if the EV / EBITDA multiple was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 402,409 | Unadjusted Net Asset Value | Net Asset Value | \$402,409 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value (“EV”) and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds’ policy to categorize the investee as level 3 within the fair value hierarchy.

**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|-------------|-------------|
| Favourable | \$ 58,898 | \$ 40,376 |
| Unfavourable | \$ (58,898) | \$ (40,376) |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2011 PRIVATE PLACEMENT FUND

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$597,890,000 (2014 - \$403,980,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 8,956 |
| Unlisted private equity investee funds administered by third party managers | 12 | \$ 13,885,681 | \$ 585,734 |

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ 220 |
| Unlisted private equity investee funds administered by third party managers | 12 | \$ 9,330,096 | \$ 402,409 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2012 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | <u>\$ 623,742</u> | <u>\$ 432,083</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 20 | 12 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>31</u> | <u>22</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 623,711</u></u> | <u><u>\$ 432,061</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 2,985.765 | 2,511.701 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 209</u></u> | <u><u>\$ 172</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | \$ 11,280 | \$ 1,316 |
| Net change in unrealized appreciation | | <u>94,465</u> | <u>50,761</u> |
| Total revenue | | <u>105,745</u> | <u>52,077</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 214 | 130 |
| Administrative fees | | <u>19</u> | <u>6</u> |
| Total operating expenses | | <u>233</u> | <u>136</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>105,512</u> | <u>51,941</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(11,047)</u> | <u>(1,189)</u> |
| | | <u>(11,047)</u> | <u>(1,189)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 94,465</u></u> | <u><u>\$ 50,752</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2012 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 432,061 | \$ 210,916 |
| Increase in net assets attributable to holders of redeemable units | 94,465 | 50,752 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 137,646 | 182,239 |
| Reinvestment of distributions | 11,047 | 1,189 |
| Amounts paid for units redeemed | <u>(51,508)</u> | <u>(13,035)</u> |
| Net increase from redeemable unit transactions | <u>97,185</u> | <u>170,393</u> |
| Balance, end of period | <u>\$ 623,711</u> | <u>\$ 432,061</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 94,465 | \$ 50,752 |
| Adjustments for: | | |
| Net realized gain from investments | (11,280) | (1,316) |
| Net change in unrealized appreciation from investments | (94,465) | (50,761) |
| Non cash distributions | 11,047 | 1,189 |
| Proceeds from sale of investments | 53,878 | 13,220 |
| Amounts paid for purchase of investments | (139,792) | (182,279) |
| bcIMC funds management fees payable | 8 | 1 |
| Other accounts payable | <u>1</u> | <u>(10)</u> |
| | <u>(86,138)</u> | <u>(169,204)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 137,646 | 182,239 |
| Payments on redemption of redeemable units | <u>(51,508)</u> | <u>(13,035)</u> |
| | <u>86,138</u> | <u>169,204</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2012 PRIVATE PLACEMENT FUND

Schedule of Investments
as at December 31
(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 623,701 | \$ 428,263 | \$ 432,081 | \$ 331,108 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>41</u> | <u>41</u> | <u>2</u> | <u>2</u> |
| Total Investments | <u>\$ 623,742</u> | <u>\$ 428,304</u> | <u>\$ 432,083</u> | <u>\$ 331,110</u> |

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2012 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2012 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 54,152 | 8.7 % | \$ 48,037 | 11.1 % |
| Unlisted Private Equity Investee Funds | 568,042 | 91.1 % | 366,477 | 84.8 % |
| Foreign Currency Contracts | 2 | - % | (5) | - % |
| bciMC Money Market Funds | 1,505 | 0.2 % | 17,572 | 4.1 % |
| | <u>\$ 623,701</u> | <u>100.0 %</u> | <u>\$ 432,081</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| British Pound Sterling | \$ 54,152 | 8.7 % | \$ 48,037 | 11.1 % |
| Euro | 226,584 | 36.3 % | 180,718 | 41.8 % |
| United States Dollar | 327,075 | 52.4 % | 181,983 | 42.1 % |
| Net Exposure | <u>\$ 607,811</u> | <u>97.5 %</u> | <u>\$ 410,738</u> | <u>95.1 %</u> |

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$6,078,000 Cdn (2014 - \$4,107,000 Cdn), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2012 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 | 2014 |
|------------------------|-------------------|-------------------|
| Euro | \$ 60,269 | \$ 88,530 |
| United States Dollar | 301,723 | 328,448 |
| | <u>\$ 361,992</u> | <u>\$ 416,978</u> |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$3,620,000 Cdn (2014 - \$4,170,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

**Financial Risk Management Discussion (continued)
as at December 31**

INDUSTRY SECTOR
(in 000s)

| | 2015 | | 2014 | |
|------------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Software & Services | \$ 54,152 | 8.7 % | \$ 48,037 | 11.6 % |
| Total Unlisted Private Equity Investee Funds in diversified industries | 568,042 | 91.3 % | 366,477 | 88.4 % |
| | <u>\$ 622,194</u> | <u>100.0 %</u> | <u>\$ 414,514</u> | <u>100.0 %</u> |

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

GEOGRAPHIC REGION
(in 000s)

| | 2015 | | 2014 | |
|-------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Great Britain | \$ 54,152 | 8.7 % | \$ 48,037 | 11.6 % |
| Total Unlisted Private Equity Investee Funds diversified globally | 568,042 | 91.3 % | 366,477 | 88.4 % |
| | <u>\$ 622,194</u> | <u>100.0 %</u> | <u>\$ 414,514</u> | <u>100.0 %</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk (continued)

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$62,374,000 (2014 - \$43,208,000) or 10.0% (2014 – 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | | 2015 | | | Total |
|-------------------------------------------|----|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | |
| (in 000s) | | | | | |
| bcIMC Money Market Funds | \$ | 1,546 | \$ - | \$ - | \$ 1,546 |
| Foreign Currency Contracts | | - | 2 | - | 2 |
| Direct Private Equity Investments | | - | - | 54,152 | 54,152 |
| Unlisted Private Equity Investee Funds | | - | - | 568,042 | 568,042 |
| Total Investments | \$ | 1,546 | \$ 2 | \$ 622,194 | \$ 623,742 |

| | | 2014 | | | Total |
|-------------------------------------------|----|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | |
| (in 000s) | | | | | |
| bcIMC Money Market Funds | \$ | 17,574 | \$ - | \$ - | \$ 17,574 |
| Foreign Currency Contracts | | - | (5) | - | (5) |
| Direct Private Equity Investments | | - | - | 48,037 | 48,037 |
| Unlisted Private Equity Investee Funds | | - | - | 366,477 | 366,477 |
| Total Investments | \$ | 17,574 | \$ (5) | \$ 414,514 | \$ 432,083 |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2012 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | |
|------------------------------------------------------|-----------------------------------------|----------------------------------------------|------------|
| | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | |
| Balance, beginning of year | \$ 48,037 | \$ 366,477 | \$ 414,514 |
| Total gains or (losses) recognized in profit or loss | 6,115 | 98,724 | 104,839 |
| Purchases | - | 141,387 | 141,387 |
| Sales | - | (38,546) | (38,546) |
| Balance, end of year | \$ 54,152 | \$ 568,042 | \$ 622,194 |

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date

| | | |
|----------|-----------|-----------|
| \$ 6,115 | \$ 75,359 | \$ 81,474 |
|----------|-----------|-----------|

| | 2014 | | |
|------------------------------------------------------|-----------------------------------------|----------------------------------------------|------------|
| | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | |
| Balance, beginning of year | \$ 43,068 | \$ 167,784 | \$ 210,852 |
| Total gains or (losses) recognized in profit or loss | 4,969 | 43,357 | 48,326 |
| Purchases | - | 191,865 | 191,865 |
| Sales | - | (36,529) | (36,529) |
| Balance, end of year | \$ 48,037 | \$ 366,477 | \$ 414,514 |

Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date

| | | |
|----------|-----------|-----------|
| \$ 4,969 | \$ 36,678 | \$ 41,647 |
|----------|-----------|-----------|

During 2015 and 2014, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | |
|----------------------------------------|-------------------------|----------------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range |
| Direct Private Equity Investments | \$ 54,152 | Market approach | EV / EBITDA | \$54,152 |
| Unlisted Private Equity Investee Funds | \$ 568,042 | Unadjusted Net Asset Value | Net Asset Value | \$568,042 |
| | | | | Sensitivity to Change in Significant Unobservable Input |
| | | | | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| | | | | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

| | 2014 | | | |
|----------------------------------------|-------------------------|----------------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range |
| Direct Private Equity Investments | \$ 48,037 | Market approach | EV / EBITDA | \$48,037 |
| Unlisted Private Equity Investee Funds | \$ 366,477 | Unadjusted Net Asset Value | Net Asset Value | \$366,477 |
| | | | | Sensitivity to Change in Significant Unobservable Input |
| | | | | The estimated fair value would increase (decrease) if the EV / EBITDA multiple was higher (lower). |
| | | | | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value (“EV”) and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds’ policy to categorize the investee as level 3 within the fair value hierarchy.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets and value of private equity by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|-------------|-------------|
| Favourable | \$ 62,219 | \$ 41,451 |
| Unfavourable | \$ (62,219) | \$ (41,451) |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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2012 PRIVATE PLACEMENT FUND

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$623,701,000 (2014 - \$432,081,000) is included within Private Equity Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 1,546 |
| Unlisted private equity investee funds administered by third party managers | 9 | \$ 15,924,933 | \$ 568,042 |

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ 17,574 |
| Unlisted private equity investee funds administered by third party managers | 9 | \$ 10,032,803 | \$ 366,477 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | <u>\$ 750,690</u> | <u>\$ 418,558</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 20 | 13 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>31</u> | <u>23</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 750,659</u></u> | <u><u>\$ 418,535</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>326.791</i> | <i>256.780</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 2,297</u></u> | <u><u>\$ 1,630</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Interest income | | \$ 1 | \$ 1 |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | 9,743 | 5,865 |
| Net change in unrealized appreciation | | <u>192,466</u> | <u>72,057</u> |
| Total revenue | | <u>202,210</u> | <u>77,923</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 242 | 691 |
| Administrative fees | | 19 | 15 |
| Pursuit costs | | <u>1</u> | <u>133</u> |
| Total operating expenses | | <u>262</u> | <u>839</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>201,948</u> | <u>77,084</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | - | - |
| From net realized gains on investments | | <u>(9,481)</u> | <u>(2,858)</u> |
| | | <u>(9,481)</u> | <u>(2,858)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 192,467</u></u> | <u><u>\$ 74,226</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 418,535 | \$ 204,269 |
| Increase in net assets attributable to holders of redeemable units | 192,467 | 74,226 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 179,304 | 186,632 |
| Reinvestment of distributions | 9,481 | 2,858 |
| Amounts paid for units redeemed | <u>(49,128)</u> | <u>(49,450)</u> |
| Net increase from redeemable unit transactions | <u>139,657</u> | <u>140,040</u> |
| Balance, end of period | <u>\$ 750,659</u> | <u>\$ 418,535</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 192,467 | \$ 74,226 |
| Adjustments for: | | |
| Interest income | (1) | (1) |
| Net realized gain from investments | (9,743) | (5,865) |
| Net change in unrealized appreciation from investments | (192,466) | (72,057) |
| Non cash distributions | 9,481 | 2,858 |
| Proceeds from sale of investments | 49,578 | 50,511 |
| Amounts paid for purchase of investments | (179,501) | (186,686) |
| bcIMC funds management fees payable | 7 | (168) |
| Other accounts payable | 1 | (1) |
| Interest received | <u>1</u> | <u>1</u> |
| | <u>(130,176)</u> | <u>(137,182)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 179,304 | 186,632 |
| Payments on redemption of redeemable units | <u>(49,128)</u> | <u>(49,450)</u> |
| | <u>130,176</u> | <u>137,182</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | <u>-</u> | <u>-</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 750,614 | \$ 430,298 | \$ 418,387 | \$ 290,537 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>76</u> | <u>76</u> | <u>171</u> | <u>171</u> |
| Total Investments | <u>\$ 750,690</u> | <u>\$ 430,374</u> | <u>\$ 418,558</u> | <u>\$ 290,708</u> |

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2013 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 321,044 | 42.8 % | \$ 195,564 | 46.7 % |
| Direct Private Debt Investments | 20,254 | 2.7 % | 17,385 | 4.2 % |
| Unlisted Private Equity Investee Funds | 404,150 | 53.8 % | 175,903 | 42.0 % |
| bcIMC Money Market Funds | 5,132 | 0.7 % | 29,523 | 7.1 % |
| Cash | 34 | - % | 11 | - % |
| Net Investment-Related Receivables | - | - % | 1 | - % |
| | <u>\$ 750,614</u> | <u>100.0 %</u> | <u>\$ 418,387</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

The majority of the private debt investments are in closely held private companies. Due to the private nature of the debt, it is not subject to rating by a rating agency. The maximum credit risk exposure is \$20,253,940 Cdn (2014 - \$17,385,000 Cdn).

**Financial Risk Management Discussion (continued)
as at December 31**

Liquidity Risk

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's remaining non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

The Fund holds debt investments in conjunction with equity investments in several private companies. As at December 31, the Fund invested in the following debt instruments:

| | 2015 | | |
|-----------------|-----------------------------|---------------|---------------|
| | Carrying Value (in 000s) | Interest Rate | Maturity Date |
| Fixed-rate debt | \$ 20,254 | 12% | 2020 |

| | 2014 | | |
|-----------------|-----------------------------|---------------|---------------|
| | Carrying Value (in 000s) | Interest Rate | Maturity Date |
| Fixed-rate debt | \$ 17,385 | 12% | 2020 |

The value of the combined debt and equity investments is calculated based on enterprise values of the private companies and the value is then allocated to the debt and equity investments. Any change in market value of the debt investments due to fluctuations in interest rates would result in an offsetting change in value of the related equity investment. Accordingly, sensitivity analysis that would measure the impact of changes in interest rates would not be meaningful and has not been provided.

As at December 31, 2015 and 2014, the Fund had no other assets or liabilities which change in value as a result of changes in the interest rates.

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**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| Australian Dollar | \$ 36,483 | 4.9 % | \$ 18,630 | 4.5 % |
| Euro | 110,765 | 14.8 % | 54,831 | 13.1 % |
| United States Dollar | 570,071 | 75.9 % | 292,455 | 69.9 % |
| Net Exposure | <u>\$ 717,319</u> | <u>95.6 %</u> | <u>\$ 365,916</u> | <u>87.5 %</u> |

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, direct private debt and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$7,173,000 Cdn (2014 - \$3,659,000 Cdn), representing 1.0% of the Fund's net assets (2014 - 0.9%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 | 2014 |
|------------------------|-------------------|-------------------|
| Euro | \$ 174,163 | \$ 203,935 |
| United States Dollar | 448,798 | 486,059 |
| | <u>\$ 622,961</u> | <u>\$ 689,994</u> |

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk (continued)

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$6,230,000 Cdn (2014 - \$6,900,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments, direct private debt investments and unlisted private equity investee funds are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity and Debt Investments: | | | | |
| Commercial & Professional Services | \$ 141,953 | 19.0 % | \$ 89,778 | 23.1 % |
| Consumer Services | 130,420 | 17.5 % | 73,826 | 19.0 % |
| Food and Beverage | 36,483 | 4.9 % | 18,618 | 4.8 % |
| Telecommunication Services | 12,188 | 1.6 % | 13,342 | 3.4 % |
| Transportation | 20,254 | 2.7 % | 17,385 | 4.5 % |
| Total Direct Private Equity and Debt Investments | 341,298 | 45.7 % | 212,949 | 54.8 % |
| Total Unlisted Private Equity Investee Funds in diversified industries | 404,150 | 54.3 % | 175,903 | 45.2 % |
| | <u>\$ 745,448</u> | <u>100.0 %</u> | <u>\$ 388,852</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

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**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk (continued)

The Fund's direct private equity investments, direct private debt investments and private equity investee fund investments are concentrated in the following geographic regions:

**GEOGRAPHIC REGION
(in 000s)**

| | 2015 | | 2014 | |
|-------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity and Debt Investments: | | | | |
| Canada | \$ 28,707 | 3.9 % | \$ 23,362 | 6.0 % |
| Europe | 28,484 | 3.8 % | 21,255 | 5.5 % |
| United States | 247,624 | 33.2 % | 149,714 | 38.5 % |
| Australia | 36,483 | 4.9 % | 18,618 | 4.8 % |
| Total Direct Private Equity and Debt Investments | 341,298 | 45.8 % | 212,949 | 54.8 % |
| Total Unlisted Private Equity Investee Funds diversified globally | 404,150 | 54.2 % | 175,903 | 45.2 % |
| | <u>\$ 745,448</u> | <u>100.0 %</u> | <u>\$ 388,852</u> | <u>100.0 %</u> |

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$75,069,000 (2014 - \$41,856,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Cash | \$ - | \$ 34 | \$ - | \$ 34 |
| bcIMC Money Market Funds | 5,208 | - | - | 5,208 |
| Direct Private Equity Investments | - | - | 321,044 | 321,044 |
| Direct Private Debt Investments | - | - | 20,254 | 20,254 |
| Unlisted Private Equity Investee Funds | - | - | 404,150 | 404,150 |
| Total Investments | <u>\$ 5,208</u> | <u>\$ 34</u> | <u>\$ 745,448</u> | <u>\$ 750,690</u> |

| | 2014 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Cash | \$ - | \$ 11 | \$ - | \$ 11 |
| Net Investment-Related | | | | |
| Receivables | - | 1 | - | 1 |
| bcIMC Money Market Funds | 29,694 | - | - | 29,694 |
| Direct Private Equity Investments | - | - | 195,564 | 195,564 |
| Direct Private Debt Investments | - | - | 17,385 | 17,385 |
| Unlisted Private Equity Investee Funds | - | - | 175,903 | 175,903 |
| Total Investments | <u>\$ 29,694</u> | <u>\$ 12</u> | <u>\$ 388,852</u> | <u>\$ 418,558</u> |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------|-------------------------------------------------|------------|
| | Direct Private Equity Investments | Direct Private Debt Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | | |
| Balance, beginning of year | \$ 195,564 | \$ 17,385 | \$ 175,903 | \$ 388,852 |
| Total gains or (losses) recognized in profit or loss | 130,948 | 159 | 66,677 | 197,784 |
| Purchases | 721 | 2,710 | 185,003 | 188,434 |
| Sales | (6,189) | - | (23,433) | (29,622) |
| Balance, end of year | \$ 321,044 | \$ 20,254 | \$ 404,150 | \$ 745,448 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | \$ 126,516 | \$ 159 | \$ (51,012) | \$ 75,663 |

**Fair Value Measurement Discussion (continued)
as at December 31**

| | 2014 | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------|-------------------------------------------------|------------|
| | Direct Private Equity Investments | Direct Private Debt Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | | |
| Balance, beginning of period | \$ 143,268 | \$ 15,649 | \$ 21,418 | \$ 180,335 |
| Total gains or (losses) recognized in profit or loss | 25,614 | (131) | 7,711 | 33,194 |
| Purchases | 47,362 | 1,867 | 154,168 | 203,397 |
| Sales | (20,680) | - | (7,394) | (28,074) |
| Balance, end of period | \$ 195,564 | \$ 17,385 | \$ 175,903 | \$ 388,852 |
| Total unrealized gains or (losses) for the period included in profit or loss relating to financial assets and liabilities held at the reporting date | \$ (11,380) | \$ (131) | \$ 62,688 | \$ 51,177 |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 321,044 | Market approach | EV / EBITDA | \$321,044 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Direct Private Debt Investments | \$ 20,254 | Market approach | EV / EBITDA | \$20,254 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 404,150 | Unadjusted Net Asset Value | Net Asset Value | \$404,150 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

**Fair Value Measurement Discussion (continued)
as at December 31**

| | 2014 | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|----------------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 195,564 | Market approach | EV / EBITDA | \$195,564 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Direct Private Debt Investments | \$ 17,385 | Market approach | EV / EBITDA | 7.4x | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 168,260 | Unadjusted Net Asset Value | Net Asset Value | \$168,260 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Fund | \$ 7,643 | Adjusted Net Asset Value | Net Asset Value Fair Value Adjustment | \$9,795 \$(2,152) | The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher). |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value (“EV”) and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (iii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.
- The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds’ policy to categorize the investee as level 3 within the fair value hierarchy.
- (ii) Fair value adjustment:
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity and direct private debt investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds, direct private equity and direct private debt investments were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|-------------|-------------|
| Favourable | \$ 74,545 | \$ 38,885 |
| Unfavourable | \$ (74,545) | \$ (38,885) |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2013 PRIVATE PLACEMENT FUND

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$750,614,000 (2014 - \$418,387,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 5,208 |
| Unlisted private equity investee funds administered by third party managers | 9 | \$ 30,856,206 | \$ 404,150 |

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ 26,694 |
| Unlisted private equity investee funds administered by third party managers | 9 | \$ 11,552,457 | \$ 175,903 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| | Note | December 31, 2015 | December 31 2014 |
| Assets | | | |
| Investments | | \$ 316,448 | \$ 179,453 |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 17 | 306 |
| Other accounts payable | | 11 | 10 |
| | | <u>28</u> | <u>316</u> |
| Net assets attributable to holders of redeemable units | | <u>\$ 316,420</u> | <u>\$ 179,137</u> |
| <i>Number of redeemable units outstanding</i> | 5 | 7.669 | 4.786 |
| Net assets attributable to holders of redeemable units per unit | | <u>\$ 41,260</u> | <u>\$ 37,429</u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|--------------------------------------|
| | Note | Year Ended December 31, 2015 | Period Ended December 31, 2014 |
| Revenue: | | | |
| Interest income | | \$ 2 | \$ 4 |
| Change in fair value of investments: | 8 | | |
| Net realized gain (loss) | | 218 | (300) |
| Net change in unrealized appreciation | | <u>21,447</u> | <u>13,515</u> |
| Total revenue | | <u>21,667</u> | <u>13,219</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 921 | 2,536 |
| Administrative fees | | 21 | 16 |
| Pursuit costs | | <u>136</u> | <u>114</u> |
| Total operating expenses | | <u>1,078</u> | <u>2,666</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>20,589</u> | <u>10,553</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | <u>-</u> | <u>-</u> |
| Increase in net assets attributable to holders of redeemable units | | <u>\$ 20,589</u> | <u>\$ 10,553</u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Period Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|--------------------------------------|
| Balance, beginning of period | \$ 179,137 | \$ - |
| Increase in net assets attributable to holders of redeemable units | 20,589 | 10,553 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 119,492 | 174,459 |
| Amounts paid for units redeemed | (2,798) | (5,875) |
| Net increase from redeemable unit transactions | 116,694 | 168,584 |
| Balance, end of period | \$ 316,420 | \$ 179,137 |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Period Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|--------------------------------------|
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 20,589 | \$ 10,553 |
| Adjustments for: | | |
| Interest income | (2) | (4) |
| Net realized (gain) loss from investments | (218) | 300 |
| Net change in unrealized appreciation from investments | (21,447) | (13,515) |
| Proceeds from sale of investments | 4,164 | 8,226 |
| Amounts paid for purchase of investments | (119,494) | (174,464) |
| bcIMC funds management fees payable | (289) | 306 |
| Other accounts payable | 1 | 10 |
| Interest received | 2 | 4 |
| | (116,694) | (168,584) |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 119,492 | 174,459 |
| Payments on redemption of redeemable units | (2,798) | (5,875) |
| | 116,694 | 168,584 |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | - | - |
| Cash, end of period | \$ - | \$ - |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 316,353 | \$ 281,391 | \$ 178,859 | \$ 165,343 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled Investment Portfolio | | | | |
| Fund ST1 | <u>95</u> | <u>95</u> | <u>594</u> | <u>595</u> |
| Total Investments | <u>\$ 316,448</u> | <u>\$ 281,486</u> | <u>\$ 179,453</u> | <u>\$ 165,938</u> |

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the 2014 Private Placement Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

| | 2015 | | 2014 | |
|----------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 177,754 | 56.2 % | \$ 157,015 | 87.8 % |
| Unlisted Private Equity Investee Funds | 137,284 | 43.4 % | 21,819 | 12.2 % |
| bcIMC Money Market Funds | 1,315 | 0.4 % | 25 | - % |
| | <u>\$ 316,353</u> | <u>100.0 %</u> | <u>\$ 178,859</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

**Financial Risk Management Discussion (continued)
as at December 31**

Liquidity Risk

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's remaining non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows.

| CURRENCY (Cdn 000s) | 2015 | | 2014 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| Euro | \$ 37,675 | 11.9 % | \$ 29,224 | 16.3 % |
| United States Dollar | 272,877 | 86.2 % | 149,616 | 83.5 % |
| Net Exposure | <u>\$ 310,552</u> | <u>98.2 %</u> | <u>\$ 178,840</u> | <u>99.8 %</u> |

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, direct private debt and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$3,106,000 Cdn (2014 - \$1,788,000 Cdn), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 | 2014 |
|------------------------|-------------------|-------------------|
| Euro | \$ 139,430 | \$ 129,502 |
| United States Dollar | 844,867 | 408,571 |
| | <u>\$ 984,297</u> | <u>\$ 538,073</u> |

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk (continued)

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$9,843,000 Cdn (2014 - \$5,381,000 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|------------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Capital Goods | \$ 83,543 | 26.5 % | \$ 81,850 | 45.8 % |
| Commercial & Professional Services | 37,543 | 11.9 % | 29,484 | 16.5 % |
| Consumer Durables & Apparel | 13,848 | 4.4 % | 16,954 | 9.5 % |
| Health Care Equipment & Services | 31,950 | 10.1 % | 28,727 | 16.1 % |
| Technology Hardware & Equipment | 10,870 | 3.5 % | - | - % |
| Total Direct Private Equity Investments | 177,754 | 56.4 % | 157,015 | 87.8 % |
| Total Unlisted Private Equity Investee Funds in diversified industries | 137,284 | 43.6 % | 21,819 | 12.2 % |
| | <u>\$ 315,038</u> | <u>100.0 %</u> | <u>\$ 178,834</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk (continued)

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

**GEOGRAPHIC REGION
(in 000s)**

| | 2015 | | 2014 | |
|-------------------------------------------------------------------|-------------------|----------------|-------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments: | | | | |
| Europe | \$ 37,543 | 11.9 % | \$ 29,484 | 16.5 % |
| United States | 140,211 | 44.5 % | 127,531 | 71.3 % |
| Total Direct Private Equity Investments | 177,754 | 56.4 % | 157,015 | 87.8 % |
| Total Unlisted Private Equity Investee Funds diversified globally | 137,284 | 43.6 % | 21,819 | 12.2 % |
| | <u>\$ 315,038</u> | <u>100.0 %</u> | <u>\$ 178,834</u> | <u>100.0 %</u> |

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$31,645,000 (2014 - \$17,945,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | \$ 1,410 | \$ - | \$ - | \$ 1,410 |
| Direct Private Equity Investments | - | - | 177,754 | 177,754 |
| Unlisted Private Equity Investee Funds | - | - | 137,284 | 137,284 |
| Total Investments | <u>\$ 1,410</u> | <u>\$ -</u> | <u>\$ 315,038</u> | <u>\$ 316,448</u> |

| | 2014 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | \$ 619 | - | \$ - | \$ 619 |
| Direct Private Equity Investments | - | - | 157,015 | 157,015 |
| Unlisted Private Equity Investee Funds | - | - | 21,819 | 21,819 |
| Total Investments | <u>\$ 619</u> | <u>\$ -</u> | <u>\$ 178,834</u> | <u>\$ 179,453</u> |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

Fair Value Measurement Discussion (continued)
as at December 31

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------|-------------------|
| | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | |
| Balance, beginning of year | \$ 157,015 | \$ 21,819 | \$ 178,834 |
| Total gains or (losses) recognized in profit or loss | 7,041 | 14,268 | 21,309 |
| Purchases | 14,426 | 105,469 | 119,895 |
| Sales | (728) | (4,272) | (5,000) |
| Balance, end of year | <u>\$ 177,754</u> | <u>\$ 137,284</u> | <u>\$ 315,038</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 7,032</u> | <u>\$ 13,959</u> | <u>\$ 20,991</u> |

Fair Value Measurement Discussion (continued)
as at December 31

Fair Value Hierarchy (continued)

| | 2014 | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------|-------------------|
| | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | |
| Balance, beginning of period | \$ - | \$ - | \$ - |
| Total gains or (losses) recognized in profit or loss | 13,134 | 374 | 13,508 |
| Purchases | 149,771 | 21,445 | 171,216 |
| Sales | (5,890) | - | (5,890) |
| Balance, end of period | <u>\$ 157,015</u> | <u>\$ 21,819</u> | <u>\$ 178,834</u> |
| Total unrealized gains or (losses) for the period included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 13,264</u> | <u>\$ 375</u> | <u>\$ 13,639</u> |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments and unlisted private equity investee funds categorized as Level 3 in the fair value hierarchy as at December 31:

| 2015 | | | | | |
|----------------------------------------|-------------------------|----------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 177,754 | Market approach | EV / EBITDA | \$177,754 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 137,284 | Unadjusted Net Asset Value | Net Asset Value | \$137,283 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

| 2014 | | | | | |
|----------------------------------------|-------------------------|----------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 157,015 | Market approach | EV / EBITDA | \$157,015 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 21,819 | Unadjusted Net Asset Value | Net Asset Value | \$21,819 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value (“EV”) and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (iii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds’ policy to categorize the investee as level 3 within the fair value hierarchy.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity and direct private debt investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds were calculated by adjusting the respective underlying investee fund's net assets by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|-----------|-------------|
| Favourable | \$ 31,504 | \$ 17,883 |
| Unfavourable | \$ 31,504 | \$ (17,883) |

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities of approximately \$316,353,000 (2014 - \$178,859,000) is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 1,410 |
| Unlisted private equity investee funds administered by third party managers | 10 | \$ 3,936,017 | \$ 137,284 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2014 PRIVATE PLACEMENT FUND

Involvement with Structured Entities (continued)
as at December 31

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,208 | \$ 619 |
| Unlisted private equity investee funds administered by third party managers | 4 | \$ 751,666 | \$ 21,819 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

Statement of Financial Position
(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 (note 1) |
|------------------------------------------------------------------------|------|----------------------------------|
| Assets | | |
| Investments | | \$ 478,163 |
| Liabilities | | |
| bcIMC funds management fees payable | 4 | 452 |
| Other accounts payable | | 11 |
| | | <u>463</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 477,700</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | 512,415 |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 932</u></u> |
| <i>Contingent liability</i> | 6 | |
| <i>Unfunded committed capital</i> | 7 | |
| <i>Subsequent events</i> | 13 | |

Statement of Comprehensive Income
(all amounts in thousands)

| | Note | Period Ended December 31, 2015 (note 1) |
|------------------------------------------------------------------------------------------------------------|------|--------------------------------------------------|
| Revenue: | | |
| Interest income | | \$ 4 |
| Change in fair value of investments and derivatives: | 8 | |
| Net realized gain | | 214 |
| Net change in unrealized appreciation | | 61,752 |
| Total revenue | | <u>61,970</u> |
| Expenses: | | |
| bcIMC funds management fees | 4 | 4,302 |
| Administrative fees | | 18 |
| Pursuit costs | | 2,435 |
| Total operating expenses | | <u>6,755</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>55,215</u> |
| Distributions to holders of redeemable units: | | |
| From net investment income | | <u>-</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 55,215</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Period Ended December 31, 2015 <i>(note 1)</i> |
|--------------------------------------------------------------------|---------------------------------------------------------|
| Balance, beginning of period | \$ - |
| Increase in net assets attributable to holders of redeemable units | 55,215 |
| Redeemable unit transactions: | |
| Proceeds from units issued | 426,784 |
| Amounts paid for units redeemed | <u>(4,299)</u> |
| Net increase from redeemable unit transactions | <u>422,485</u> |
| Balance, end of period | <u>\$ 477,700</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Period Ended December 31, 2015 <i>(note 1)</i> |
|------------------------------------------------------------------------|---------------------------------------------------------|
| Operating activities: | |
| Increase in net assets attributable to holders of redeemable units | \$ 55,215 |
| Adjustments for: | |
| Interest income | (4) |
| Net realized gain from investments and derivatives | (214) |
| Net change in unrealized appreciation from investments and derivatives | (61,752) |
| Proceeds from sale of investments | 10,685 |
| Amounts paid for purchase of investments | (426,882) |
| bcIMC funds management fees payable | 452 |
| Other accounts payable | 11 |
| Interest received | 4 |
| | <u>(422,485)</u> |
| Financing activities: | |
| Proceeds from issue of redeemable units | 426,784 |
| Payments on redemption of redeemable units | <u>(4,299)</u> |
| | <u>422,485</u> |
| Net increase (decrease) in cash | - |
| Cash, beginning of period | <u>-</u> |
| Cash, end of period | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

Schedule of Investments
as at December 31
(all amounts in thousands)

| | 2015 | |
|-------------------------------------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 477,253 | \$ 415,502 |
| Money Market Investments: | | |
| Units in bcIMC Pooled Investment Portfolio | | |
| Fund ST1 | <u>910</u> | <u>909</u> |
| Total Investments | <u>\$ 478,163</u> | <u>\$ 416,411</u> |

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

| | 2015 | |
|----------------------------------------|-------------------|----------------|
| | Total | % of Total |
| Direct Private Equity Investments | \$ 360,074 | 75.5 % |
| Unlisted Private Equity Investee Funds | 113,779 | 23.8 % |
| Foreign Currency Contracts | (70) | - % |
| bclMC Money Market Funds | 3,470 | 0.7 % |
| | <u>\$ 477,253</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted investments in private equity investee funds, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund. The following were the contractual maturities of derivative financial liabilities as at December 31. The amounts are gross and undiscounted:

| DERIVATIVE LIABILITIES (in 000s) | 2015 | | | | |
|----------------------------------------|--------------------|--------------------------------|----------------------|------------------|-----------------------|
| | Carrying amount | Gross nominal in (out) flow | Less than 1 month | 1 to 3 months | 3 months to 1 year |
| Outflows | \$ (8,843) | \$ (8,843) | \$ (8,843) | \$ - | \$ - |
| Inflows | 8,773 | 8,773 | 8,773 | - | - |
| | <u>\$ (70)</u> | <u>\$ (70)</u> | <u>\$ (70)</u> | <u>\$ -</u> | <u>\$ -</u> |

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| CURRENCY (Cdn 000s) | 2015 | |
|------------------------|-----------------------------------------------------------------------------|--------------------------|
| | Net Investments and Investment- Related Receivables/ (Payables) | % of Total Net Assets |
| Euro | \$ 107,423 | 22.5 % |
| United States Dollar | 376,681 | 78.9 % |
| Net Exposure | <u>\$ 484,104</u> | <u>101.3 %</u> |

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$4,841,000 Cdn, representing 1.0% of the Fund's net assets. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk (continued)

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 |
|------------------------|---------------------|
| Euro | \$ 233,312 |
| United States Dollar | 890,118 |
| | <u>\$ 1,123,430</u> |

As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$11,234,000 Cdn. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

Other Price Risk

The investments are held directly, in limited partnerships and in fund of fund investment portfolios and include shares, bonds, and other securities of investees. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees. The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following industries:

**Fair Value Measurement Discussion
as at December 31**

**INDUSTRY SECTOR
(in 000s)**

| | 2015 | |
|---------------------------------------------------------------------------|-------------------|----------------|
| | Total | % of Total |
| Direct Private Equity Investments: | | |
| Food and Beverage | \$ 53,592 | 11.3 % |
| Software & Services | 306,482 | 64.7 % |
| Total Direct Private Equity Investments | 360,074 | 76.0 % |
| Total Unlisted Private Equity Investee Funds in diversified industries | 113,779 | 24.0 % |
| | <u>\$ 473,853</u> | <u>100.0 %</u> |

The Fund's direct private equity investments and unlisted private equity investee funds are concentrated in the following geographic regions:

**GEOGRAPHIC REGION
(in 000s)**

| | 2015 | |
|----------------------------------------------------------------------|-------------------|----------------|
| | Total | % of Total |
| Direct Private Equity Investments: | | |
| Europe | \$ 53,592 | 11.3 % |
| United States | 306,482 | 64.7 % |
| Total Direct Private Equity Investments | 360,074 | 76.0 % |
| Total Unlisted Private Equity Investee Funds diversified globally | 113,779 | 24.0 % |
| | <u>\$ 473,853</u> | <u>100.0 %</u> |

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$47,816,000 or 10.0% of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bclMC Money Market Funds | \$ 4,380 | \$ - | \$ - | \$ 4,380 |
| Foreign Currency Contracts | - | (70) | - | (70) |
| Direct Private Equity Investments | - | - | 360,074 | 360,074 |
| Unlisted Private Equity Investee Funds | - | - | 113,779 | 113,779 |
| Total Investments | \$ 4,380 | \$ (70) | \$ 473,853 | \$ 478,163 |

During 2015, there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------|------------|
| | Direct Private Equity Investments | Unlisted Private Equity Investee Funds | Total |
| (in 000s) | | | |
| Balance, beginning of year | \$ - | \$ - | \$ - |
| Total gains or (losses) recognized in profit or loss | 57,813 | 5,607 | 63,420 |
| Purchases | 302,261 | 116,451 | 418,712 |
| Sales | - | (8,279) | (8,279) |
| Balance, end of year | \$ 360,074 | \$ 113,779 | \$ 473,853 |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | \$ 57,813 | \$ 5,354 | \$ 63,167 |

During 2015, there were no significant transfers into or out of Level 3.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015 PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments, unlisted direct private debt, unlisted private equity investee funds and debt issued categorized as Level 3 in the fair value hierarchy as at December 31:

| 2015 | | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|----------------------------------------------------|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$ 360,074 | Market approach | EV / EBITDA | \$360,074 | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 107,008 | Unadjusted Net Asset Value | Net Asset Value | \$107,008 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 6,771 | Adjusted Net Asset Value | Net Asset Value Fair Value Adjustment | \$6,533 \$238 | The estimated fair value would increase (decrease) if: - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was higher (lower). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value ("EV") and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (ii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (iii) Fair value adjustment:
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of unlisted private equity investee funds and direct private equity investments were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

| (in 000s) | 2015 |
|--------------|-------------|
| Favourable | \$ 47,385 |
| Unfavourable | \$ (47,385) |

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 2 intermediary holding corporations which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities, approximately \$477,253,000, is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,883,745 | \$ 4,380 |
| Unlisted private equity investee funds administered by third party managers | 8 | \$ 2,455,990 | \$ 113,779 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015A PRIVATE PLACEMENT FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | |
|-----------------------------------------------------------------------------------------------------|------|----------------------------------|
| | Note | December 31, 2015 (note 1) |
| Assets | | |
| Investments | | <u>\$ 155,975</u> |
| Liabilities | | |
| bcIMC funds management fees payable | 4 | 10 |
| Other accounts payable | | <u>11</u> |
| | | <u>21</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 155,954</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>137,512</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,134</u></u> |
| <i>Contingent liability</i> | 6 | |
| <i>Unfunded committed capital</i> | 7 | |
| <i>Subsequent Event</i> | 13 | |

| Statement of Comprehensive Income (all amounts in thousands) | | |
|------------------------------------------------------------------------------------------------------------|------|--------------------------------------------------|
| | Note | Period Ended December 31, 2015 (note 1) |
| Revenue: | | |
| Interest income | | \$ 12,776 |
| Foreign exchange loss | | (238) |
| Change in fair value of investments: | 8 | |
| Net realized loss | | (51) |
| Net change in unrealized appreciation | | <u>9,838</u> |
| Total revenue | | <u>22,325</u> |
| Expenses: | | |
| bcIMC funds management fees | 4 | 55 |
| Administrative fees | | 568 |
| Pursuit costs | | <u>2</u> |
| Total operating expenses | | <u>625</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>21,700</u> |
| Distributions to holders of redeemable units: | | |
| From net investment income | | - |
| From net realized gains on investments | | <u>(11,914)</u> |
| | | <u>(11,914)</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 9,786</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015A PRIVATE PLACEMENT FUND

| Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (all amounts in thousands) | |
|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| | Period Ended December 31, 2015 <i>(note 1)</i> |
| Balance, beginning of period | \$ - |
| Increase in net assets attributable to holders of redeemable units | 9,786 |
| Redeemable unit transactions: | |
| Proceeds from units issued | 139,957 |
| Reinvestment of distributions | 11,914 |
| Amounts paid for units redeemed | <u>(5,703)</u> |
| Net increase from redeemable unit transactions | <u>146,168</u> |
| Balance, end of period | <u>\$ 155,954</u> |

| Statement of Cash Flows (all amounts in thousands) | |
|--------------------------------------------------------------------|---------------------------------------------------------|
| | Period Ended December 31, 2015 <i>(note 1)</i> |
| Operating activities: | |
| Increase in net assets attributable to holders of redeemable units | \$ 9,786 |
| Adjustments for: | |
| Effect of exchange rate changes on cash | 238 |
| Interest income | (12,776) |
| Net realized loss from investments | 51 |
| Net change in unrealized appreciation from investments | (9,838) |
| Non cash distributions | 11,914 |
| Proceeds from sale of investments | 213,263 |
| Amounts paid for purchase of investments | (359,451) |
| bcIMC funds management fees payable | 10 |
| Other accounts payable | 11 |
| Interest received | <u>12,776</u> |
| | <u>(134,016)</u> |
| Financing activities: | |
| Proceeds from issue of redeemable units | 139,957 |
| Payments on redemption of redeemable units | <u>(5,703)</u> |
| | <u>134,254</u> |
| Net increase in cash | 238 |
| Effect of exchange rate changes on cash | (238) |
| Cash, beginning of period | <u>-</u> |
| Cash, end of period | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015A PRIVATE PLACEMENT FUND

Schedule of Investments
as at December 31
(all amounts in thousands)

| | 2015 | |
|-------------------------------------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 155,937 | \$ 146,099 |
| Money Market Investments: | | |
| Units in bcIMC Pooled Investment Portfolio | | |
| Fund ST1 | <u>38</u> | <u>38</u> |
| Total Investments | <u>\$ 155,975</u> | <u>\$ 146,137</u> |

¹ The private equity investments are held directly and through a private corporation and limited partnership.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015A PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Private Placement Program are described in note 9 of the financial statements. In addition, note 13 describes subsequent events specific to the 2015A Private Placement Fund. The information contained in this Financial Risk Management Discussion pertains specifically to the 2015A Private Placement Fund.

2015A Private Placement Fund (the Fund) owns one private equity investment. The investment is a U.S.-based company with interests in multiple food and agriculture focused businesses that are leaders in their respective industries.

The Fund holds the private equity investment directly and through corporation and limited partnership. The corporation and limited partnership hold the following net assets:

| | 2015 | |
|----------------------------------|-------------------|----------------|
| | Total | % of Total |
| Direct Private Equity Investment | \$ 145,196 | 99.1 % |
| bclMC Money Market Funds | 1,274 | 0.9 % |
| | <u>\$ 146,470</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

**Financial Risk Management Discussion (continued)
as at December 31**

Liquidity Risk

The Fund's financial assets include direct private investments, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

The Fund holds net financial assets denominated in U.S. currency totalling \$154,663,000 Cdn which represents 99.2% of the net asset value of the Fund. As at December 31, 2015, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased, respectively, by \$1,547,000 Cdn, representing 1.0% of the Fund's net assets. In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$222,894,000 Cdn. As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$2,229,000 Cdn. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015A PRIVATE PLACEMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The fair value of the Fund fluctuates in response to global demand and economic growth, the regulatory environment or changes among other factors. Accordingly, sensitivity analysis that would measure the impact of changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$15,466,000 or 9.9% of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|----------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | \$ 1,312 | \$ - | \$ - | \$ 1,312 |
| Direct Private Equity Investment | - | - | 154,663 | 154,663 |
| Total Investments | \$ 1,312 | \$ - | \$ 154,663 | \$ 155,975 |

During 2015, there were no significant transfers between Level 1 and Level 2.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015A PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| (in 000s) | Direct Private Equity Investment |
| Balance, beginning of period | \$ - |
| Total gains or (losses) recognized in profit or loss | 18,932 |
| Purchases | 139,119 |
| Sales | (3,388) |
| Balance, end of period | <u>\$ 154,663</u> |
| Total unrealized gains or (losses) for the period included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 18,816</u> |

During 2015, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investment issued categorized as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | |
|-------------------------------------------|-------------------------|------------------------|-----------------------|---------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range |
| Direct Private Equity Investment | \$ 154,663 | Market approach | EV / EBITDA | \$154,663 |
| | | | | Sensitivity to Change in Significant Unobservable Input |
| | | | | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |

Significant unobservable inputs are developed as follows:

- (i) Enterprise Value ("EV") and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

2015A PRIVATE PLACEMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if: the valuation of direct private equity investment was calculated by adjusting the respective underlying investee fund's net assets by 10%.

| (in 000s) | 2015 |
|--------------|-------------|
| Favourable | \$ 15,467 |
| Unfavourable | \$ (15,467) |

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through corporation and limited partnership which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities, approximately \$146,470,000, is included within Investments in the Statement of Financial Position. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|---------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 1,312 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|----------------------------|----------------------------|
| | Note | December 31, 2015 | December 31, 2014 |
| Assets | | | |
| Investments | | <u>\$ 4,380,697</u> | <u>\$ 3,740,828</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 494 | 343 |
| Other accounts payable | | <u>11</u> | <u>19</u> |
| | | <u>505</u> | <u>362</u> |
| Net assets attributable to holders of redeemable units | | | |
| | | <u><u>\$ 4,380,192</u></u> | <u><u>\$ 3,740,466</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>2,162.722</i> | <i>2,010.916</i> |
| Net assets attributable to holders of redeemable units per unit | | | |
| | | <u><u>\$ 2,025</u></u> | <u><u>\$ 1,860</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Interest income | | \$ (5,177) | \$ 9,588 |
| Dividend income | | 235,009 | 323,079 |
| Change in fair value of investments and derivatives: | 8 | | |
| Net realized loss | | (3,443) | (81,080) |
| Net change in unrealized appreciation | | <u>384,440</u> | <u>95,517</u> |
| Total revenue | | <u>610,829</u> | <u>347,104</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 5,534 | 4,041 |
| Administrative fees | | 140 | 106 |
| Pursuit costs | | 1,947 | 1,916 |
| Withholding taxes | | <u>1,595</u> | <u>1,452</u> |
| Total operating expenses | | <u>9,216</u> | <u>7,515</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>601,613</u> | <u>339,589</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | (230,213) | (496,381) |
| From net realized gains on investments and derivatives | | - | (17,834) |
| Return of Capital | | <u>(17,362)</u> | <u>-</u> |
| | | <u>(247,575)</u> | <u>(514,215)</u> |
| Increase (decrease) in net assets attributable to holders of redeemable units | | | |
| | | <u><u>\$ 354,038</u></u> | <u><u>\$ (174,626)</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 3,740,466 | \$ 3,371,029 |
| Increase (decrease) in net assets attributable to holders of redeemable units | 354,038 | (174,626) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 285,688 | 447,740 |
| Reinvestment of distributions | - | 96,323 |
| Amounts paid for units redeemed | - | - |
| Net increase from redeemable unit transactions | <u>285,688</u> | <u>544,063</u> |
| Balance, end of period | <u>\$ 4,380,192</u> | <u>\$ 3,740,466</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|-------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$ 354,038 | \$ (174,626) |
| Adjustments for: | | |
| Interest income | 5,177 | (9,588) |
| Dividend income | (235,009) | (323,079) |
| Withholding taxes | 1,595 | 1,452 |
| Net realized loss from investments and derivatives | 3,443 | 81,080 |
| Net change in unrealized appreciation from investments and derivatives | (384,440) | (95,517) |
| Non cash distributions | 247,575 | 514,215 |
| Proceeds from sale of investments | 31,441 | 101,630 |
| Amounts paid for purchase of investments | (290,313) | (456,695) |
| bcIMC funds management fees payable | 151 | 63 |
| Other accounts payable | (8) | 2 |
| Interest received | (5,177) | 9,588 |
| Dividends received | 235,009 | 323,079 |
| Withholding taxes paid | (1,595) | (1,452) |
| | <u>(38,113)</u> | <u>(29,848)</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 285,688 | 447,740 |
| Distributions paid to holders of redeemable units | (247,575) | (417,892) |
| | <u>38,113</u> | <u>29,848</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | - | - |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments¹: | \$ 4,379,715 | \$ 3,482,225 | \$ 3,740,163 | \$ 3,227,113 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled | | | | |
| Investment Portfolio | | | | |
| Fund ST1 | 980 | 981 | 664 | 664 |
| Fund ST3 | <u>2</u> | <u>1</u> | <u>1</u> | <u>1</u> |
| | <u>982</u> | <u>982</u> | <u>665</u> | <u>665</u> |
| Total Investments | <u>\$ 4,380,697</u> | <u>\$ 3,483,207</u> | <u>\$ 3,740,828</u> | <u>\$ 3,227,778</u> |

¹ The private equity investments are held through private corporations and limited partnerships.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Infrastructure Funds are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Strategic Inv 100 Foreign PP Fund.

The Fund holds its private equity and debt investments through private corporations and limited partnerships. The private corporations and limited partnerships hold the following net assets:

| (in 000s) | 2015 | | 2014 | |
|----------------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity Investments | \$ 2,614,652 | 59.7 % | \$ 2,366,438 | 63.3 % |
| Direct Private Debt Investments | 483,603 | 11.0 % | 416,100 | 11.1 % |
| Unlisted Private Equity Investee Funds | 1,248,190 | 28.5 % | 958,816 | 25.6 % |
| Foreign Currency Contracts | - | - % | (9) | - % |
| bcIMC Money Market Funds | 55,001 | 1.3 % | 82,421 | 2.2 % |
| Debt Issued | (66,748) | (1.5)% | (112,243) | (3.0)% |
| Cash | 241 | - % | - | - % |
| Net Investment-Related Receivables | 44,776 | 1.0 % | 28,640 | 0.8 % |
| | <u>\$ 4,379,715</u> | <u>100.0 %</u> | <u>\$ 3,740,163</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and limited partnerships and their investing activities have been considered.

**Financial Risk Management Discussion (continued)
as at December 31**

Credit Risk

The majority of the private debt investments are in closely held private companies where the Fund has a significant ownership percentage. Due to the private nature of the debt, it is not subject to rating by a rating agency. The maximum credit risk exposure is \$483,603,000 Cdn (2014 - \$416,100,000 Cdn).

Liquidity Risk

The Fund's financial assets include unlisted equity and debt investments, which are generally illiquid. In addition, the Fund holds investments in private equity investee funds. As a result, the Fund may not be able to liquidate some of its investments in these instruments in time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's remaining non-derivative liabilities are due within three months of the year-end of the Fund.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

The Fund holds debt investments in conjunction with equity investments in several private companies. As at December 31, the Fund invested in the following debt instruments:

| 2015 | | | |
|-----------------|-----------------------------|-----------------|---------------|
| | Carrying Value (in 000s) | Interest Rate | Maturity Date |
| Fixed-rate debt | \$ 483,603 | 8.51% to 11.00% | 2019 to 2029 |

| 2014 | | | |
|-----------------|-----------------------------|-----------------|---------------|
| | Carrying Value (in 000s) | Interest Rate | Maturity Date |
| Fixed-rate debt | \$ 416,100 | 8.51% to 11.00% | 2019 to 2029 |

The value of the combined debt and equity investments is calculated based on enterprise values of the private companies and the value is then allocated to the debt and equity investments. Any change in market value of the debt investments due to fluctuations in interest rates would result in an offsetting change in value of the related equity investment. Accordingly, sensitivity analysis that would measure the impact of changes in interest rates would not be meaningful and has not been provided.

As at December 31, 2015 and 2014, the Fund had no other assets or liabilities which change in value as a result of changes in the interest rates.

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk

At the reporting date, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows. The table includes foreign currency contracts.

| 2015 | | | | |
|------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------|--------------|--------------------------|
| CURRENCY (in 000s) | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 64,660 | \$ - | \$ 64,660 | 1.5 % |
| British Pound Sterling | 534,159 | - | 534,159 | 12.2 % |
| Euro | 896,441 | - | 896,441 | 20.5 % |
| United States Dollar | 2,472,822 | - | 2,472,822 | 56.4 % |
| Net Exposure | \$ 3,968,082 | \$ - | \$ 3,968,082 | 90.6 % |

| 2014 | | | | |
|------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------|--------------|--------------------------|
| CURRENCY (in 000s) | Net Investments and Investment- Related Receivables/ (Payables) | Net Foreign Currency Contracts Receivable/ (Payable) | Net Exposure | % of Total Net Assets |
| Australian Dollar | \$ 64,322 | \$ - | \$ 64,322 | 1.7 % |
| British Pound Sterling | 444,052 | - | 444,052 | 11.9 % |
| Euro | 679,425 | - | 679,425 | 18.2 % |
| United States Dollar | 2,108,490 | (21,000) | 2,087,490 | 55.8 % |
| Net Exposure | \$ 3,296,289 | \$ (21,000) | \$ 3,275,289 | 87.6 % |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk (continued)

The table above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying direct private equity, direct private debt and unlisted private equity investee funds. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies. Refer to the Geographic Region breakdown provided under Other Price Risk for further information on the jurisdictions in which the investments are located.

As at December 31, 2015, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/increased by \$39,681,000 Cdn (2014 - \$32,753,000 Cdn), representing 0.9 percent of the Fund's net assets (2014 - 0.9 percent). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Other Price Risk section provides additional disclosure on several investments denominated in United States dollars and domiciled in different jurisdictions.

As at December 31, the Fund had the following additional exposure to currency risk through its future unfunded commitments:

| CURRENCY (Cdn 000s) | 2015 | 2014 |
|------------------------|---------------------|---------------------|
| Euro | \$ 50,114 | \$ 130,028 |
| United States Dollar | 1,417,223 | 1,312,828 |
| | <u>\$ 1,467,337</u> | <u>\$ 1,442,856</u> |

As at December 31, 2015, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased by \$14,673,370 Cdn (2014 - \$14,428,560 Cdn). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The investments are concentrated in the power, utility and energy infrastructure sectors in Canada, Chile, Europe, the United States, and United Kingdom. Investee companies range from start-up companies to mature companies. Other price risk is moderated through diversification across various industry sectors, geographic regions and the maturity of the underlying investees.

The Fund's unlisted private equity, private debt and private equity investee fund investments are concentrated in the following industries:

| INDUSTRY SECTOR (in 000s) | 2015 | | 2014 | |
|----------------------------------------------------------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity and Debt Investments: | | | | |
| Coal infrastructure | \$ 64,660 | 1.5 % | \$ 64,321 | 1.7 % |
| Diversified infrastructure | 134,712 | 3.1 % | 149,198 | 4.0 % |
| Electricity transmission infrastructure | 806,766 | 18.6 % | 733,486 | 19.6 % |
| Gas transmission infrastructure | 453,749 | 10.4 % | 407,457 | 10.9 % |
| Oil transmission and storage infrastructure | 190,925 | 4.4 % | 145,382 | 3.9 % |
| Transportation infrastructure | 238,168 | 5.5 % | 264,470 | 7.1 % |
| Water, wastewater and sewage infrastructure | 1,209,275 | 27.8 % | 1,018,224 | 27.2 % |
| Total Direct Private Equity and Debt Investments | 3,098,255 | 71.3 % | 2,782,538 | 74.4 % |
| Total Unlisted Private Equity Investee Funds in diversified infrastructure | 1,248,190 | 28.7 % | 958,816 | 25.6 % |
| | <u>\$ 4,346,445</u> | <u>100.0 %</u> | <u>\$ 3,741,354</u> | <u>100.0 %</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk (continued)

The Fund's direct private equity and debt investments, and unlisted private equity investee funds are concentrated in the following geographic regions:

**GEOGRAPHIC REGION
(in 000s)**

| | 2015 | | 2014 | |
|----------------------------------------------------------------------------|---------------------|----------------|---------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Direct Private Equity and Debt Investments: | | | | |
| Australia | \$ 64,660 | 1.5 % | \$ 64,321 | 1.8 % |
| Brazil | 173,568 | 4.0 % | 197,887 | 5.3 % |
| Canada | 673,896 | 15.5 % | 641,140 | 17.1 % |
| Chile | 806,619 | 18.6 % | 731,188 | 19.5 % |
| Germany | 453,749 | 10.4 % | 407,457 | 10.9 % |
| Spain | 190,925 | 4.4 % | 145,382 | 3.9 % |
| United Kingdom | 527,689 | 12.1 % | 438,339 | 11.7 % |
| United States | 207,149 | 4.8 % | 156,824 | 4.2 % |
| Total Direct Private Equity and Debt Investments | 3,098,255 | 71.3 % | 2,782,538 | 74.4 % |
| Total Unlisted Private Equity Investee Funds in diversified infrastructure | 1,248,190 | 28.7 % | 958,816 | 25.6 % |
| | <u>\$ 4,346,445</u> | <u>100.0 %</u> | <u>\$ 3,741,354</u> | <u>100.0 %</u> |

The fair value of these investments fluctuates in response to specific investee developments, rather than from changes in the general level of market prices. Accordingly, sensitivity analysis that would measure the impact to changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015, had the fair value of the investments increased or decreased by 10 percent, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased by approximately \$438,070,000 (2014 - \$374,083,000) or 10.0 percent (2014 - 10.0 percent) of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| (in 000s) | 2015 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| Direct Private Equity Investments | \$ - | \$ - | \$ 2,614,652 | \$ 2,614,652 |
| Direct Private Debt Investments | - | - | 483,603 | 483,603 |
| Unlisted Private Equity Investee Funds | - | - | 1,248,190 | 1,248,190 |
| Cash | 241 | - | - | 241 |
| bcIMC Money Market Funds | 55,983 | - | - | 55,983 |
| Debt Issued | - | - | (66,748) | (66,748) |
| Net Investment-Related Receivables | - | 44,776 | - | 44,776 |
| Total Investments | <u>\$ 56,224</u> | <u>\$ 44,776</u> | <u>\$ 4,279,697</u> | <u>\$ 4,380,697</u> |

| (in 000s) | 2014 | | | |
|----------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|---------------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| Direct Private Equity Investments | \$ - | \$ - | \$ 2,366,438 | \$ 2,366,438 |
| Direct Private Debt Investments | - | - | 416,100 | 416,100 |
| Unlisted Private Equity Investee Funds | - | - | 958,816 | 958,816 |
| Foreign Currency Contracts | - | (9) | - | (9) |
| bcIMC Money Market Funds | 83,086 | - | - | 83,086 |
| Debt Issued | - | - | (112,243) | (112,243) |
| Net Investment-Related Receivables | - | 28,640 | - | 28,640 |
| Total Investments | <u>\$ 83,086</u> | <u>\$ 28,631</u> | <u>\$ 3,629,111</u> | <u>\$ 3,740,828</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

Fair Value Measurement Discussion (continued)
as at December 31

Fair Value Hierarchy (continued)

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------|-------------------------------------------------|--------------------|---------------------|
| | Direct Private Equity Investments | Direct Private Debt Investments | Unlisted Private Equity Investee Funds | Debt Issued | Total |
| (in 000s) | | | | | |
| Balance, beginning of year | \$ 2,366,438 | \$ 416,100 | \$ 958,816 | \$ (112,243) | \$ 3,629,111 |
| Total gains or (losses) recognized in profit or loss | 219,363 | 67,503 | 119,771 | (6,048) | 400,589 |
| Purchases | 61,050 | - | 244,590 | 51,543 | 357,183 |
| Sales | (32,199) | - | (74,987) | - | (107,186) |
| Balance, end of year | <u>\$ 2,614,652</u> | <u>\$ 483,603</u> | <u>\$ 1,248,190</u> | <u>\$ (66,748)</u> | <u>\$ 4,279,697</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 209,226</u> | <u>\$ 67,503</u> | <u>\$ 80,971</u> | <u>\$ (6,048)</u> | <u>\$ 351,652</u> |

Fair Value Measurement Discussion (continued)
as at December 31

| | 2014 | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------------|-------------------------------------------------|---------------------|---------------------|
| | Direct Private Equity Investments | Direct Private Debt Investments | Unlisted Private Equity Investee Funds | Debt Issued | Total |
| (in 000s) | | | | | |
| Balance, beginning of year | \$ 2,248,338 | \$ 319,942 | \$ 873,662 | \$ (102,965) | \$ 3,338,977 |
| Total gains or (losses) recognized in profit or loss | 113,637 | 21,398 | 55,852 | (9,278) | 181,609 |
| Purchases | 44,389 | 244,812 | 146,752 | - | 435,953 |
| Sales | (39,926) | (170,052) | (117,450) | - | (327,428) |
| Balance, end of year | <u>\$ 2,366,438</u> | <u>\$ 416,100</u> | <u>\$ 958,816</u> | <u>\$ (112,243)</u> | <u>\$ 3,629,111</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ 111,514</u> | <u>\$ 14,810</u> | <u>\$ 22,085</u> | <u>\$ (9,279)</u> | <u>\$ 139,130</u> |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investments, direct private debt, unlisted private equity investee funds and debt issued categorized as Level 3 in the fair value hierarchy as at December 31:

| 2015 | | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|--------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investments | \$2,614,652 | Discounted Cash Flows | Discount rate | 6.2% to 17.8% | The estimated fair value would increase (decrease) if the discount rate was lower (higher). |
| | | Market approach | EV / EBITDA | 10.2x to 14.2x | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Direct Private Debt Investments | \$ 483,603 | Discounted Cash Flows | Discount rate | 6.2% to 10.0% | The estimated fair value would increase (decrease) if the discount rate was lower (higher). |
| Unlisted Private Equity Investee Funds | \$ 998,585 | Unadjusted Net Asset Value | Net Asset Value | \$998,585 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Unlisted Private Equity Investee Funds | \$ 249,605 | Adjusted Net Asset Value | Net Asset Value | \$ 258,205 | The estimated fair value would increase (decrease) if: |
| | | | Fair Value Adjustment | \$ (8,600) | - The fair value of unlisted private equity investee funds was higher (lower). - The fair value adjustment was lower (higher). |
| Debt issued | \$(66,748) | Discounted Cash Flows | Discount rate | 12.0% | The estimated fair value would increase (decrease) if the discount rate was lower (higher). |

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

| 2014 | | | | | |
|----------------------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity | \$2,366,438 | Discounted Cash Flows | Discount rate | 6.4% to 11.0% | The estimated fair value would increase (decrease) if the discount rate was lower (higher). |
| | | Market approach | EV / EBITDA | 9.9x to 14.5x | The estimated fair value would increase (decrease) if the EV / EBITDA multiples were higher (lower). |
| Direct Private Debt | \$ 416,100 | Discounted Cash Flows | Discount rate | 6.4% to 10.0% | The estimated fair value would increase (decrease) if the discount rate was lower (higher). |
| Unlisted Private Equity Investee Funds | \$ 958,816 | Unadjusted Net Asset Value | Net Asset Value | \$958,816 | The estimated fair value would increase (decrease) if the fair value of unlisted private equity investee funds was higher (lower). |
| Debt issued | \$(112,243) | Discounted Cash Flows | Discount rate | 12.0% | The estimated fair value would increase (decrease) if the discount rate was lower (higher). |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant unobservable inputs are developed as follows:

- (i) Discount rate:
Represents the discount rate applied to the expected future cash flows of each private debt investment and debt issued. For the discount rates used, bcIMC management assesses both the risk premium and the appropriate risk-free rate based on the economic environment in which the investee entity operates. The discount rate is adjusted for such matters as liquidity differences, credit and market factors. The estimated future cash flows are then discounted using the discount rate determined. Cash flows used in the discounted cash flow model are based on projected cash flows or earnings of the respective investee entity.
- (ii) Enterprise Value (“EV”) and EBITDA multiples:
EV represent amounts that market participants would use when pricing the investments. EV may be based on arms length financing rounds, or other limited market events. EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets, and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- (iii) Net Asset Value:
Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds’ policy to categorize the investee as level 3 within the fair value hierarchy.
- (iv) Fair value adjustment:
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

**Fair Value Measurement Discussion (continued)
as at December 31**

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity and direct private debt investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

The unlisted private equity investee funds are valued based on information received from external managers through co-investment arrangements. The fair value of these investments fluctuates in response to changes in specific assumptions for that particular investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if:

- a) the valuations of certain direct private equity and direct private debt investments were calculated by recalibrating the model values using unobservable inputs based on the upper and lower threshold of the respective investment's range of possible estimates.
- b) the valuations of unlisted private equity investee funds, of certain direct private equity and direct private debt investments and debt issued were calculated by adjusting the respective underlying investee fund's net assets, value of private equity and debt by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|--------------|--------------|
| Favourable | \$ 498,087 | \$ 316,477 |
| Unfavourable | \$ (435,905) | \$ (316,756) |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through 9 intermediary holding corporations and 4 limited partnerships (2014 - 16 intermediary holding corporations and 5 limited partnerships), all of which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities, approximately \$4,379,715,000 (2014 - \$3,740,163,000), is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations and limited partnerships). The other structured entities are comprised of directly held investee money market funds organized as unit trusts and indirectly held investee funds organized as limited partnerships. All of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units, partnership units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 2,935,771 | \$ 55,983 |
| Unlisted private equity investee funds administered by third party managers | 19 | \$ 42,964,694 | \$ 1,248,190 |

**Involvement with Structured Entities (continued)
as at December 31**

| Entity | December 31, 2014 | | |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,162,873 | \$ 83,086 |
| Unlisted private equity investee funds administered by third party managers | 18 | \$ 33,611,060 | \$ 958,816 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund has commitments to provide financial or other support to the intermediary holding corporations and limited partnerships to fund day-to-day operations and investment activity under loan agreements or shareholder's resolutions as needed

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INV 100 FOREIGN PP FUND

**Involvement with Subsidiaries and Associates
as at December 31**

The Fund also holds through intermediary holding corporations the following investments in which it has a controlling position or a position where it could otherwise exert significant influence on the operations of the investee. The Fund measures these investments at Fair Value Through Profit or Loss. The tables below set out interests held by the Fund in these unconsolidated subsidiaries and associates:

December 31, 2015

| Entity | Nature and Purpose of Entity | Interests Held | Relationship | Principal Place of Business | Country of Incorporation/ Registration | Ownership Interest | Voting Rights | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
|----------------------------------|-----------------------------------------------------|------------------------------------|--------------|-----------------------------|-------------------------------------------|--------------------|---------------|------------------------------------------------------------------------------------------------------|
| Corix Infrastructure Inc. | Water, wastewater and energy infrastructure company | Common shares and shareholder loan | Subsidiary | U.S. and Canada | Canada | 29.4% | 29.4% | \$ 474,583 |
| Open Grid Europe GmbH. | Regulated gas transmission service operator | Common shares | Associate | Germany | Germany | 27.3% | 27.3% | \$ 453,749 |
| Macquarie Utilities Inc. | Regulated water company | Common shares and shareholder loan | Associate | U.S. | U.S. | 38.3% | 38.3% | \$ 207,002 |
| ETC Holdings Ltd. | Regulated electricity transmission | Common shares | Associate | Chile | Chile | 22.1% | 22.1% | \$ 806,619 |
| InTransit BC Limited Partnership | Operation of the CanadaLine project | Limited partnership interest | Associate | Canada | Canada | 28.3% | 28.3% | \$ 64,600 |

December 31, 2014

| Entity | Nature and Purpose of Entity | Interests Held | Relationship | Principal Place of Business | Country of Incorporation/ Registration | Ownership Interest | Voting Rights | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
|----------------------------------|-----------------------------------------------------|------------------------------------|--------------|-----------------------------|-------------------------------------------|--------------------|---------------|------------------------------------------------------------------------------------------------------|
| Corix Infrastructure Inc. | Water, wastewater and energy infrastructure company | Common shares and shareholder loan | Subsidiary | U.S. and Canada | Canada | 57.0% | 57.0% | \$ 425,360 |
| Open Grid Europe GmbH. | Regulated gas transmission service operator | Common shares | Associate | Germany | Germany | 27.3% | 27.3% | \$ 407,457 |
| Macquarie Utilities Inc. | Regulated water company | Common shares and shareholder loan | Associate | U.S. | U.S. | 38.3% | 38.3% | \$ 154,526 |
| ETC Holdings Ltd. | Regulated electricity transmission | Common shares | Associate | Chile | Chile | 22.1% | 22.1% | \$ 731,188 |
| InTransit BC Limited Partnership | Operation of the CanadaLine project | Limited partnership interest | Associate | Canada | Canada | 28.3% | 28.3% | \$ 66,583 |

During 2015 and 2014, the Fund did not provide financial support to subsidiaries or associates and has no intention of providing financial or other support. Furthermore, the subsidiaries and associates listed in the table above are not subject to any restrictions.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

Statement of Financial Position
(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 <i>(note 1)</i> |
|------------------------------------------------------------------------|------|-----------------------------------------|
| Assets | | |
| Investments | | \$ 10 |
| Liabilities | | |
| bcIMC funds management fees payable | 4 | <u>6</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 4</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>0.010</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 400</u></u> |
| <i>Contingent liability</i> | 6 | |
| <i>Unfunded committed capital</i> | 7 | |

Statement of Comprehensive Income
(all amounts in thousands)

| | Note | Period Ended December 31, 2015 <i>(note 1)</i> |
|------------------------------------------------------------------------------------------------------------|------|---------------------------------------------------------|
| Expenses: | | |
| bcIMC funds management fees | 4 | <u>\$ 6</u> |
| Decrease in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>(6)</u> |
| Distributions to holders of redeemable units: From net investment income | | <u>-</u> |
| Decrease in net assets attributable to holders of redeemable units | | <u><u>\$ (6)</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

**Statement of Changes in Net Assets Attributable to Holders
of Redeemable Units**
(all amounts in thousands)

| | Period Ended December 31, 2015 <i>(note 1)</i> |
|-----------------------------------------------------------------------|---------------------------------------------------------|
| Balance, beginning of period | \$ - |
| Decrease in net assets attributable to holders of redeemable units | (6) |
| Redeemable unit transactions: | |
| Proceeds from units issued | 10 |
| Amounts paid for units redeemed | - |
| Net increase from redeemable unit transactions | 10 |
| Balance, end of period | \$ 4 |

Statement of Cash Flows
(all amounts in thousands)

| | Period Ended December 31, 2015 <i>(note 1)</i> |
|-----------------------------------------------------------------------|---------------------------------------------------------|
| Operating activities: | |
| Decrease in net assets attributable to holders of redeemable units | \$ (6) |
| Adjustments for: | |
| Proceeds from sale of investments | 1 |
| Amounts paid for purchase of investments | (11) |
| bcIMC funds management fees payable | 6 |
| | <u>(10)</u> |
| Financing activities: | |
| Proceeds from issue of redeemable units | 10 |
| | <u>10</u> |
| Net increase (decrease) in cash | - |
| Cash, beginning of period | - |
| Cash, end of period | \$ - |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | |
|-------------------------------------------------|-------------------|--------------|
| | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments ¹: | \$ 1 | \$ 1 |
| Money Market Investments: | | |
| Units in bcIMC Pooled Investment Portfolio | | |
| Fund ST1 | <u>9</u> | <u>9</u> |
| Total Investments | <u>\$ 10</u> | <u>\$ 10</u> |

¹ The private equity investments are held through a private corporation and limited partnership.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Infrastructure Funds are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Strategic Infrastructure Investment Fund 2 (Foreign).

The Fund holds its investment through a corporation and limited partnership. The corporation and limited partnership hold the following net assets:

| | | |
|-----------|-------|---------------|
| (in 000s) | 2015 | |
| | Total | % of Total |
| | \$ 1 | 100.0 % |

Other Net Receivables

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporation and limited partnership and their investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing or have a short term to maturity, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

The Fund is not exposed to significant currency risk since the Fund's net financial assets and liabilities are denominated in Canadian dollars.

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The only investment held by the corporation and limited partnership are bcIMC Money Market Funds. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$1,000 or 25.0% of net assets attributable to redeemable units. Actual trading results may differ from the above sensitivity analysis and the difference could be material.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN)

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | 2015 | | | |
|--------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|--------------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Other Net Receivables | \$ - | \$ 1 | \$ - | \$ 1 |
| bcIMC Money Market Funds | 9 | - | - | 9 |
| Total Investments | <u>\$ 9</u> | <u>\$ 1</u> | <u>\$ -</u> | <u>\$ 10</u> |

During 2015, there were no significant transfers between Level 1 and Level 2.

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held primarily through the intermediary holding corporation and limited partnership which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities, approximately \$1,000, is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market funds organized as unit trusts. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|---------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 1 | \$ 2,750,037 | \$ 9 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015, the Fund did not provide financial support to these structured entities and has no intention of providing financial or other support.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

Statement of Financial Position

(all amounts in thousands *except number of units*)

| | Note | December 31, 2015 | December 31, 2014 |
|------------------------------------------------------------------------|------|-------------------------|-------------------------|
| Assets | | | |
| Investments | | <u>\$ 23,325</u> | <u>\$ 46,782</u> |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 94 | 67 |
| Other accounts payable | | <u>11</u> | <u>10</u> |
| | | <u>105</u> | <u>77</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 23,220</u></u> | <u><u>\$ 46,705</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>11.748</i> | <i>20.232</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,977</u></u> | <u><u>\$ 2,308</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

Statement of Comprehensive Income

(all amounts in thousands)

| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| Revenue: | | | |
| Interest income | | \$ 2 | \$ 1 |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | 643 | 414 |
| Net change in unrealized depreciation | | <u>(13,683)</u> | <u>(1,512)</u> |
| Total revenue | | <u>(13,038)</u> | <u>(1,097)</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 1,103 | 560 |
| Administrative fees | | 22 | 26 |
| Pursuit costs | | <u>17</u> | <u>40</u> |
| Total operating expenses | | <u>1,142</u> | <u>626</u> |
| Decrease in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>(14,180)</u> | <u>(1,723)</u> |
| Distributions to holders of redeemable units: | | | |
| From net realized gains on investments | | <u>-</u> | <u>(8,160)</u> |
| | | <u>-</u> | <u>(8,160)</u> |
| Decrease in net assets attributable to holders of redeemable units | | <u><u>\$ (14,180)</u></u> | <u><u>\$ (9,883)</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 46,705 | \$ 56,179 |
| Decrease in net assets attributable to holders of redeemable units | (14,180) | (9,883) |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 1,339 | 815 |
| Reinvestment of distributions | - | 8,160 |
| Amounts paid for units redeemed | (10,644) | (8,566) |
| Net increase (decrease) from redeemable unit transactions | (9,305) | 409 |
| Balance, end of period | \$ 23,220 | \$ 46,705 |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Decrease in net assets attributable to holders of redeemable units | \$ (14,180) | \$ (9,883) |
| Adjustments for: | | |
| Interest income | (2) | (1) |
| Net realized gain from investments | (643) | (414) |
| Net change in unrealized depreciation from investments | 13,683 | 1,512 |
| Non cash distributions | - | 8,160 |
| Proceeds from sale of investments | 11,757 | 9,410 |
| Amounts paid for purchase of investments | (1,340) | (1,071) |
| Receivable from issue of units | - | 28,508 |
| Payable for purchase of investments | - | (28,508) |
| bcIMC funds management fees payable | 27 | 39 |
| Other accounts payable | 1 | (2) |
| Interest received | 2 | 1 |
| | <u>9,305</u> | <u>7,751</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 1,339 | 815 |
| Payments on redemption of redeemable units | (10,644) | (8,566) |
| | <u>(9,305)</u> | <u>(7,751)</u> |
| Net increase (decrease) in cash | - | - |
| Cash, beginning of period | - | - |
| Cash, end of period | \$ - | \$ - |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|------------------------------------------------|-------------------|------------------|-------------------|------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments¹: | \$ 23,123 | \$ 35,417 | \$ 46,658 | \$ 45,269 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled | | | | |
| Investment Portfolio | | | | |
| Fund ST2 | <u>202</u> | <u>202</u> | <u>124</u> | <u>124</u> |
| Total Investments | <u>\$ 23,325</u> | <u>\$ 35,619</u> | <u>\$ 46,782</u> | <u>\$ 45,393</u> |

¹ The private equity investments are held through private corporations.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Renewable Resources Investment program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the Renewable Resources Investment Fund.

The Fund holds its private equity investments through corporations. The corporations hold the following net assets:

| | 2015 | | 2014 | |
|---------------------------------------|------------------|----------------|------------------|----------------|
| | Total | % of Total | Total | % of Total |
| Unlisted Private Equity Investee Fund | \$ 22,800 | 98.6 % | \$ 46,630 | 99.9 % |
| bclMC Money Market Funds | 323 | 1.4 % | 29 | 0.1 % |
| Net Investment-Related Payables | - | - % | (1) | - % |
| | <u>\$ 23,123</u> | <u>100.0 %</u> | <u>\$ 46,658</u> | <u>100.0 %</u> |

The Fund's activities expose it to a variety of financial risks. For purposes of describing the financial risks of the Fund, the composition of the net assets held by the underlying corporations and their investing activities have been considered.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted equity investments, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

**Financial Risk Management Discussion (continued)
as at December 31**

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

Currency Risk

The Fund holds net financial assets denominated in U.S. currency totalling \$23,110,000 Cdn which represents 99.5% of the net asset value of the Fund (2014 - \$46,642,000 Cdn which represented 99.9% of the net asset value of the Fund).

The above identifies currency exposure based on the currency in which the Fund's investments are denominated. In addition to the currency exposures set out above, the Fund may have additional indirect exposure to currency risk through its investments in underlying unlisted private equity investee fund. Such exposure may include currencies not listed in the table above as these investments may be operating in jurisdictions that utilize other currencies.

As at December 31, 2015, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$231,000 Cdn (2014 - \$466,000 Cdn), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

As at December 31, the Fund had additional exposure to currency risk through its future unfunded commitments in U.S. currency totalling \$8,327 Cdn (2014 - \$8,169 Cdn). As at December 31, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, future unfunded commitments would have decreased/increased, respectively, by \$83 Cdn (2014 - \$82 Cdn). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Total unfunded committed capital related to the Fund is described in note 7 of the financial statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

**Financial Risk Management Discussion (continued)
as at December 31**

Other Price Risk

The net assets include real estate properties and other related receivables and payables. The real estate investments are primarily in timberlands and concentrated in Brazil.

The fair value of this investment fluctuates in response to specific property characteristics rather than from changes in the general level of market prices. Because of these factors, sensitivity analysis that would measure the impact from changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$2,333,000 (2014 - \$4,678,000) or 10.0% (2014 – 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| 2015 | | | | |
|---------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-----------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| bcIMC Money Market Funds | 525 | - | - | 525 |
| Unlisted Private Equity Investee Fund | - | - | 22,800 | 22,800 |
| Total Investments | \$ 525 | \$ - | \$ 22,800 | \$ 23,325 |

| 2014 | | | | |
|---------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-----------|
| | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | |
| Net Investment-Related Receivables | - | (1) | - | (1) |
| bcIMC Money Market Funds | 153 | - | - | 153 |
| Unlisted Private Equity Investee Fund | - | - | 46,630 | 46,630 |
| Total Investments | \$ 153 | \$ (1) | \$ 46,630 | \$ 46,782 |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | 2015 | 2014 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| | Unlisted Private Equity Investee Funds | Unlisted Private Equity Investee Funds |
| (in 000s) | | |
| Balance, beginning of year | \$ 46,630 | \$ 48,021 |
| Total gains or (losses) recognized in profit or loss | (12,706) | 1,806 |
| Purchases | - | 348 |
| Sales | (11,124) | (3,545) |
| Balance, end of year | <u>\$ 22,800</u> | <u>\$ 46,630</u> |
| Total unrealized gains or (losses) for the year included in profit or loss relating to financial assets and liabilities held at the reporting date | <u>\$ (13,983)</u> | <u>\$ (741)</u> |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of unlisted private equity investee funds as Level 3 in the fair value hierarchy as at December 31:

| | 2015 | | | | |
|---------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Fund | \$ 22,800 | Unadjusted Net Asset Value | Net Asset Value | \$22,800 | The estimated fair value would increase (decrease) if the net asset value of the unlisted private equity investee fund was higher (lower). |

| | 2014 | | | | |
|---------------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Unlisted Private Equity Investee Fund | \$ 46,630 | Unadjusted Net Asset Value | Net Asset Value | \$46,630 | The estimated fair value would increase (decrease) if the net asset value of the unlisted private equity investee fund was higher (lower). |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

**Fair Value Measurement Discussion (continued)
as at December 31**

Significant Unobservable Inputs Used in Measuring Fair Value (continued)

Significant unobservable inputs are developed as follows:

Net Asset Value:

Represents the net asset value of the unlisted private equity investee funds. bcIMC management values these funds primarily based on the latest available financial information provided by their general partners.

The unlisted private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.

Effects of Unobservable Input on Fair Value Measurement

The unlisted private equity investee fund is valued based on information received from the external manager through co-investment arrangement. The fair value of the investment fluctuates in response to changes in specific assumptions for the investee as determined by the external manager.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if:

- the valuation of unlisted private equity investee fund was calculated by adjusting the underlying investee fund's net assets by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|------------|------------|
| Favourable | \$ 2,300 | \$ 4,700 |
| Unfavourable | \$ (2,300) | \$ (4,700) |

**Involvement with Structured Entities
as at December 31**

The Fund's investments are held through two intermediary holding corporations, both of which constitute structured entities. Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. These structured entities have been set up by bcIMC to manage legal, tax and other risks that may arise in the course of administering the underlying investments. The carrying amount of these entities, approximately \$23,123,000 (2014 - \$46,658,000), is included within Investments in the Statement of Financial Position.

In addition, the Fund holds interests in other structured entities, both directly and indirectly (i.e. through the intermediary holding corporations). The other structured entities are comprised of directly held investee money market fund organized as unit trust and indirectly held investee fund organized as limited partnership. Both of these investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units or a partnership interest. The tables below set out the direct and indirect interests held by the Fund in these other structured entities:

| Entity | December 31, 2015 | | |
|---------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market fund administered by bcIMC | 1 | \$ 5,413,942 | \$ 525 |
| Unlisted private equity investee fund administered by third party manager | 1 | \$ 108,268 | \$ 22,800 |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

RENEWABLE RESOURCES INVESTMENT FUND

Involvement with Structured Entities (continued)
as at December 31

| Entity | December 31, 2014 | | |
|---------------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market fund administered by bcIMC | 1 | \$ 4,432,739 | \$ 153 |
| Unlisted private equity investee fund administered by third party manager | 1 | \$ 265,229 | \$ 46,630 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund has commitments to provide financial or other support to the intermediary holding corporations to fund day-to-day operations and investment activity under loan agreements or shareholder's resolutions as needed.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

| Statement of Financial Position (all amounts in thousands <i>except number of units</i>) | | | |
|-----------------------------------------------------------------------------------------------------|------|--------------------------|--------------------------|
| | Note | December 31, 2015 | December 31, 2014 |
| Assets | | | |
| Investments | | \$ 228,344 | \$ 221,857 |
| Liabilities | | | |
| bcIMC funds management fees payable | 4 | 8 | 5 |
| Other accounts payable | | 11 | 10 |
| | | <u>19</u> | <u>15</u> |
| Net assets attributable to holders of redeemable units | | <u><u>\$ 228,325</u></u> | <u><u>\$ 221,842</u></u> |
| <i>Number of redeemable units outstanding</i> | 5 | <i>190.132</i> | <i>196.240</i> |
| Net assets attributable to holders of redeemable units per unit | | <u><u>\$ 1,201</u></u> | <u><u>\$ 1,130</u></u> |
| <i>Contingent liability</i> | 6 | | |
| <i>Unfunded committed capital</i> | 7 | | |

| Statement of Comprehensive Income (all amounts in thousands) | | | |
|------------------------------------------------------------------------------------------------------------|------|------------------------------------|------------------------------------|
| | Note | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
| Revenue: | | | |
| Interest income | | \$ 1 | \$ 12 |
| Foreign exchange loss | | (5) | (9) |
| Change in fair value of investments: | 8 | | |
| Net realized gain | | 91 | 69 |
| Net change in unrealized appreciation | | <u>15,631</u> | <u>26,232</u> |
| Total revenue | | <u>15,718</u> | <u>26,304</u> |
| Expenses: | | | |
| bcIMC funds management fees | 4 | 120 | 87 |
| Administrative fees | | <u>29</u> | <u>50</u> |
| Total operating expenses | | <u>149</u> | <u>137</u> |
| Increase in net assets attributable to holders of redeemable units from operations excluding distributions | | <u>15,569</u> | <u>26,167</u> |
| Distributions to holders of redeemable units: | | | |
| From net investment income | | <u>-</u> | <u>-</u> |
| Increase in net assets attributable to holders of redeemable units | | <u><u>\$ 15,569</u></u> | <u><u>\$ 26,167</u></u> |

[S] Gordon J. Fyfe

Gordon J. Fyfe
Chief Executive Officer
Chief Investment Officer

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Balance, beginning of period | \$ 221,842 | \$ 206,124 |
| Increase in net assets attributable to holders of redeemable units | 15,569 | 26,167 |
| Redeemable unit transactions: | | |
| Proceeds from units issued | 286 | 244 |
| Amounts paid for units redeemed | <u>(9,372)</u> | <u>(10,693)</u> |
| Net decrease from redeemable unit transactions | <u>(9,086)</u> | <u>(10,449)</u> |
| Balance, end of period | <u>\$ 228,325</u> | <u>\$ 221,842</u> |

Statement of Cash Flows
(all amounts in thousands)

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Operating activities: | | |
| Increase in net assets attributable to holders of redeemable units | \$ 15,569 | \$ 26,167 |
| Adjustments for: | | |
| Effect of exchange rate changes on cash | 5 | 9 |
| Interest income | (1) | (12) |
| Net realized gain from investments | (91) | (69) |
| Net change in unrealized appreciation from investments | (15,631) | (26,232) |
| Proceeds from sale of investments | 37,082 | 38,866 |
| Amounts paid for purchase of investments | (27,847) | (28,299) |
| Receivable from issue of units | - | 28,508 |
| Payable for purchase of investments | - | (28,508) |
| bcIMC funds management fees payable | 3 | 5 |
| Other accounts payable | 1 | 10 |
| Interest received | 1 | 12 |
| | <u>9,091</u> | <u>10,457</u> |
| Financing activities: | | |
| Proceeds from issue of redeemable units | 286 | 244 |
| Payments on redemption of redeemable units | <u>(9,372)</u> | <u>(10,693)</u> |
| | <u>(9,086)</u> | <u>(10,449)</u> |
| Net increase in cash | 5 | 8 |
| Effect of exchange rate changes on cash | (5) | (9) |
| Cash, beginning of period | <u>-</u> | <u>1</u> |
| Cash, end of period | <u>\$ -</u> | <u>\$ -</u> |

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

Schedule of Investments

as at December 31

(all amounts in thousands)

| | 2015 | | 2014 | |
|------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Fair Value</u> | <u>Cost</u> | <u>Fair Value</u> | <u>Cost</u> |
| Private Equity Investments¹: | \$ 228,326 | \$ 185,261 | \$ 221,841 | \$ 194,406 |
| Money Market Investments: | | | | |
| Units in bcIMC Pooled | | | | |
| Investment Portfolio | | | | |
| Fund ST2 | 11 | 10 | 10 | 10 |
| Fund ST3 | <u>7</u> | <u>7</u> | <u>6</u> | <u>6</u> |
| | <u>18</u> | <u>17</u> | <u>16</u> | <u>16</u> |
| Total Investments | <u>\$ 228,344</u> | <u>\$ 185,278</u> | <u>\$ 221,857</u> | <u>\$ 194,422</u> |

¹ The private equity investments are held through an externally managed limited partnership.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS

IT INVESTMENT TRUST

**Financial Risk Management Discussion
as at December 31**

The investment objectives, eligible investments and general information on the financial risks related to the Renewable Resources Investment program are described in note 9 of the financial statements. The information contained in this Financial Risk Management Discussion pertains specifically to the IT Investment Trust.

IT Investment Trust (the Fund) directly owns a Canadian limited partnership which holds investments denominated in U.S. dollars. The principal business of the limited partnership is growing and harvesting timber in Coastal British Columbia. The limited partnership is also engaged in real estate development and sales. The Fund's activities expose it to a variety of financial risks.

Credit Risk

Substantially all of the Fund's financial assets and liabilities are held in securities that are not subject to significant credit risk.

Liquidity Risk

The Fund's financial assets include unlisted equity investments, which are generally illiquid. As a result, the Fund may not be able to liquidate some of its investments in these instruments in due time to meet its obligations when they become due. However, the Chief Investment Officer may obtain funding from unitholders of the Fund through additional unit issuances to meet the Fund's ongoing liquidity requirements. The Fund's non-derivative liabilities are due within three months of the year-end of the Fund.

Interest Rate Risk

Substantially all of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing market interest rates.

**Financial Risk Management Discussion (continued)
as at December 31**

Currency Risk

The Fund holds net financial assets denominated in U.S. currency totalling \$228,333,396 Cdn which represents 100.0% of the net asset value of the Fund (2014 - \$221,847,156 Cdn which represented 100.0% of the net asset value of the Fund).

As at December 31, 2015, if the Canadian dollar had strengthened/weakened by 1 percent in relation to all other currencies, holding all other variables constant, net assets would have decreased/ increased, respectively, by \$2,283,330 Cdn (2014 - \$2,218,470 Cdn), representing 1.0% of the Fund's net assets (2014 - 1.0%). In practice, the actual trading results may differ from the above sensitivity analysis and the difference could be material.

Other Price Risk

The fair value of the Fund fluctuates in response to global demand and economic growth, the regulatory environment or changes among other factors. Accordingly, sensitivity analysis that would measure the impact of changes in the general level of market prices has not been provided as bcIMC does not believe this information would be meaningful.

As at December 31, 2015 and 2014, had the fair value of the investments increased or decreased by 10%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased, respectively by approximately \$22,834,000 (2014 - \$22,186,000) or 10.0% (2014 - 10.0%) of net assets attributable to redeemable units.

Actual trading results may differ from the above sensitivity analysis and the difference could be material.

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**Fair Value Measurement Discussion
as at December 31**

Fair Value Hierarchy

As described in note 10 of the financial statements, a three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's financial instruments.

The tables below analyze financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statement of Financial Position. All fair value measurements below are recurring.

| | | 2015 | | | |
|----------------------------------|--|--------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-------------------|
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | | |
| bcIMC Money Market Funds | | \$ 18 | \$ - | \$ - | \$ 18 |
| Direct Private Equity Investment | | - | - | 228,326 | 228,326 |
| Total Investments | | <u>\$ 18</u> | <u>\$ -</u> | <u>\$ 228,326</u> | <u>\$ 228,344</u> |
| | | 2014 | | | |
| | | Level 1 (Quoted Price in Active Market) | Level 2 (Significant Observable Inputs) | Level 3 (Significant Unobservable Inputs) | Total |
| (in 000s) | | | | | |
| bcIMC Money Market Funds | | \$ 16 | \$ - | \$ - | \$ 16 |
| Direct Private Equity Investment | | - | - | 221,841 | 221,841 |
| Total Investments | | <u>\$ 16</u> | <u>\$ -</u> | <u>\$ 221,841</u> | <u>\$ 221,857</u> |

During 2015 and 2014, there were no significant transfers between Level 1 and Level 2.

**Fair Value Measurement Discussion (continued)
as at December 31**

Fair Value Hierarchy (continued)

The carrying amount of the Fund's net assets attributable to redeemable units also approximates fair value as they are measured at redemption amount and are classified as Level 2 in the fair value hierarchy.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

| | | 2015 |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------|
| | | Direct Private Equity Investment |
| (in 000s) | | |
| Balance, beginning of period | | \$ 221,841 |
| Total gains or (losses) recognized in profit or loss | | 15,631 |
| Purchases | | - |
| Sales | | (9,146) |
| Balance, end of period | | <u>\$ 228,326</u> |
| Total unrealized gains or (losses) for the period included in profit or loss relating to financial assets and liabilities held at the reporting date | | <u>\$ 15,631</u> |
| | | 2014 |
| | | Direct Private Equity Investment |
| (in 000s) | | |
| Balance, beginning of period | | \$ 204,916 |
| Total gains or (losses) recognized in profit or loss | | 26,232 |
| Purchases | | - |
| Sales | | (9,307) |
| Balance, end of period | | <u>\$ 221,841</u> |
| Total unrealized gains or (losses) for the period included in profit or loss relating to financial assets and liabilities held at the reporting date | | <u>\$ 26,232</u> |

During 2015 and 2014, there were no significant transfers into or out of Level 3.

See accompanying Notes to the Financial Statements.

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Fair Value Measurement Discussion (continued)
as at December 31

Significant Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used at year-end in measuring the fair value of direct private equity investment categorized as Level 3 in the fair value hierarchy as at December 31:

| 2015 | | | | | |
|-------------------------------------------|-------------------------|--------------------------------|--------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------|
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investment | \$ 228,326 | Adjusted Net Asset Value | Net Asset Value | \$259,154 | The estimated fair value would increase (decrease) if: |
| | | | Fair Value Adjustment | (\$30,828) | - The fair value of the direct private equity investee fund was higher (lower). - The fair value adjustment was lower (higher). |
| 2014 | | | | | |
| | Fair Value (in 000s) | Valuation Technique | Unobservable Input | Amount / Range | Sensitivity to Change in Significant Unobservable Input |
| Direct Private Equity Investment | \$ 221,841 | Adjusted Net Asset Value | Net Asset Value | \$249,850 | The estimated fair value would increase (decrease) if: |
| | | | Fair Value Adjustment | (\$28,009) | - The fair value of the direct private equity investee fund was higher (lower). - The fair value adjustment was lower (higher). |

Fair Value Measurement Discussion (continued)
as at December 31

Significant unobservable inputs are developed as follows:

- (i) Net Asset Value:
Represents the net asset value of the direct private equity investment. bcIMC management values the investment primarily based on the latest available financial information provided by the general partner.

The direct private equity investee funds are subject to redemption restrictions and accordingly the Fund is unable to dispose of the investee until the maturity or wind up and liquidation of the respective investee. In such cases, it is the Funds' policy to categorize the investee as level 3 within the fair value hierarchy.
- (ii) Fair Value Adjustment:
Represents total adjustments applied to the net asset value of the investee funds. bcIMC management determines these adjustments based on judgment, on an investee by investee basis, through review of information received from underlying investees and other sources.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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Fair Value Measurement Discussion (continued)
as at December 31

Effects of Unobservable Input on Fair Value Measurement

For certain direct private equity investments, bcIMC management engages third party independent valuers to estimate the fair market value. The valuers produce comprehensive reports for each applicable investment. The fair value of these investments fluctuates in response to changes in specific assumptions for the key unobservable inputs.

Although the Fund believes that its estimates of fair value in Level 3 are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value and net assets attributable to the holders of redeemable units.

The following table shows how the net assets attributable to holders of redeemable units would change if the valuations of direct private equity investment was calculated by adjusting the value of direct private equity investment by 10%.

| (in 000s) | 2015 | 2014 |
|--------------|-------------|-------------|
| Favourable | \$ 22,800 | \$ 22,200 |
| Unfavourable | \$ (22,800) | \$ (22,200) |

Involvement with Structured Entities
as at December 31

Structured entities are entities that have been designed so that voting or other similar rights are not the dominant factor in determining who controls the entity. The structured entities are comprised of directly held investee money market funds organized as unit trusts. These investee funds have been constituted to manage assets on behalf of third party investors and are financed through the issuance of units to investors or capital contributions made by the investors. Accordingly, the Fund's interest in these entities is reflected through the holding of trust units. The tables below set out the direct and indirect interests held by the Fund in these structured entities:

| Entity | December 31, 2015 | | |
|---------------------------------------------------|--------------------------|----------------------------------------------|------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 5,547,650 | \$ 18 |

| Entity | December 31, 2014 | | |
|---------------------------------------------------|--------------------------|----------------------------------------------|------------------------------------------------------------------------------------------|
| | Number of Investee Funds | Total Net Assets of Investee Funds (in 000s) | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
| Investee money market funds administered by bcIMC | 2 | \$ 4,616,564 | \$ 16 |

The carrying amount of the investments held in these underlying funds represents the Fund's maximum exposure to loss. During 2015 and 2014, the Fund did not provide financial or other support to these structured entities.

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**Involvement with Subsidiaries and Associates
as at December 31**

The Fund also holds the following investment in which it has a position where it could exert significant influence on the operations of the investee. The Fund measures the investment at Fair Value Through Profit or Loss. The tables below set out interest held by the Fund in this unconsolidated associate.

December 31, 2015

| Entity | Nature and Purpose of Entity | Interests Held | Relationship | Principal Place of Business | Country of Incorporation/ Registration | Ownership Interest | Voting Rights | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
|----------------------------------------|--------------------------------------------------------------------------------------|------------------------------|--------------|-----------------------------|-------------------------------------------|--------------------|---------------|---------------------------------------------------------------------------------------------------|
| Island Timberlands Limited Partnership | Investment in, management and disposition of timberlands in British Columbia, Canada | Limited partnership interest | Associate | Canada | Canada | 28.3% | 28.3% | \$ 228,326 |

December 31, 2014

| Entity | Nature and Purpose of Entity | Interests Held | Relationship | Principal Place of Business | Country of Incorporation/ Registration | Ownership Interest | Voting Rights | Carrying Amount Included in Investments in the Statement of Financial Position (in 000s) |
|----------------------------------------|--------------------------------------------------------------------------------------|------------------------------|--------------|-----------------------------|-------------------------------------------|--------------------|---------------|---------------------------------------------------------------------------------------------------|
| Island Timberlands Limited Partnership | Investment in, management and disposition of timberlands in British Columbia, Canada | Limited partnership interest | Associate | Canada | Canada | 28.3% | 28.3% | \$ 221,841 |

During 2015 and 2014, the Fund did not provide financial support to the associate and has no intention of providing financial or other support. Furthermore, the associate listed in the table above is not subject to any restrictions.

See accompanying Notes to the Financial Statements.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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1. The Portfolios

British Columbia Investment Management Corporation ("bcIMC") was established under the *Public Sector Pension Plans Act* as a trust company authorized to carry on trust business and investment management services. The address of the bcIMC's registered office is at 300 - 2950 Jutland Road, Victoria, British Columbia Canada. These financial statements have been prepared by bcIMC and are the responsibility of bcIMC management.

Under the *Public Sector Pension Plans Act* and the *Pooled Investment Portfolios Regulation*, B.C. Reg. 447/99, bcIMC may establish and operate pooled investment portfolios "... in which money from trust funds, special funds or other funds, other public money and the money of government bodies and designated institutions may be combined in common for the purpose of investment by means of investment units of participation in a pooled investment portfolio." In addition, pooled investment portfolios (the Funds) previously established under the *Financial Administration Act* and the *Pooled Investment Portfolios Regulation*, B.C. Reg. 84/86, were continued under the *Pooled Investment Portfolios Regulation*, B.C. Reg. 447/99, to be held in trust by bcIMC and invested by the Chief Investment Officer of bcIMC.

The Funds were established on the following dates:

| Pooled Investment Portfolios | Dates Established |
|------------------------------|--------------------|
| Mezzanine Mortgage Fund | September 28, 1999 |
| Private Placement Fund 1996 | March 20, 1996 |
| Private Placement Fund 1997 | March 12, 1997 |
| Private Placement Fund 1998 | March 12, 1998 |
| Private Placement Fund 1999 | March 17, 1999 |
| Private Placement Fund 1999A | March 17, 1999 |
| 2000 Private Placement Fund | January 1, 2004 |
| 2001 Private Placement Fund | January 1, 2004 |
| 2002 Private Placement Fund | January 1, 2004 |
| 2003 Private Placement Fund | January 1, 2004 |
| 2004 Private Placement Fund | January 1, 2004 |

| Pooled Investment Portfolios | Dates Established |
|-------------------------------|-------------------|
| 2005 Private Placement Fund | January 1, 2005 |
| 2006 Private Placement Fund | January 27, 2006 |
| 2007 Private Placement Fund | January 11, 2007 |
| 2008 Private Placement Fund | January 9, 2008 |
| 2009 Private Placement Fund | January 13, 2009 |
| 2010 Private Placement Fund | January 29, 2010 |
| 2011 Private Placement Fund | February 11, 2011 |
| 2012 Private Placement Fund | March 1, 2012 |
| 2013 Private Placement Fund | March 4, 2013 |
| 2014 Private Placement Fund | February 14, 2014 |
| 2015 Private Placement Fund * | February 5, 2015 |

| Pooled Investment Portfolios | Dates Established |
|-----------------------------------------------------------|-------------------|
| 2015A Private Placement Fund * (see note 13) | June 3, 2015 |
| Strategic Inv 100 Foreign PP Fund | December 23, 2004 |
| Strategic Infrastructure Investment Fund 2 (Foreign) * | December 24, 2015 |
| Renewable Resources Investment Fund | May 19, 2005 |
| IT Investment Trust | December 9, 2013 |

*As this Fund was established in 2015, no comparative figures have been presented in the respective financial statements.

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2. Basis of preparation

(a) Statement of compliance

The financial statements of the Funds have been prepared in compliance with International Financial Reporting Standards (“IFRS”). The financial statements were authorized for issue by the Chief Executive Officer / Chief Investment Officer on August 19, 2016.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis except for investments and derivatives, which are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars which is the Funds’ functional currency.

(d) Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In determining the fair value of some of its investments, bcIMC reviews and assesses external managers’ estimates and assumptions regarding investment industry performance and prospects, as well as general business and economic conditions that prevail or are expected to prevail. By nature, these asset valuations are subjective and do not necessarily result in precise determinations. Financial results as determined by actual events could differ from those estimates and assumptions, and the difference could be material.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next fiscal year is included in note 10. This information relates to the determination of fair value of investments with significant unobservable inputs.

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3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) Recognition and measurement

Financial instruments are required to be classified into one of the following categories: held-for-trading, fair value through profit or loss ("FVTPL"), available-for-sale, loans and receivables, assets held-to-maturity, and other financial liabilities. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as held-for-trading or fair value through profit or loss in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities held for trading or at fair value through profit or loss are recognized initially on the trade date, which is the date on which the Funds become a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. The Funds derecognize a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Funds have a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Funds have not classified any of their financial instruments as available-for-sale or assets held to maturity.

(ii) Held-for-trading and fair value through profit and loss

Financial instruments classified as held-for-trading or FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur. The Funds' derivative financial assets and derivative financial liabilities are classified as held-for-trading. The Funds' investments in securities are designated as FVTPL.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, bcIMC determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including certain complex derivative instruments, is determined using valuation techniques. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation techniques commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of bcIMC, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information for a similar financial asset or liability.

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3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of loans and receivables is at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate. The Funds classify cash, dividends receivable, interest receivable, accounts receivable, receivable from sale of investments, receivable from issue of units, and accrued variation margin income as loans and receivables.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(iv) Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Funds' classify bcIMC funds management fees payable and other payables as other financial liabilities.

(b) Redeemable units

The Funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. In accordance with the *Pooled Investment Portfolios Regulation*, B.C. Reg. 447/99 (section 10), each Fund is required to distribute, to unitholders of the respective Fund's redeemable units, the taxable income and taxable capital gains of the Fund at least annually. Accordingly, such units are classified as financial liabilities at FVTPL and measured at redemption amount. Distributions to holders of redeemable units are recognized in comprehensive income when they are authorized and no longer at the discretion of bcIMC.

(c) Issue and redemption of units

Participation in each Fund is expressed in units. The initial value of a unit of a Fund on inception is \$1 million. For each subsequent unit issuance and redemption, the unit value is determined by dividing the fair value of the net assets of the portfolio by the total number of units outstanding. Where one Fund invests in another Fund, the unit issuances and redemptions are transacted on the same basis as client transactions. All unit transactions are recorded on a trade date basis.

(d) Foreign exchange

The financial statements of the Funds are denominated in Canadian dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the Statement of Comprehensive Income.

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3. Significant accounting policies (continued)

(e) Revenue recognition

Interest income is recognized on an accrual basis using the effective interest method. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined using the average cost basis of the respective investments. Commissions, stock exchange fees and other identifiable transaction costs that are directly attributable to the acquisition or disposal of an investment are expensed as incurred. Pursuit costs are charged to net income of the respective Funds in the period incurred.

(f) Income taxes

The Funds qualify as an inter-vivos trusts under section 108(1) of the *Income Tax Act (Canada)*. All of a Fund's net income for tax purposes and net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Funds do not record income taxes. Income taxes associated with any of the Funds' underlying investments are accounted for in determining the fair value of the respective investments.

(g) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2015, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of the Funds, with the possible exception of IFRS 9, *Financial Instruments*.

IFRS 9 deals with recognition, de-recognition, classification and measurement of financial instruments and represents a significant change from the existing requirements in IAS 39, *Financial Instruments: Recognition and Measurement*, in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

In 2014, the IASB tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018, however early adoption is permitted. Management is currently in the process of evaluating the potential effect of this standard. bcIMC has not yet completed its determination of the potential impact of IFRS 9 on the financial statements of the Funds.

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NOTES TO THE FINANCIAL STATEMENTS
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4. Related party transactions

Third party costs that are attributable to a specific Fund are charged to that Fund. Other costs initially borne by bcIMC are recovered from the various Funds on a cost recovery basis. bcIMC cost recoveries and corresponding payable are disclosed in each Fund's statement of comprehensive income and statement of financial position as management fees expense and payable, respectively.

5. Redeemable units

The Funds are authorized to issue an unlimited number of units. Units issued and outstanding represent the capital of each Fund. The Funds are not subject to any internally or externally imposed restrictions on their capital. bcIMC manages the capital of each Fund in accordance with the respective Fund's investment objectives, including managing the redeemable units to ensure a stable base to maximize returns to all investors, and managing liquidity in order to meet redemptions. The following is a summary of the changes in redeemable units outstanding during the year ended:

| | MEZZANINE MORTGAGE FUND | | PRIVATE PLACEMENT FUND 1996 | | PRIVATE PLACEMENT FUND 1997 | |
|-----------------------------------------|------------------------------------|---------------|----------------------------------------|--------------|----------------------------------------|--------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of period | 53.072 | 50.872 | 0.091 | 0.096 | 6.024 | 8.047 |
| Issued for cash | 7.528 | 16.515 | 0.002 | 0.002 | 0.033 | 0.040 |
| Issued on reinvestment of distributions | 3.259 | 3.260 | 0.044 | 0.009 | 1.133 | 0.851 |
| Consolidation of units | (3.259) | (3.260) | (0.044) | (0.009) | (1.133) | (0.851) |
| Redeemed | (10.147) | (14.315) | (0.065) | (0.007) | (2.619) | (2.063) |
| Outstanding, end of period | <u>50.453</u> | <u>53.072</u> | <u>0.028</u> | <u>0.091</u> | <u>3.438</u> | <u>6.024</u> |

| | PRIVATE PLACEMENT FUND 1998 | | PRIVATE PLACEMENT FUND 1999 | | PRIVATE PLACEMENT FUND 1999A | |
|-----------------------------------------|----------------------------------------|--------------|----------------------------------------|---------------|-----------------------------------------|--------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of period | 1.991 | 5.910 | 28.229 | 52.410 | 5.000 | 5.274 |
| Issued for cash | 0.006 | 0.029 | 0.065 | 0.072 | 0.021 | 0.049 |
| Issued on reinvestment of distributions | 0.406 | 2.727 | 3.894 | 5.619 | - | - |
| Consolidation of units | (0.406) | (2.727) | (3.894) | (5.619) | - | - |
| Redeemed | (1.668) | (3.948) | (10.257) | (24.253) | (3.445) | (0.323) |
| Outstanding, end of period | <u>0.329</u> | <u>1.991</u> | <u>18.037</u> | <u>28.229</u> | <u>1.576</u> | <u>5.000</u> |

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5. Redeemable units (continued)

| | 2000 PRIVATE PLACEMENT FUND | | 2001 PRIVATE PLACEMENT FUND | | 2002 PRIVATE PLACEMENT FUND | |
|-----------------------------------------|----------------------------------------|----------------|----------------------------------------|----------------|----------------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of period | 7.000 | 10.489 | 4.621 | 7.744 | 23.539 | 29.791 |
| Issued for cash | 0.017 | 0.032 | 0.012 | 0.015 | 0.023 | 0.030 |
| Issued on reinvestment of distributions | 1.357 | 2.062 | 1.117 | 2.077 | 3.391 | 2.511 |
| Consolidation of units | (1.357) | (2.062) | (1.117) | (2.077) | (3.391) | (2.511) |
| Redeemed | <u>(1.742)</u> | <u>(3.521)</u> | <u>(1.633)</u> | <u>(3.138)</u> | <u>(7.059)</u> | <u>(6.282)</u> |
| Outstanding, end of period | <u>5.275</u> | <u>7.000</u> | <u>3.000</u> | <u>4.621</u> | <u>16.503</u> | <u>23.539</u> |

| | 2003 PRIVATE PLACEMENT FUND | | 2004 PRIVATE PLACEMENT FUND | | 2005 PRIVATE PLACEMENT FUND | |
|-----------------------------------------|----------------------------------------|----------------|----------------------------------------|-----------------|----------------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of period | 42.905 | 51.089 | 42.845 | 59.789 | 325.899 | 554.215 |
| Issued for cash | 0.065 | 1.328 | 0.624 | 0.843 | 1.321 | 1.439 |
| Issued on reinvestment of distributions | 1.149 | 3.810 | 2.394 | 9.752 | 63.769 | 105.766 |
| Consolidation of units | (1.149) | (3.810) | (2.394) | (9.752) | (63.769) | (105.766) |
| Redeemed | <u>(2.019)</u> | <u>(9.512)</u> | <u>(7.072)</u> | <u>(17.787)</u> | <u>(110.600)</u> | <u>(229.755)</u> |
| Outstanding, end of period | <u>40.951</u> | <u>42.905</u> | <u>36.397</u> | <u>42.845</u> | <u>216.620</u> | <u>325.899</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
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5. Redeemable units (continued)

| | 2006 PRIVATE PLACEMENT FUND | | 2007 PRIVATE PLACEMENT FUND | | 2008 PRIVATE PLACEMENT FUND | |
|-----------------------------------------|----------------------------------------|------------------|----------------------------------------|------------------|----------------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of period | 315.245 | 466.709 | 505.544 | 774.761 | 415.751 | 503.535 |
| Issued for cash | 2.424 | 1.756 | 8.806 | 3.859 | 4.016 | 18.499 |
| Issued on reinvestment of distributions | 45.328 | 44.078 | 62.969 | 105.372 | 45.510 | 37.750 |
| Consolidation of units | (45.328) | (44.078) | (62.969) | (105.372) | (45.510) | (37.750) |
| Redeemed | <u>(120.765)</u> | <u>(153.220)</u> | <u>(131.237)</u> | <u>(273.076)</u> | <u>(118.150)</u> | <u>(106.283)</u> |
| Outstanding, end of period | <u>196.904</u> | <u>315.245</u> | <u>383.113</u> | <u>505.544</u> | <u>301.617</u> | <u>415.751</u> |
| | 2009 PRIVATE PLACEMENT FUND | | 2010 PRIVATE PLACEMENT FUND | | 2011 PRIVATE PLACEMENT FUND | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of period | 989.373 | 872.879 | 450.828 | 335.517 | 509.865 | 308.512 |
| Issued for cash | 108.328 | 165.598 | 127.866 | 140.056 | 123.189 | 229.834 |
| Issued on reinvestment of distributions | 37.741 | 9.536 | 11.041 | 2.332 | 6.737 | - |
| Consolidation of units | (37.741) | (9.536) | (11.041) | (2.332) | (6.737) | - |
| Redeemed | <u>(108.045)</u> | <u>(49.104)</u> | <u>(57.335)</u> | <u>(24.745)</u> | <u>(53.862)</u> | <u>(28.481)</u> |
| Outstanding, end of period | <u>989.656</u> | <u>989.373</u> | <u>521.359</u> | <u>450.828</u> | <u>579.192</u> | <u>509.865</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
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5. Redeemable units (continued)

| | 2012 PRIVATE PLACEMENT FUND | | 2013 PRIVATE PLACEMENT FUND | | 2014 PRIVATE PLACEMENT FUND | |
|-----------------------------------------|----------------------------------------|------------------|----------------------------------------|----------------|----------------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Outstanding, beginning of period | 2,511.701 | 1,360.524 | 256.780 | 150.298 | 4.786 | (note 1) - |
| Issued for cash | 771.520 | 1,237.377 | 102.321 | 149.219 | 2.955 | 4.957 |
| Issued on reinvestment of distributions | 52.883 | 6.919 | 4.127 | 1.753 | - | - |
| Consolidation of units | (52.883) | (6.919) | (4.127) | (1.753) | - | - |
| Redeemed | (297.456) | (86.200) | (32.310) | (42.737) | (0.072) | (0.171) |
| Outstanding, end of period | <u>2,985.765</u> | <u>2,511.701</u> | <u>326.791</u> | <u>256.780</u> | <u>7.669</u> | <u>4.786</u> |

| | 2015 PRIVATE PLACEMENT FUND | 2015A PRIVATE PLACEMENT FUND | STRATEGIC INV 100 FOREIGN PP FUND | |
|-----------------------------------------|----------------------------------------|-----------------------------------------|----------------------------------------------|------------------|
| | 2015 | 2015 | 2015 | 2014 |
| Outstanding, beginning of period | (note 1) - | (note 1) - | 2,010.916 | 1,765.104 |
| Issued for cash | 517.603 | 142.831 | 151.806 | 245.812 |
| Issued on reinvestment of distributions | - | 10.505 | - | 51.787 |
| Consolidation of units | - | (10.505) | - | (51.787) |
| Redeemed | (5.188) | (5.319) | - | - |
| Outstanding, end of period | <u>512.415</u> | <u>137.512</u> | <u>2,162.722</u> | <u>2,010.916</u> |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

5. Redeemable units (continued)

| | STRATEGIC INFRASTRUCTURE INVESTMENT FUND 2 (FOREIGN) | RENEWABLE RESOURCES INVESTMENT FUND | IT INVESTMENT TRUST |
|-----------------------------------------|---------------------------------------------------------------------|------------------------------------------------|--------------------------------|
| | 2015 | 2015 | 2014 |
| | (note 1) | | (note 1) |
| Outstanding, beginning of period | - | 20.232 | 26.966 |
| | | | 196.240 |
| Issued for cash | 0.010 | 1.131 | 0.701 |
| | | | 0.195 |
| Issued on reinvestment of distributions | - | - | 7.591 |
| | | | - |
| Consolidation of units | - | - | (7.591) |
| | | | - |
| Redeemed | - | (9.615) | (7.435) |
| | | | (6.303) |
| Outstanding, end of period | 0.010 | 11.748 | 20.232 |
| | | | 190.132 |
| | | | 196.240 |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

6. Contingent Liability

As a crown agent and pursuant to its enabling legislation, bcIMC is immune from taxation, including in respect of assets it holds in pooled investment portfolios. The Government of Canada contests bcIMC's immunity from the imposition of goods and services tax under the Excise Tax Act, in respect of costs recovered by bcIMC from assets it holds in its pooled investment portfolios. In 2009, bcIMC was advised that Canada was in discussions with the Province of British Columbia regarding the application of goods and services tax and/or harmonized sales tax ("HST/GST") to costs recovered by bcIMC from assets held by bcIMC in pooled investment portfolios. In December 2013, bcIMC filed a petition in the Supreme Court of British Columbia seeking a declaration confirming its crown immunity in respect of HST/ GST relating to costs recovered from assets held in pooled investment portfolios. In November 2015 the Minister of National Revenue issued HST/GST re-assessments for the period July 1, 2010 to March 31, 2013. bcIMC has filed a Notice of Objection to this re-assessment. The Supreme Court hearing of the petition concluded in June of this year. However, the court has not yet issued its ruling. Management is of the opinion that the Court will not deny bcIMC the ability to rely on its statutory crown immunity and has therefore not accrued any liability for tax. However, if the Court determines that HST/GST applies to bcIMC in respect of costs recovered by it from assets held in pooled investment portfolios, management estimates the maximum cumulative HST/GST owing at:

| Maximum Cumulative GST Owing * | Name of Fund |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Less than 5 basis points | 2006 Private Placement Fund, 2007 Private Placement Fund, 2008 Private Placement Fund, 2009 Private Placement Fund, 2010 Private Placement Fund, 2011 Private Placement Fund, 2013 Private Placement Fund, 2015A Private Placement Fund, IT Investment Trust |
| Between 5 and 10 basis point | Mezzanine Mortgage Fund, 2003 Private Placement Fund, 2005 Private Placement Fund, 2012 Private Placement Fund, 2014 Private Placement Fund, 2015 Private Placement Fund, Strategic Inv 100 Foreign PP Fund |
| Between 10 and 50 basis points | Private Placement Fund 1999, 2000 Private Placement Fund, 2001 Private Placement Fund, 2002 Private Placement Fund, 2004 Private Placement Fund |
| Between 50 and 120 basis points | Private Placement Fund 1997, Private Placement Fund 1998, Private Placement Fund 1999A, Renewable Resources Investment Fund |
| Between 700 and 750 basis points** | Private Placement Fund 1996, Strategic Infrastructure Investment Fund 2 (Foreign) |

*As of Dec 31, 2015, total maximum cumulative GST owing for all of the Funds included in this set of financial statements was estimated at 6 basis points.

** Private Placement Fund 1996 is in the liquidation stage, resulting in nominal net asset values at December 31, 2015. The potential estimated GST liability for this Fund is approximately \$36,000. Similarly, Strategic Infrastructure Investment Fund 2 (Foreign) was established on December 24, 2015, resulting in nominal net asset values at December 31, 2015. The potential estimated GST liability for this Fund is less than \$1,000.

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
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7. Unfunded committed capital

Unfunded capital commitments represent total commitments minus net contributions outstanding as of the reporting date. Net Contributions equals contributions less any recallable capital distributions. Recallable capital are distributions or previously contributed capital that has been returned, that may be recalled at some future date. Thus, due to changes in recallable capital, unfunded commitments may change at different reporting dates.

Furthermore, commitments to unlisted private equity investee funds and direct private equity investments are typically made in US dollars or Euro, but reported in Canadian dollars. Unfunded commitments are translated at the spot rate and net contributions are translated at historical exchange rates. Therefore, due to foreign exchange movements, unfunded commitments will vary on the reporting date.

The amounts in the table represent the contractual undiscounted cash commitments that can be called on demand.

| Pooled Investment Portfolios (in \$000s) | Unfunded committed capital | |
|---------------------------------------------|----------------------------|-------------------------|
| | As of December 31, 2015 | As of December 31, 2014 |
| Private Placement Fund 1996 | 1,000 | 917 |
| Private Placement Fund 1997 | 16,607 | 14,108 |
| Private Placement Fund 1998 | 993 | 2,120 |
| Private Placement Fund 1999 | 5,536 | 6,564 |
| Private Placement Fund 1999A | 1,059 | 883 |
| 2000 Private Placement Fund | 8,193 | 7,056 |
| 2001 Private Placement Fund | 2,272 | 2,756 |
| 2002 Private Placement Fund | 4,546 | 4,509 |
| 2003 Private Placement Fund | 7,871 | 14,049 |
| 2004 Private Placement Fund | 9,328 | 22,798 |
| 2005 Private Placement Fund | 58,944 | 61,103 |
| 2006 Private Placement Fund | 67,005 | 72,964 |
| 2007 Private Placement Fund | 91,860 | 90,101 |
| 2008 Private Placement Fund | 131,770 | 129,925 |
| 2009 Private Placement Fund | 99,699 | 139,757 |
| 2010 Private Placement Fund | 117,738 | 182,754 |
| 2011 Private Placement Fund | 252,156 | 354,048 |
| 2012 Private Placement Fund | 381,230 | 445,640 |
| 2013 Private Placement Fund | 625,052 | 689,994 |
| 2014 Private Placement Fund | 1,037,701 | 538,073 |
| 2015 Private Placement Fund | 1,208,468 | - |
| 2015A Private Placement Fund | 222,894 | - |
| Strategic Inv 100 Foreign PP Fund | 1,467,437 | 1,443,200 |
| Renewable Resources Investment Fund | 8 | 8 |

BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
ILLIQUID POOLED INVESTMENT PORTFOLIOS
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8. Net gain (loss) from financial instruments at fair value through profit or loss

| Pooled Investment Portfolios (in \$000s) | 2015 | | | | | |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------|----------|
| | Net Gain (Loss) from Financial instruments Held for Trading – Derivative Financial Instruments | Net Gain (Loss) from Financial Assets Designated as at Fair Value Through Profit or Loss – Investments | Total Net Gain (Loss) from Financial Assets Designated as at Fair Value Through Profit or Loss | Net Gain (Loss) from Financial Assets Designated as at Fair Value Through Profit or Loss | | |
| | | | | Realized | Unrealized | Total |
| Mezzanine Mortgage Fund | - | 12,253 | 12,253 | 13,747 | (1,494) | 12,253 |
| Private Placement Fund 1996 | - | 56 | 56 | 817 | (761) | 56 |
| Private Placement Fund 1997 | - | 4,051 | 4,051 | 5,121 | (1,070) | 4,051 |
| Private Placement Fund 1998 | - | 1,656 | 1,656 | 7,318 | (5,662) | 1,656 |
| Private Placement Fund 1999 | - | 5,287 | 5,287 | 7,641 | (2,354) | 5,287 |
| Private Placement Fund 1999A | - | 419 | 419 | (852) | 1,271 | 419 |
| 2000 Private Placement Fund | - | 1,651 | 1,651 | 5,605 | (3,954) | 1,651 |
| 2001 Private Placement Fund | - | 3,098 | 3,098 | 5,107 | (2,009) | 3,098 |
| 2002 Private Placement Fund | - | 8,231 | 8,231 | 10,521 | (2,290) | 8,231 |
| 2003 Private Placement Fund | - | 10,803 | 10,803 | 2,590 | 8,213 | 10,803 |
| 2004 Private Placement Fund | - | 2,460 | 2,460 | 2,445 | 15 | 2,460 |
| 2005 Private Placement Fund | - | 57,624 | 57,624 | 76,992 | (19,368) | 57,624 |
| 2006 Private Placement Fund | - | 146,170 | 146,170 | 114,613 | 31,557 | 146,170 |
| 2007 Private Placement Fund | - | 66,444 | 66,444 | 102,729 | (36,285) | 66,444 |
| 2008 Private Placement Fund | - | 284,596 | 284,596 | 135,979 | 148,617 | 284,596 |
| 2009 Private Placement Fund | - | 138,270 | 138,270 | 25,368 | 112,902 | 138,270 |
| 2010 Private Placement Fund | - | 86,496 | 86,496 | 8,909 | 77,587 | 86,496 |
| 2011 Private Placement Fund | - | 139,590 | 139,590 | 7,492 | 132,098 | 139,590 |
| 2012 Private Placement Fund | - | 105,745 | 105,745 | 11,280 | 94,465 | 105,745 |
| 2013 Private Placement Fund | - | 202,209 | 202,209 | 9,743 | 192,466 | 202,209 |
| 2014 Private Placement Fund | - | 21,665 | 21,665 | 218 | 21,447 | 21,665 |
| 2015 Private Placement Fund | - | 61,966 | 61,966 | 214 | 61,752 | 61,966 |
| 2015A Private Placement Fund | - | 9,787 | 9,787 | (51) | 9,838 | 9,787 |
| Strategic Inv 100 Foreign PP Fund | - | 380,997 | 380,997 | (3,443) | 384,440 | 380,997 |
| Renewable Resources Investment Fund | - | (13,040) | (13,040) | 643 | (13,683) | (13,040) |
| IT Investment Trust | - | 15,722 | 15,722 | 91 | 15,631 | 15,722 |

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8. Net gain (loss) from financial instruments at fair value through profit or loss (continued)

| Pooled Investment Portfolios (in \$000s) | 2014 | | | | | |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------|---------|
| | Net Gain (Loss) from Financial instruments Held for Trading – Derivative Financial Instruments | Net Gain (Loss) from Financial Assets Designated as at Fair Value Through Profit or Loss – Investments | Total Net Gain (Loss) from Financial Assets Designated as at Fair Value Through Profit or Loss | Net Gain (Loss) from Financial Assets Designated as at Fair Value Through Profit or Loss | | |
| | | | | Realized | Unrealized | Total |
| Mezzanine Mortgage Fund | - | 30,421 | 30,421 | 13,361 | 17,060 | 30,421 |
| Private Placement Fund 1996 | - | (1,529) | (1,529) | 207 | (1,736) | (1,529) |
| Private Placement Fund 1997 | - | 3,166 | 3,166 | 2,800 | 366 | 3,166 |
| Private Placement Fund 1998 | - | 13,914 | 13,914 | 11,962 | 1,952 | 13,914 |
| Private Placement Fund 1999 | - | 10,272 | 10,272 | 8,945 | 1,327 | 10,272 |
| Private Placement Fund 1999A | - | 1,909 | 1,909 | (128) | 2,037 | 1,909 |
| 2000 Private Placement Fund | - | 2,371 | 2,371 | 7,761 | (5,390) | 2,371 |
| 2001 Private Placement Fund | - | 1,201 | 1,201 | 8,073 | (6,872) | 1,201 |
| 2002 Private Placement Fund | - | 8,603 | 8,603 | 6,235 | 2,368 | 8,603 |
| 2003 Private Placement Fund | - | 17,754 | 17,754 | 5,924 | 11,830 | 17,754 |
| 2004 Private Placement Fund | - | (4,472) | (4,472) | 2,396 | (6,868) | (4,472) |
| 2005 Private Placement Fund | - | 58,042 | 58,042 | 102,379 | (44,337) | 58,042 |
| 2006 Private Placement Fund | - | 115,285 | 115,285 | 78,248 | 37,037 | 115,285 |
| 2007 Private Placement Fund | - | 79,319 | 79,319 | 155,600 | (76,281) | 79,319 |
| 2008 Private Placement Fund | - | 154,456 | 154,456 | 76,620 | 77,836 | 154,456 |
| 2009 Private Placement Fund | (2) | 104,474 | 104,472 | 5,435 | 99,037 | 104,472 |
| 2010 Private Placement Fund | - | 43,240 | 43,240 | 2,021 | 41,219 | 43,240 |
| 2011 Private Placement Fund | - | 44,544 | 44,544 | 1,030 | 43,514 | 44,544 |
| 2012 Private Placement Fund | - | 52,077 | 52,077 | 1,316 | 50,761 | 52,077 |
| 2013 Private Placement Fund | - | 77,922 | 77,922 | 5,865 | 72,057 | 77,922 |
| 2014 Private Placement Fund | - | 13,215 | 13,215 | (300) | 13,515 | 13,215 |
| Strategic Inv 100 Foreign PP Fund | - | 14,437 | 14,437 | (81,080) | 95,517 | 14,437 |
| Renewable Resources Investment Fund | - | (1,098) | (1,098) | 414 | (1,512) | (1,098) |
| IT Investment Trust | - | 26,301 | 26,301 | 69 | 26,232 | 26,301 |

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ILLIQUID POOLED INVESTMENT PORTFOLIOS
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9. Financial risk management

(a) Risk management framework

Each Fund has its own investment objectives. The Funds' overall risk management program seeks to minimize the potentially adverse effect of risk on the Funds' financial performance in a manner consistent with the Funds' investment objectives. The mandates and investment policies are described below.

Mezzanine Mortgage Fund

The Mezzanine Mortgage Fund invests in highly levered real estate loans that provide investors with higher returns to compensate for the increased risks. These mortgages may provide fixed term or construction financing for multi-family residences (e.g. apartments, condominiums, and seniors' developments), office, retail and industrial buildings. The Fund does not provide mortgages for a single-family house. The Fund maintains a prudent level of diversification. The additional risks associated with construction projects are mitigated by requiring the involvement of only experienced developers, obtaining construction engineer evaluations, requiring significant pre-sales/pre-leasing levels and sufficient profit margin levels, as well as obtaining additional security provisions from borrowers. The performance benchmark for the Mezzanine Mortgage Fund is the FTSE TMX Canada 365 Day T-Bill Index plus 250 basis points.

The Fund invests in the following securities:

- Canadian first mortgages,
- Canadian second and third mortgages, and/or equity participation investments with CIO approval,
- Canadian first, second, and third mortgages, and/or equity participation investments, on properties classified as hotel, motel or recreational, with CIO approval,
- Units/shares in Canadian mortgage trusts, mortgage funds, limited partnerships, co-investment agreements, and parallel investments agreements where the underlying assets comply with these investment policies, with CIO approval, and
- bcIMC Canadian Money Market Funds (ST1) and (ST2)

The following restrictions apply to the holding of securities in the Fund:

- Mortgages must be eligible investments under the *Pensions Benefits Standards Act*, R.S.B.C. 1996, c. 352.
- The Fund does not provide mortgages on raw land unless it is tied to a credible development plan, or provide mortgages without a site inspection, current market appraisal and a current environmental audit.
- The Fund may not invest in derivatives.

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9. Financial risk management (continued)

(a) Risk management framework (continued)

Private Placement Vintage Funds

The Private Placement Vintage Funds invest in privately negotiated transactions involving private, and on occasion, public companies. Investments consist primarily of debt, equity or hybrid securities of investee companies. bcIMC typically invests in private placements through limited partnerships managed by external fund managers. On occasion, bcIMC invests directly in companies alongside investments made by its external managers (known as co-investments) or independently. The partnerships invest in domestic and international companies at various stages of development, and are related to early-stage or late-stage venture capital, buy-out, or senior or subordinated debt financing. The investment objectives of the Private Placement Vintage Funds are to provide a higher rate of return than the Morgan Stanley Capital International (MSCI) All Country World Net Index plus 200 basis points on equity investments, and a nominal rate of return on fixed income investments of at least 8 percent. The Private Placement Program has the following long-term diversification targets based on geographic region and investment purpose (venture capital, growth expansion, buyouts and other).

| Geographic Targets | Range |
|--------------------|------------|
| Canada | 10% to 40% |
| United States | 20% to 50% |
| Europe | 15% to 45% |
| Asia | 5% to 30% |
| Emerging Markets | 0% to 20% |

| Investment Purpose Targets | Range |
|----------------------------------|------------|
| Venture Capital/Growth Expansion | 10% to 25% |
| Buyouts | 55% to 80% |
| Other | 0% to 20% |

The geographic ranges relate to the investment focus rather than the locations of the fund managers. The composition of the investments within individual Private Placement Vintage Funds may deviate significantly from these targets, so unitholders may need to invest in successive vintage years to achieve the above long-term diversification targets.

The Private Placement Vintage Funds may hold the following securities:

- privately negotiated investment securities, including, but not limited to, trust units, partnership interests, shares, debt instruments, convertible securities, rights, warrants, and units in externally managed pooled investment portfolios,
- publicly traded common stock or fixed income securities,
- derivatives, with CIO approval, such as, but not limited to, spot contracts, forwards, futures, swaps and options, to manage interest rate risk and currency exposure, and
- units of bcIMC's Pooled Investment Portfolio Funds ST1, ST2 and ST3 (money market funds) and/or Currency Hedging Funds.

The following restrictions apply to the Private Placement Vintage Funds' investing activities:

- Direct investments may not exceed 20 percent of the total funds within the Private Placement Program.
- Direct investments in one particular company may not exceed 30 percent of the Private Placement Program's allocation to direct investments (calculated based on commitment values).
- No fund or direct investment will be made without extensive due diligence reviews being completed by bcIMC.
- The Fund may not sell short, borrow securities, or purchase securities via a margin account.
- The investments must comply with the *Pensions Benefits Standards Act*, R.S.B.C. 1996, c. 352.

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9. Financial risk management (continued)

(a) Risk management framework (continued)

Infrastructure Funds

The Strategic Inv 100 Foreign PP Fund and Strategic Infrastructure Investment Fund 2 (Foreign) are part of the Infrastructure Program (formerly the Strategic Investment and Infrastructure Program). The Infrastructure Funds seek to invest in tangible long-life assets with potential for strong cash flows and favourable risk-return characteristics that provide an attractive match with participants' liabilities. Investments in the Funds are global in scope and typically include physical assets that provide essential services such as utilities, energy, and transportation. The Funds invest directly in the equity of privately held companies and selectively through private limited partnerships managed by external fund managers. Occasionally, the Funds invest in publicly traded securities, or private or public debt instruments for the purpose of gaining a meaningful position in a company. These positions may be taken to effect privatization or to maintain exposure to companies that own certain infrastructure assets but may not be investable in private markets at attractive valuations. The investment objective of the Funds are to provide a nominal annual rate of return of at least 7 percent.

The Funds may hold the following securities:

- privately negotiated investment securities, including, but not limited to, trust units, partnership interests, common and/or preferred shares, debt instruments, convertible securities, rights, warrants, and units in externally managed pooled investment portfolios,
- publicly traded common stock or common stock equivalents including preferred shares, instalment receipts, convertible securities, as well as rights and warrants received via corporate actions,
- derivatives, with CIO approval, such as, but not limited to, spot contracts, forwards, futures, swaps and options, to manage interest rate risk, currency exposure, and other investment risks,
- money market securities rated A-1(Low) or better and units of bcIMC's Pooled Investment Portfolio Funds ST1, ST2 and ST3 (money market funds),
- publicly traded fixed income securities, and
- privately negotiated fixed income securities.

The following restrictions apply to the Funds' investing activities:

- No fund investment or direct investment will be made without extensive due diligence reviews being completed by bcIMC.
- The Funds may not sell short, borrow securities, or purchase securities via a margin account.
- The investments must comply with the *Pensions Benefits Standards Act*, R.S.B.C. 1996, c. 352.

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9. Financial risk management (continued)

(a) Risk management framework (continued)

Renewable Resources Investment Funds

The Renewable Resources Investment Fund (formerly the Strategic Investment Real Estate Fund) and IT Investment Trust are part of the Renewable Resources Investment Funds Program. The Funds seek to invest in tangible long-life renewable resource assets with potential for strong cash flows and favourable risk-return characteristics that provide an attractive match with participants' liabilities. Investments in the Funds are global in scope and typically include physical assets that are used in the production of food for human consumption and wood-based products. Renewable resource assets targeted by the Funds will primarily include timberland plantations and farmlands, but may also target renewable resources used for energy production. The Funds invest directly in the equity of privately held companies and assets and selectively through private limited partnerships managed by external fund managers. Occasionally, the Funds invest in publicly traded securities, or private or public debt instruments for the purpose of gaining a meaningful position in a company. These positions may be taken to effect privatization or to maintain exposure to companies that own certain infrastructure assets but may not be investable in private markets at attractive valuations. The investment objective of the Funds is to provide a nominal annual rate of return of at least 7 percent.

The Funds may hold the following securities:

- privately negotiated investment securities, including, but not limited to, trust units, partnership interests, common and/or preferred shares, debt instruments, convertible securities, rights, warrants, and units in externally managed pooled investment portfolios,
- publicly traded common stock or common stock equivalents including preferred shares, instalment receipts, convertible securities, as well as rights and warrants received via corporate actions,
- derivatives, with CIO approval, such as, but not limited to, spot contracts, forwards, futures, swaps and options, to manage interest rate risk, currency exposure, and other investment risks,
- money market securities rated A-1(Low) or better and units of bcIMC's Pooled Investment Portfolio Funds ST1, ST2 and ST3 (money market funds),
- publicly traded and privately negotiated fixed income securities and,
- real estate investments including, but not limited to, trust units, partnership interests, shares, and debt. Leverage is permitted on real estate to a maximum of 25 percent, however, another 5 percent is allowed for the assumption or renewal of existing debt.

The following restrictions apply to the Funds' investing activities:

- No fund or direct investment will be made without extensive due diligence reviews being completed by bcIMC.
- The Funds may not sell short, borrow securities, or purchase securities via a margin account.
- The investments must comply with the *Pensions Benefits Standards Act*, R.S.B.C. 1996, c. 352.

Financial Risks

In the normal course of business, each Fund is exposed to financial risks including credit risk, liquidity risk, and market risk (including interest rate, currency and other price risks). The level of risk varies depending on the investment objective of the Fund and type of investments it holds.

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9. Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from debt securities held, and also from derivative financial assets, cash and cash equivalents, and other receivables due to the Fund. The carrying value of these financial instruments as recorded in the statements of financial position reflects the Fund's maximum exposure to credit risk.

To avoid undue credit risk, the Funds have established specific investment criteria, such as minimum credit ratings for investees and counterparties. Counterparty risk represents the credit risk from current and potential future exposure related to transactions involving derivative contracts and securities lending. In order to minimize counterparty risk, counterparties are required to provide adequate collateral and meet minimum credit rating requirements. bcIMC management frequently monitors the credit rating of its counterparties as determined by recognized credit rating agencies.

The Funds' activities may also give rise to settlement risk. Settlement risk is the risk of loss due to failure of an entity to honour its obligations to deliver cash, securities, or other assets prior to the settlement of the transaction as contractually agreed. All investment transactions are settled or paid upon delivery with approved brokers. The risk of default is mitigated since the delivery of securities sold is made simultaneously with the broker receiving payment. Payment is made on a purchase once the securities have been received by the broker. The trade fails if either party fails to meet its obligations.

See additional discussion of credit risk in the Financial Risk Management Discussion following each Fund's financial statements.

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. bcIMC's approach to managing liquidity risk is to ensure, as far as possible, that each Fund has sufficient liquidity to meet its liabilities when due. Each Fund is exposed to the liquidity risk associated with the requirement to redeem units. Units of a Fund may only be acquired by eligible clients or client groups in accordance with the respective Fund's purchasing limits that may be established by the Chief Investment Officer (CIO). In order to protect the interest of all clients, the CIO may also establish redemption limits for each Fund. The purchase and redemption limits may vary depending on market circumstances, client demand, and the liquidity of the underlying investments.

The Funds' cash position is monitored on a daily basis. In general, investments in cash and bcIMC Money Market Funds are expected to be highly liquid. bcIMC management utilizes appropriate measures and controls to monitor liquidity risk in order to ensure that there is sufficient liquidity to meet financial obligations as they come due. The Funds' liquidity position is monitored daily by taking into consideration future forecasted cash flows. This ensures that sufficient cash reserves are available to meet forecasted cash outflows.

See additional discussion of liquidity risk in the Financial Risk Management Discussion following each Fund's financial statements.

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9. Financial risk management (continued)

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Funds' income or the fair value of its holdings of financial instruments. Each Fund's strategy for the management of market risk is driven by the Fund's investment objective. Investment objectives for the Funds are outlined in the notes specific to each Fund.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market interest rates.

The money market investments, bonds, derivatives and mortgages are subject to interest rate risk. The Funds that hold these investments have established duration bands based on their relevant benchmarks to avoid undue active interest rate risk.

See additional discussion of interest rate risk in the Financial Risk Management Discussion following each Fund's financial statements.

(ii) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the Funds will fluctuate due to changes in foreign exchange rates.

Some Funds are exposed to currency risk through holding of investments, investment receivables and investment liabilities in various currencies. The Funds may use foreign currency contracts to hedge some foreign currency exposure on investment-related receivables and liabilities and engage in the buying and selling of currencies through the spot market, forward contracts, futures contracts, and/or options in order to achieve the desired currency exposure.

See additional discussion of currency risk in the Financial Risk Management Discussion following each Fund's financial statements.

(iii) Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

All financial instruments are subject to other price risk and a potential loss of capital. The maximum risk is determined by the market value of the financial instruments. The Funds may not sell short, borrow securities, or purchase securities on margin, which limits the potential loss of capital. There are established investment criteria for each Fund related to diversification of investments and investment mandates for external managers to avoid undue market risk.

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9. Financial risk management (continued)

(d) Market risk (continued)

(iii) Other price risk (continued)

Other market price risk arises from the Fund's investments in direct private equity, in direct private debt, and in unlisted private equity investee funds, whose valuation is based on the valuation of the underlying companies of those investee funds. The Fund invests in such financial assets in order to take advantage of their long-term growth. All investments present a risk of loss of capital. bcIMC management moderates this risk through careful selection of the investee funds within specified limits. All of the investee funds and their underlying investments are subject to the risks inherent in their industries. Moreover, established markets do not exist for these holdings, and they are therefore considered illiquid.

The Fund makes commitments to a diversified portfolio of private equity, private debt and private infrastructure funds, managed by managers with a strong track record. The Fund diversifies its portfolio of investee funds across managers, underlying industries, countries and investment stages.

bcIMC management follows a rigorous investment due diligence process prior to making an investment decision. bcIMC management considers both qualitative and quantitative criteria in the areas of financial performance, business strategy, tax and legal compliance, such as financial information obtained through the underlying manager of the investee funds through on-site visits, interviews and questionnaires together with information gathered from external sources. Prior to entering into an investment agreement, gathered information is confirmed through reference checks or through bcIMC's standing data and experience.

See additional discussion of other price risk in the Financial Risk Management Discussion following each Fund's financial statements.

10. Fair value of financial instruments

(a) Fair value hierarchy

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Funds determine fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Funds measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1 inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2 inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 inputs that are unobservable.

See additional discussion on the three-tier hierarchy in the Fair Value Measurement Discussion following each Fund's financial statements.

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10. Fair value of financial instruments (continued)

(b) Valuation models

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Funds use widely recognized valuation methods for determining the fair value of common and more simple financial instruments such as foreign currency contracts and money market instruments that use only observable market data which requires little management judgment and estimation. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exists and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other factors used in estimating discount rates, money market prices, and foreign currency exchange rates in estimating valuations of foreign currency contracts.

Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, such as private equity and debt, the Funds use proprietary valuation models, which are usually developed from recognized valuation methods. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates, or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Funds believe that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Funds and the counterparties where appropriate.

(c) Valuation framework

The Funds have an established framework with respect to the measurement of fair values. Where possible, for direct private equity and debt investments held by the Funds, external, independent valuation specialists are engaged annually to assist in the determination of fair value. In those circumstances where the Funds are reliant on a third party manager for the determination of fair value, bcIMC reviews the appropriateness of such valuations using audited financial statements of the underlying investments, and other information from the underlying third party manager or other sources.

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10. Fair value of financial instruments (continued)

(c) Valuation framework (continued)

In addition, bcIMC applies the following specific controls in relation to the determination of fair values:

- verification of observable pricing inputs;
- appraisal of domestic real estate properties once every ten to eighteen months by accredited independent appraisers;
- analysis and investigation of significant valuation movements; and
- review of unobservable inputs and valuation adjustments.

When third party information, such as broker quotes or pricing services, is used to measure fair value, then bcIMC management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations are appropriate. This includes:

- verifying that the broker or pricing service is approved by the Funds for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

(d) Financial instruments not measured at fair value

The carrying value of bcIMC funds management fees payable and other accounts payable approximates their fair value given their short-term nature. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.

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11. Income taxes

Net cumulative capital losses and non-capital losses for each Fund are as follows:

| Pooled Investment Portfolios (in \$000s) | As of December 31, 2015 | | As of December 31, 2014 | |
|------------------------------------------------------|-------------------------|--------------------|-------------------------|--------------------|
| | Net Capital Losses | Non-capital Losses | Net Capital Losses | Non-capital Losses |
| Mezzanine Mortgage Fund | - | - | - | - |
| Private Placement Fund 1996 | 170 | - | 170 | - |
| Private Placement Fund 1997 | 185 | - | 185 | - |
| Private Placement Fund 1998 | 94 | - | 94 | - |
| Private Placement Fund 1999 | 35 | - | 35 | - |
| Private Placement Fund 1999A | 29 | 98 | 29 | 188 |
| 2000 Private Placement Fund | 1,559 | - | 1,559 | - |
| 2001 Private Placement Fund | 6 | - | 6 | - |
| 2002 Private Placement Fund | 7 | - | 7 | - |
| 2003 Private Placement Fund | 9 | - | 9 | - |
| 2004 Private Placement Fund | - | - | - | - |
| 2005 Private Placement Fund | 7 | - | 7 | - |
| 2006 Private Placement Fund | 3,405 | - | 3,405 | - |
| 2007 Private Placement Fund | - | - | - | - |
| 2008 Private Placement Fund | 3,161 | - | 3,161 | - |
| 2009 Private Placement Fund | 2 | - | 3 | - |
| 2010 Private Placement Fund | - | - | - | - |
| 2011 Private Placement Fund | - | - | - | 274 |
| 2012 Private Placement Fund | - | - | - | - |
| 2013 Private Placement Fund | - | - | - | - |
| 2014 Private Placement Fund | - | 3,512 | - | 2,661 |
| 2015 Private Placement Fund | - | 6,537 | - | - |
| 2015A Private Placement Fund | 51 | - | - | - |
| Strategic Inv 100 Foreign PP Fund | 87,887 | - | 87,908 | 230 |
| Strategic Infrastructure Investment Fund 2 (Foreign) | - | - | - | - |
| Renewable Resources Investment Fund | - | 498 | - | 326 |
| IT Investment Trust | - | 333 | - | - |

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11. Income taxes (continued)

Net capital losses are available to be carried forward indefinitely and applied against future net realized capital gains. Non-capital losses may be carried forward up to 20 years to reduce future taxable income. The Funds' non-capital losses expire as follows:

| Pooled Investment Portfolios (in \$000s) | Year of Expiry | | | | | | | |
|------------------------------------------------------|----------------|------|------|------|------|-------|-------|-------|
| | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | Total |
| Mezzanine Mortgage Fund | - | - | - | - | - | - | - | - |
| Private Placement Fund 1996 | - | - | - | - | - | - | - | - |
| Private Placement Fund 1997 | - | - | - | - | - | - | - | - |
| Private Placement Fund 1998 | - | - | - | - | - | - | - | - |
| Private Placement Fund 1999 | - | - | - | - | - | - | - | - |
| Private Placement Fund 1999A | - | - | - | - | 40 | 58 | - | 98 |
| 2000 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2001 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2002 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2003 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2004 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2005 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2006 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2007 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2008 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2009 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2010 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2011 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2012 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2013 Private Placement Fund | - | - | - | - | - | - | - | - |
| 2014 Private Placement Fund | - | - | - | - | - | 2,661 | 851 | 3,512 |
| 2015 Private Placement Fund | - | - | - | - | - | - | 6,537 | 6,537 |
| 2015A Private Placement Fund | - | - | - | - | - | - | - | - |
| Strategic Inv 100 Foreign PP Fund | - | - | - | - | - | - | - | - |
| Strategic Infrastructure Investment Fund 2 (Foreign) | - | - | - | - | - | - | - | - |
| Renewable Resources Investment Fund | - | - | - | - | - | - | 498 | 498 |
| IT Investment Trust | - | - | - | - | 84 | 100 | 149 | 333 |

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12. Reclassification of prior year figures

Management has reclassified certain items from the prior year presentation, as the reclassification provides a more meaningful financial statement presentation for the Funds:

- Legal fees, custodial fees, audit fees and the associated payables were disclosed as separate line items in the prior year Statement of Comprehensive Income and Statement of Financial Position for each Fund. The December 31, 2015 financial statements include these amounts in Administrative fees on the Statement of Comprehensive Income, and Other accounts payable on the Statement of Financial Position.
- Distributions to holders of redeemable units from net realized gains on investments and dereivatives were shown based on the taxable portion of such gains in the prior year Statement of Comprehensive Income for each Fund. The December 31, 2015 financial statements include these distribution amounts at the gross gain amount.
- The effect of foreign exchange rate changes on cash were included in operating activity line items in the prior year Statement of Cash Flows. The December 31, 2015 financial statements include this amount as a separate line item.

To enhance comparability, the prior year balances have been reclassified to conform to the presentation adopted in the current year.

13. Subsequent event

2015A Private Placement Fund

On July 1, 2015, bcIMC's Private Equity team reached financial close on a U.S.-based company with interests in multiple food and agriculture focused businesses. At the time of closing on the investment, bcIMC management concluded that the Private Placements Program would be the best fit for the investment and placed the investment in the 2015A Private Placement Fund.

Based on the first six months of ownership, bcIMC management has decided to transfer the investment from the Private Placements Program to the Renewable Resource Investment Funds (RRIF Program) to better reflect the risk-return profile of the investment. The initial assessment to include the investment as part of the Private Placements Program was reached after considerable deliberation that weighed the investment's focus on production-based enterprises against its lower leverage and volatility. Since completing the transaction, bcIMC management has spent significant time with the investment's management to align interests and discuss options for the long-term growth trajectory of the enterprise. Based on these discussions, bcIMC management believes that the investment is a more appropriate fit within the RRIF Program going forward for several reasons, including: 1) the stabilizing nature of growth plans that will effectively de-risk current operations; 2) the lower risk-return profile of potential new segments under consideration; and 3) the ongoing underlying exposure to real assets including agricultural land.

On January 1, 2016 the pooled investment portfolio known as the "2015A Private Placement Fund" was renamed to "2016 Renewable Resources Fund". The Private Placements Program will assume the performance of the investment between July 1, 2015 and December 31, 2015, and the RRIF Program thereafter.



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