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

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**Realpool Investment Fund**

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**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

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

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

British Columbia Investment Management Corporation (bcIMC) manages the Realpool Investment Fund (Fund) on behalf of governing fiduciaries such as pension fund trustees and other public sector clients.

The 2008 financial statements of the Fund have been prepared by management of bcIMC and approved by the Chief Investment Officer/Chief Executive Officer. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies used in the preparation of these statements are disclosed in note 2 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 Realpool Investment Fund, reviewing the external audit plan; reviewing bcIMC's Report on Controls Placed in Operation and Tests of Operating Effectiveness of Controls for the Investment System of British Columbia Investment Management Corporation, and receiving the annual audited financial statements of the Realpool Investment Fund. 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.

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



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Doug Pearce  
Chief Executive Officer,  
Chief Investment Officer



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David Woodward  
Vice President, Finance & Operations

Victoria, British Columbia  
April 17, 2009

## AUDITORS' REPORT TO THE UNITHOLDERS

We have audited the statements of net assets and investments of bcIMC Realpool Investment Fund (the "Fund") as at December 31, 2008 and the statements of operations and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Fund's Manager, British Columbia Investment Management Corporation. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Fund's Manager, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets and investments of the Fund as at December 31, 2008, and the results of its operations, changes in its net assets, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2007 and for the year then ended, were audited by other auditors who expressed an opinion without reservation on those statements in their report dated April 25, 2008.

Vancouver, Canada  
April 17, 2009.

*Ernst & Young LLP*  
Chartered Accountants

## REALPOOL INVESTMENT FUND

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**Statement of Net Assets**  
**as at December 31**  
**(in \$000s except number of units outstanding)**

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	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Investments at fair value	10,445,747	10,544,938
Cash	16,434	7,172
Receivable from issue of units	125,000	75,000
Accrued investment income	305	106
	<u>10,587,486</u>	<u>10,627,216</u>
<b>Liabilities</b>		
bclMC funds management fees payable (note 8)	320	282
Payable for redemption of units	35,000	-
Accounts payable	758	11,131
	<u>36,078</u>	<u>11,413</u>
<b><i>Net assets representing unitholders' equity</i></b>	<u>10,551,408</u>	<u>10,615,803</u>
Number of units outstanding (note 11)	1,978.259	1,986.243
<b><i>Net asset value per unit</i></b>	<u>5,334</u>	<u>5,345</u>



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Doug Pearce  
Chief Executive Officer  
Chief Investment Officer

See accompanying Notes to Financial Statements.

## REALPOOL INVESTMENT FUND

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### Statement of Operations and Change in Net Assets for the year ended December 31 (in \$000s)

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	<u>2008</u>	<u>2007</u>
Investment Income	47,855	14,855
Expenses (note 8):		
bcIMC funds management fees	3,865	2,623
Administrative and professional fees	2,976	22,374
Commissions and stock exchange fees	37	-
Custodial fees	2	2
	<u>6,880</u>	<u>24,999</u>
<b>Net investment income</b>	40,975	(10,144)
Realized and unrealized gains (losses):		
Net realized gain	404,736	167,380
Change in unrealized gain (loss)	(460,105)	1,578,074
	<u>(55,369)</u>	<u>1,745,454</u>
<b>Net income from operations</b>	(14,394)	1,735,310
Capital Transactions:		
Proceeds from units issued	285,815	1,015,322
Amounts paid for units redeemed	(335,816)	(322)
	<u>(50,001)</u>	<u>1,015,000</u>
Increase in net assets	(64,395)	2,750,310
Net assets, beginning of year	<u>10,615,803</u>	<u>7,865,493</u>
<b>Net Assets, end of year</b>	<u><u>10,551,408</u></u>	<u><u>10,615,803</u></u>

See accompanying Notes to Financial Statements.

## REALPOOL INVESTMENT FUND

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### Statement of Cash Flows for the year ended December 31 (in \$000s)

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	<u>2008</u>	<u>2007</u>
<b>Cash flow provided by (used for):</b>		
<b>Cash flows from operating activities</b>		
Net income from operations	(14,394)	1,735,310
Items not affecting cash:		
Net realized gain	(404,736)	(167,380)
Change in unrealized (gain) loss	460,105	(1,578,074)
	<u>40,975</u>	<u>(10,144)</u>
Changes in non-cash operating accounts:		
Receivable from issue of units	(50,000)	(75,000)
Accrued investment income	(199)	17,940
bcIMC funds management fees payable	38	133
Payable for redemption of units	35,000	-
Accounts payable	(10,373)	10,857
	<u>15,441</u>	<u>(56,214)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	1,744,430	3,287,736
Purchase of investments	(1,700,608)	(4,243,564)
	<u>43,822</u>	<u>(955,828)</u>
<b>Cash flows from financing activities</b>		
Proceeds from units issued	285,815	1,015,322
Amounts paid for units redeemed	(335,816)	(322)
	<u>(50,001)</u>	<u>1,015,000</u>
<b>Net increase in cash</b>	9,262	2,958
<b>Cash, beginning of year</b>	<u>7,172</u>	<u>4,214</u>
<b>Cash, end of year</b>	<u><u>16,434</u></u>	<u><u>7,172</u></u>

See accompanying Notes to Financial Statements.

## REALPOOL INVESTMENT FUND

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**Statement of Investments**  
**as at December 31**  
**(in \$000s)**

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	2008		2007	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
<b>Real Estate Investments<sup>1</sup>:</b>	10,016,027	5,379,925	9,895,961	4,932,656
<b>Equities:</b>				
Publicly Traded	25,992	35,070	-	-
<b>Fixed Income Investments<sup>2</sup>:</b>	377,805	501,568	467,638	467,638
<b>Money Market Investments:</b>				
Units in bcIMC Pooled Investment Portfolio				
Fund ST1	73	74	596	596
Fund ST2	25,850	25,944	180,743	180,776
	<u>25,923</u>	<u>26,018</u>	<u>181,339</u>	<u>181,372</u>
<b>Total Investments</b>	<u>10,445,747</u>	<u>5,942,581</u>	<u>10,544,938</u>	<u>5,581,666</u>

<sup>1</sup>The real estate investments are held through private corporations and limited partnerships. See further discussion in note 7.

<sup>2</sup>For further details on fixed income investments, see discussion in note 6.

*See accompanying Notes to Financial Statements.*

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
REALPOOL INVESTMENT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**1. Realpool Investment Fund**

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. 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 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 Realpool Investment Fund (the "Fund") was established on July 3, 1991 and invests in diversified Canadian income-producing properties including institutional-grade Canadian office, industrial, residential, retail, hospitality and mixed use properties.

**2. Significant Accounting Policies**

a) Basis of Presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Certain comparative figures have been reclassified to conform to the current year's presentation.

b) Valuation

Investments and investment-related receivables and liabilities are stated at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties under no compulsion to act.

Fair value is determined as follows:

- (i) Money market securities values are derived from external market quotations provided by recognized data suppliers in the securities industry.
- (ii) Bonds, debentures, real return bonds, and public equities (including exchange traded funds) are valued at bid prices on the valuation date. Securities not listed on that date are valued at the mean price between the latest bid and asked quotations. Securities not listed on any stock exchange, or which are traded over-the-counter, are valued in the same manner based on available public quotations from recognized data suppliers in the securities industry or at the price estimated by the fund manager to be the fair value.
- (iii) Non-hospitality real estate properties are valued by the Fund's external asset managers at the end of each quarter and are formally appraised externally once every ten to eighteen months by accredited independent appraisers. Hospitality real estate properties are valued based on December 31, 2008 quarterly external valuation reports.

c) Co-ownership Interests

Investments in real estate joint ventures are accounted for by the proportionate consolidation method.

d) Income Recognition

Investment transactions are accounted for on a trade date basis. Dividend income is recognized on the ex-dividend date and interest income on the accrual basis. Commissions, stock exchange fees and other identifiable transaction costs that are directly attributable to the acquisition or disposal of an investment (other than real property) are expensed as incurred. Pursuit costs are charged to net income of the Fund in the period incurred.

Gains and losses on the sale of investments are recorded as net realized gains and losses. Gain and losses on the sale of investments are calculated as the difference between the sales proceeds and cost. The year-over-year change in the difference between the fair value and the cost of investments held at year end is recognized as an unrealized gains and loss. The cost used for the calculation of realized gain and losses and change in unrealized gains and losses is based on average cost for equities, and amortized cost for money market and fixed income securities. The amortized cost is the cost of acquisition adjusted by amortization of discounts and premiums on a true constant yield basis over the term of the investments.



**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
REALPOOL INVESTMENT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
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**2. Significant Accounting Policies (continued)**

- e) Issue and Redemption of Units  
Participation in the Fund is expressed in units, each unit giving its holder a proportionate share in the net assets of the Fund. The initial value of a unit of the Fund was \$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. All unit transactions are recorded on a trade date basis.
- f) Income Taxes  
Under paragraph 104(6) of the *Income Tax Act (Canada)*, the Fund may deduct from its taxable income any amounts that are distributed to beneficiaries (i.e. unitholders) and taxable in their hands. All income and net taxable capital gains earned by the Fund are distributed to the unitholders through actual cash distributions or an increase in the tax cost of the units prior to the end of the calendar year, resulting in no Canadian tax under section 149(o.2) of the *Income Tax Act (Canada)*.
- g) Use of Estimates  
Financial statements prepared in accordance with Canadian generally accepted accounting principles require management to make certain estimates and assumptions that can affect the reported balances. In determining the fair value of some of its real estate investments, management relies on external appraisers' or external asset managers' assumptions regarding industry performance and prospects, as well as general business and economic conditions that prevail and 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.

**3. Adoption of New Accounting Standards**

On January 1, 2008, the Funds adopted the following standards issued by the Canadian Institute of Chartered Accountants (CICA):

- a) Section 3855, Financial Instruments – Recognition and Measurement (Section 3855),
- b) Section 3862, Financial Instruments – Disclosures (Section 3862),
- c) Section 3863, Financial Instruments – Presentation (Section 3863), and
- d) Section 1535, Capital Disclosures (Section 1535).

Section 3855, Financial Instruments – Recognition and Measurement

Section 3855 establishes Canadian GAAP for measuring financial assets, financial liabilities, and non-financial derivatives. The Fund's financial instruments include cash, investments, accounts receivable, accrued investment income, receivable from issuance of units, bclMC funds management fees payable, accounts payable, and payable for redemption of units. The Fund's assets and liabilities are carried at fair value.

Section 3855 requires that securities traded in active markets to be measured at bid prices. The Fund has adopted bid prices for financial reporting (GAAP NAV) but has continued to use closing prices for the purchase and redemptions of units (transactional NAV), in line with industry practice. On December 31, 2007, the Fund did not hold any securities traded in an active market so no transition adjustment is required to the opening balances of net assets. Reconciliations between the transactional NAV and GAAP NAV calculated in accordance with Section 3855 are shown in note 5.

Section 3855 also requires identifiable transaction costs, such as brokerage commissions and stock exchange fees, incurred in the purchase and sale of securities to be expensed as incurred rather than capitalized to the cost of the securities purchased or deducted from the proceeds of sale. Starting January 1, 2008, for financial reporting purposes, these transaction costs have been expensed in the Statement of Operations and Changes in Net Assets of the Fund in the period incurred. However, this change will have no impact on net assets since there will be an equal and offsetting change in the net realized or unrealized gain (loss), as applicable.

Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments - Presentation

Section 3862 enhances existing disclosure of the nature and scope of the risks associated with financial instruments as well as the way these risks are managed. The new disclosures and presentation have no impact on the recognition and measurement or presentation of financial instruments. The new disclosures under Section 3862 are shown in note 7.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
REALPOOL INVESTMENT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
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**3. Adoption of New Accounting Standards (continued)**

Section 1535, Capital Disclosures

Section 1535 requires an entity to disclose its objectives, policies and processes for managing capital which is the net assets for the Fund. This standard has no impact on the recognition and measurement of financial instruments. The new disclosures are shown in notes 7 and 11.

**4. Future Accounting Pronouncements**

In 2006, the Canadian Accounting Standards Board ["AcSB"] published a new strategic plan that will significantly affect financial reporting requirements for Canadian Companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles ["GAAP"] with IFRS over an expected year transitional period. The AcSB has confirmed a transition date of January 1, 2011 for the conversion to IFRS. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Fund for the year ended December 31, 2010. While the Fund has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

**5. Reconciliation of Net Asset Value**

For financial reporting purposes, as required by Section 3855 (see note 3), the fair value of securities traded in an active market is calculated using bid prices (GAAP NAV). For purposes of transacting purchases and redemption of units of the Fund, the fair value of securities traded in an active market is calculated using closing prices (transactional NAV). As at December 31, 2008, the transactional NAV is \$10,551,915,000 and the GAAP NAV is \$10,551,408,000, for a difference of \$507,000. There is no material difference between the transactional NAV per unit and the GAAP NAV per unit.

**6. Fixed Income Investments**

The fixed income investments are all securities issued by its wholly owned subsidiary entities. These comprise two types of securities: variable interest notes and demand promissory notes. The note terms are:

Description	Interest	Maturity	2008 Fair Value (\$000s)	2008 Cost (\$000s)	2007 Fair Value (\$000s)	2007 Cost (\$000s)
Variable interest notes	4% - 12% interest based on prior years EBIDTA of the issuer	September 30, 2017 to August 13, 2023	347,885	471,648	436,948	436,948
Demand promissory notes	11% -12%	On demand	29,920	29,920	30,690	30,690
			377,805	501,568	467,638	467,638

**7. Financial Risk Management**

The investment objective of the Fund is to provide clients with exposure to a portfolio of Canadian real estate and real estate-related investments. The Funds holdings are highly diversified by property type, geographic location, investment size, and investment risk. The Fund primarily concentrates on high quality income producing Canadian office, industrial, residential, retail, hospitality and mixed-use properties located in geographic regions that have strong and growing economies. The Fund's investment strategy is to be well diversified and to hold quality properties that will perform well across multiple economic cycles. Real estate investments are only made when there is a reasonable expectation that return objectives can be achieved over a ten year horizon.

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
REALPOOL INVESTMENT FUND  
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**7. Financial Risk Management (continued)**

The Fund invests in the following assets:

- eligible real estate investments for pension plans under the *Pensions Benefits Standards Act* (B.C.),
- real estate-related investments, including trust units, partnership interests, shares and debt,
- units in the Managers' pooled funds provided such holding are permissible investments for the Fund,
- government debt securities with a maximum term to maturity of one year, and
- bclMC Canadian Money Market Funds ST1 and ST2.

The following restrictions apply to the Fund's use of debt financing:

- It may only be used in a prudent manner for real estate and real estate-related investments,
- It may not be created if, as a result, the debt to market value ratio of the overall real estate portfolio would exceed 25 percent, except in the case of assumption or renewal of existing debt, and
- Another 5 percent is allowed for the assumption or renewal of existing debt.

The Fund holds most of its investments through wholly owned non-consolidated corporation or limited partnerships. The risk disclosures outlined below describe the financial risks related to the Fund and the wholly owned corporations and limited partnerships and underlying investments.

a) Liquidity Risk

Liquidity risk is the risk that the Fund will be unable to generate sufficient cash in a timely manner or at a reasonable price to meet commitments as they come due. The Fund is exposed to the liquidity risk associated with the requirement to redeem units. Units of the Fund may only be acquired by eligible clients or client groups in accordance with the 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. In the event that a redeeming unit holder wishes to redeem more than is permitted by the redeeming limit, unit holders may request a distribution *in specie*. Under an *in specie distribution*, a unit holder would redeem its units and receive a pro-rata share of the net assets of the Fund and meet other terms and conditions.

b) Credit Risk

Credit risk arises from the possibility that tenants, hotel guests and third party hotel owners may experience financial difficulty and be unable to pay their receivable. The Fund's credit risk is limited to the recorded amount of these receivables. To mitigate these risks, the Fund has a diverse set of tenants in a variety of industries. To mitigate credit risk, the Fund performs ongoing credit evaluations of its customers and maintains allowances for potential losses.

c) Interest rate risk

Interest rate risk is the risk that the market value or cash flows of interest-bearing investments will fluctuate due to changes in market interest rates. The promissory notes and variable rate notes of the Fund are receivable from the underlying corporations and limited partnerships so the Fund is not subject to interest rate risk on these financial instruments

The non-consolidated corporations and limited partnerships held by the Fund are exposed to changes in interest rate as it relates to mortgages and notes payable. To mitigate this risk, they maintain a mix of floating and fixed rate debts with staggered maturities.

The mortgages of the underlying non-consolidated corporations and limited partnerships bear interest rates up to 9.0% (2007 – 9.0%) with a weighted average 6.0% (2007 - 6.0%). They are due at various dates to 2026.

Principal payments on the mortgages are due as follows:

	(\$000s)
2009	52,939
2010	145,439
2011	156,600
2012	150,676
2013	198,848
2014 and thereafter	330,264
	1,034,766

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
REALPOOL INVESTMENT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
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**7. Financial Risk Management (continued)**

The notes payable of the underlying non-consolidated corporations and limited partnerships are unsecured and have the following terms and interest rates:

<b>Issue</b>	<b>Maturity date</b>	<b>Interest rate</b>	<b>2008 (\$000s)</b>	<b>2007 (\$000s)</b>
Series 1	December 22, 2009	3.94%	200,000	200,000
Series 3	February 10, 2011	4.10%	149,906	149,906
Series 4	February 10, 2015	4.65%	149,894	149,894
Series 5	September 19, 2012	5.24%	249,766	249,766
Series 6	January 5, 2018	5.65%	199,390	199,390
			948,956	948,956

As at December 31, 2008, if the interest rates increased or decreased by 1% with other variables held constant, the fair value of the mortgages and notes payable would decrease by \$70,413,000 and increase by \$69,492,000 respectively.

d) Other Valuation Risk

Investments in the Fund are diversified across property sectors. Property sectors to which the Fund had exposure as at December 31 were as follows: Other net investment assets/liabilities were \$1,531,132,000 (2007 -\$1,075,987,000).

<b>Real Estate Properties</b>	<b>2008 (\$000s)</b>	<b>2008 % of Total</b>	<b>2007 (\$000s)</b>	<b>2007 % of Total</b>
Retail	1,197,513	10.0	1,157,831	10.0
Office	5,537,968	46.4	5,548,405	47.6
Industrial	1,580,286	13.2	1,563,775	13.5
Residential	1,855,200	15.5	1,842,735	15.9
Retirement Homes	152,310	1.3	147,640	1.3
Hospitality	837,812	6.8	722,650	6.2
Property held for/under development	815,790	6.8	637,889	5.5
<b>Total</b>	11,976,879	100.0	11,620,925	100.0

Investments in the Fund are diversified across geographic regions in Canada. Provinces to which the Fund had exposure as at December 31 are as follows:

<b>Real Estate Properties</b>	<b>2008 (\$000s)</b>	<b>2008 % of Total</b>	<b>2007 (\$000s)</b>	<b>2007 % of Total</b>
British Columbia	2,172,329	18.1	1,943,879	16.7
Alberta	4,157,692	34.8	3,599,794	31.0
Saskatchewan	120,967	1.0	87,831	0.8
Manitoba	184,825	1.5	192,606	1.7
Ontario	4,446,748	37.1	4,707,832	40.5
Quebec	717,112	6.0	887,040	7.6
Prince Edward Island	6,143	0.1	9,761	0.1
New Brunswick	21,545	0.2	28,821	0.2
Nova Scotia	147,830	1.2	160,841	1.4
Newfoundland	1,688	0.0	2,520	0.0
<b>Total</b>	11,976,879	100.0	11,620,925	100.0

**BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION  
REALPOOL INVESTMENT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**8. Expenses**

Investment management fees are paid to external fund managers by the Fund for providing investment management and advisory services. Third party costs that are attributable to the Fund are charged to the Fund. Other costs initially borne by bclMC are recovered from the Fund by bclMC charging management fees, which are calculated on a cost recovery basis.

**9. Commitments**

Wholly-owned corporations of the Fund have property purchase and development commitments of \$481.9 million, unfunded commitments to certain investment funds of \$12.9 million and have issued letters of credit totalling \$13.0 million.

**10. Contingencies**

Certain investments of the Fund may, in the normal course of business activities, be involved in disputes with third parties. bclMC management assesses the likelihood of loss relating to any disputes and has determined that such disputes would not have a material impact on the net asset value of the Fund.

**11. Units Outstanding**

Units issued and outstanding represent the capital of the Fund. bclMC manages the capital of the Fund in accordance with the Fund's investment objectives, including managing liquidity in order to meet redemptions as discussed in note 6. The Statement of Changes in Net Asset identifies changes in each Fund's capital during the period. The following is a summary of the changes in units outstanding during the year:

	<u>2008</u>	<u>2007</u>
Outstanding, beginning of year	1,986.243	1,784.910
Issued	52.720	201.399
Redeemed	<u>(60,704)</u>	<u>(0.066)</u>
Outstanding, end of year	<u>1,978.259</u>	<u>1,986.243</u>