



INVESTMENT VALUATION

The Caisse values all of its illiquid infrastructure, private equity and real estate investments at fair market value. In accordance with current Canadian accounting rules, it must value them at the price it would obtain if they were sold on the market under normal competitive conditions. The Caisse also measures the value of the assets in its ABTN (Asset-backed Term Notes) portfolio.

Independent external valuers and valuation committees made up of experts in the field measure all major investments.

In addition, as part of their mandate to audit the Caisse's financial statements, the Caisse's co-auditors, the Auditor General of Québec and Ernst & Young, review the fair value of all the Caisse's liquid and illiquid investments.

INFRASTRUCTURE AND PRIVATE EQUITY

Investments whose fair value exceeds a predetermined materiality threshold are submitted to an independent valuation committee or an independent external valuator. 94% of the fair value of the investments in the portfolio was reviewed in this manner.

REAL ESTATE

The Real Estate portfolio moved to the new International Financial Reporting Standards (IFRS) in 2012.

In accordance with IFRS, the Caisse's real estate portfolio is now considered an investment entity. The assets and liabilities of the real estate subsidiaries are therefore no longer consolidated in the Caisse's Real Estate portfolio balance sheet.

Under the new accounting standard, Ivanhoé Cambridge has to be measured and recorded as an investment reflecting its enterprise fair value.

This enterprise value was determined by independent external valuers and reflects, among other things, the fair value of the properties held, of the quality of the portfolio and of the integrated management of the platform.

ABTNS

The fair value of the ABTNs was determined for each investment in the portfolio, taking into consideration the underlying risks.

Moreover, the Caisse retains an independent external firm to review the data and methodology used to establish the fair value of the ABTNs.