

US\$1,100,000,000
OMERS Finance Trust
US\$600,000,000 3.500 % Senior Notes due 2032
US\$500,000,000 4.000 % Senior Notes due 2052
Unconditionally and irrevocably guaranteed by
OMERS Administration Corporation

OMERS Finance Trust (the “Issuer”) is offering US\$600,000,000 aggregate principal amount of its 3.500% Senior Notes due 2032 (the “2032 Notes”) and US\$500,000,000 aggregate principal amount of its 4.000% Senior Notes due 2052 (the “2052 Notes” and, together with the 2032 Notes, the “Notes”). The Notes are unconditionally and irrevocably guaranteed by OMERS Administration Corporation (“AC” or the “Guarantor”), a corporation without share capital continued under the *Ontario Municipal Employees Retirement System Act, 2006* (Ontario) (the “OMERS Act”). The 2032 Notes will mature on April 19, 2032, and the 2052 Notes will mature on April 19, 2052, unless previously redeemed. The Issuer may redeem the 2052 Notes in whole or in part at any time or from time to time at the applicable redemption prices described in this Offering Memorandum under “Description of Notes—Optional Redemption of the 2052 Notes.”

As more fully described herein, if, as a result of certain tax related developments, the Issuer would be required to pay certain additional amounts, the Issuer may at its sole discretion elect to redeem the Notes, in whole but not in part, at 100% of their principal amount together with accrued and unpaid interest, if any (including additional amounts, if any), to, but excluding, the redemption date. See “Description of Notes—Tax Redemption.”

The Notes are denominated in U.S. Dollars. The 2032 Notes bear interest from (and including) April 19, 2022 to (but excluding) April 19, 2032 at a fixed rate of 3.500% per annum and the 2052 Notes bear interest from (and including) April 19, 2022 to (but excluding) April 19, 2052 at a fixed rate of 4.000% per annum, in each case payable semi-annually in arrears on April 19 and October 19 of each year, beginning on October 19, 2022.

The Notes are direct, unsecured and unsubordinated obligations of the Issuer and rank equally and ratably in right of payment with all other present and future unsecured and unsubordinated indebtedness of the Issuer. The Guarantor’s guarantee of the Notes (the “Guarantee”) is a direct, unsecured and unsubordinated obligation of the Guarantor and ranks (i) in priority over the claims of the members of the OMERS Primary Pension Plan (the “Primary Plan”), and (ii) equally and ratably in right of payment with the Guarantor’s other unsecured and unsubordinated claimants. Claims under the Guarantee would be entitled to priority of payment ahead of the accrued benefit entitlements of members, former members, retired members and any other persons entitled to a benefit under the Primary Plan in respect of a member, former member, or retired member before any other distribution is made upon a winding-up of the Primary Plan. The Notes are effectively subordinated to any future secured indebtedness of the Issuer and the claims under the Guarantee are effectively subordinated to any future secured obligations of the Guarantor, in each case, to the extent of the value of the assets securing such obligations. In addition, claims under the Notes will be structurally subordinated to any existing and future indebtedness and other liabilities of the Issuer’s subsidiaries and claims under the Guarantee will be structurally subordinated to any existing and future indebtedness and other liabilities of the Guarantor’s subsidiaries (other than the Issuer). The Government of Ontario has no obligations under the Notes or the Guarantee.

Currently, there is no public market for the Notes. Application has been made to have the Notes admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market of the Luxembourg Stock Exchange (“Euro MTF”). There are no assurances that any Notes will remain listed on the Official List and admitted to trading on the Euro MTF. The Euro MTF is not a regulated market but is a multilateral trading facility for the purposes of Directive 2014/65/EU (as amended, “MiFID II”). The Euro MTF market falls within the scope of Regulation (EC) 596/2014 on market abuse and the related Directive 2014/57/EU on criminal sanctions for market abuse. This Offering Memorandum constitutes a prospectus for the purposes of Part IV of the Luxembourg law dated July 16, 2019 on prospectuses for securities (the “Luxembourg Prospectus Law”).

See “Risk Factors” beginning on page 15 for a description of risks of investing in the Notes.

Neither the Notes nor the related Guarantee have been or will be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), any U.S. federal or state securities laws or the laws of any other jurisdiction. The Notes and the related Guarantee may not be offered or sold within the United States or to, or for the account and benefit of, any U.S. person unless the offer or sale would qualify for a registration exemption from the Securities Act and applicable U.S. federal and state securities laws. Neither the Issuer nor the Guarantor will be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, the Notes and the related Guarantee are only being offered (i) to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the Securities Act (“Rule 144A”)) (“Qualified Institutional Buyers”) who are also qualified purchasers (as defined in Section 2(a)(51) under the Investment Company Act) (“Qualified Purchasers”) and (ii) outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act (“Regulation S”). See “Plan of Distribution” and “Transfer Restrictions” for additional information about eligible offerees and transfer restrictions. The Notes have not been and will not be qualified for distribution in Canada by a prospectus and will be subject to resale restrictions in Canada. The Notes are not being offered or sold, directly or indirectly, in Canada or to or for the account of any resident of Canada in contravention of the securities laws of any province or territory thereof. The Notes may not be offered or sold in Canada or to Canadian purchasers except in a transaction exempt from the prospectus requirements of applicable Canadian provincial securities laws and regulations. See “Transfer Restrictions—Additional Representations of Purchasers in Canada.”

None of the U.S. Securities and Exchange Commission (“SEC”), any U.S. state, any Canadian provincial or non-U.S. securities commission or any other regulatory authority has approved or disapproved the offering of the Notes, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy, adequacy or completeness of this Offering Memorandum. Any representation to the contrary is a criminal offense.

Price for the Notes: 99.732% for the 2032 Notes and 98.453% for the 2052 Notes plus, in each case, accrued interest, if any, from April 19, 2022

The initial purchasers (as defined below) expect to deliver the Notes, in book-entry only form through The Depository Trust Company (“DTC”) for the account of its direct and indirect participants, including Euroclear Bank SA/NV and Clearstream Banking SA, on or about April 19, 2022.

Joint Book-Running Managers

HSBC

RBC Capital Markets

Scotiabank

TD Securities

Co-Managers

BMO Capital Markets

CIBC Capital Markets

National Bank of Canada Financial Markets

The date of this Offering Memorandum is April 19, 2022

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NOTICE TO INVESTORS

None of the Issuer, the Guarantor or the initial purchasers have authorized anyone to provide information to you other than that contained in this Offering Memorandum, and none of the Issuer, the Guarantor or the initial purchasers take any responsibility for, or can provide any assurance as to the accuracy or completeness of, any other information that others may give you. You should assume that the information contained in this Offering Memorandum is accurate only as of its date. The business, financial condition, liquidity, results of operations and prospects of the Guarantor (acting in its capacity as the administrator of the Primary Plan and the trustee of the Primary Plan fund, and together with the Issuer and the Guarantor's other subsidiaries unless the context requires otherwise, "OMERS," "we," "our" or "us") may have changed since that date. Neither the delivery of this Offering Memorandum nor any sale made under this Offering Memorandum will under any circumstances imply that the information herein is correct as of any date subsequent to April 11, 2022.

This Offering Memorandum has been prepared by the Issuer and the Guarantor in compliance with the listing and admission to trading rules of the Luxembourg Stock Exchange as required for the admission to the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF of the Notes described in this Offering Memorandum. This Offering Memorandum may be used only for the purposes for which it has been published and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the Notes. This Offering Memorandum is based on information provided by the Issuer and the Guarantor and other sources that the Issuer and the Guarantor believe to be reliable. The Issuer and the Guarantor cannot assure you that information obtained from other sources is accurate or complete. Where information has been sourced from a third party, it has been accurately reproduced and as far as the Issuer and the Guarantor are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render such information included or incorporated by reference, inaccurate or misleading.

This Offering Memorandum summarizes certain documents and other information and the Issuer and the Guarantor refer you to those documents and sources of information for a more complete understanding of what is discussed in this Offering Memorandum. See "Available Information." The Luxembourg Stock Exchange takes no responsibility for the contents of this Offering Memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this Offering Memorandum.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

None of the Issuer or the initial purchasers are making an offer to sell the Notes in any jurisdiction except where such an offer or sale is permitted. You must comply with all applicable laws and regulations in force in your jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the Notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and none of the Issuer or the initial purchasers will have any responsibility therefor. In connection with the offering, the initial purchasers are not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for providing advice in relation to the offering. This Offering Memorandum may only be used where it is legal to sell the Notes. For a further description of certain restrictions on the offering and sale of the Notes and the distribution of this Offering Memorandum, see "Notice to Prospective Investors in the United Kingdom," "Plan of Distribution" and "Transfer Restrictions."

The Notes and the related Guarantee are subject to restrictions on transferability and resale and may not be transferred or resold in the United States except as permitted under the Securities Act and applicable U.S. federal and state securities laws pursuant to registration thereunder or in transactions exempt from, or not subject to, such registration. The Issuer and the Guarantor are relying upon an exemption from registration under the Securities Act for an offer and sale of securities which do not involve a public offering. The Issuer is also relying on exemptions from the prospectus requirements of applicable securities laws in Canada. The Offering Memorandum has been submitted solely to a limited number of persons reasonably believed to be Qualified Institutional Buyers who are also

Qualified Purchasers and to non-U.S. persons outside the United States in compliance with Regulation S so they can consider a purchase of the Notes.

This Offering Memorandum may be used only for the purposes for which it has been published. By accepting delivery of this Offering Memorandum, you acknowledge that the use of the information in this Offering Memorandum for any purpose other than to consider a purchase of the Notes is strictly prohibited. By accepting delivery of this Offering Memorandum and by purchasing the Notes, you will be deemed to have made certain acknowledgments, representations and agreements as set forth under “Transfer Restrictions” in this Offering Memorandum. As a prospective purchaser of the Notes, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See “Risk Factors” for a description of risk factors relating to an investment in the Notes.

None of the Issuer, the Guarantor, the initial purchasers or any of their respective representatives are making any representation to any purchaser regarding the legality of an investment in the Notes by such purchaser under any investment or similar laws or regulations. In making an investment decision, prospective investors must rely on their own examination of OMERS business, the applicable Notes, the Guarantee and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the Notes under applicable legal, investment or similar laws or regulations.

None of the SEC, any U.S. state, any Canadian provincial or non-U.S. securities commission or any other regulatory authority has approved or disapproved the offering of the Notes, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy, adequacy or completeness of this Offering Memorandum. Any representation to the contrary is a criminal offense.

The Issuer reserves the right to withdraw the offering of Notes at any time, and the Issuer and the initial purchasers reserve the right to reject any commitment to subscribe for Notes in whole or in part and to allot to any prospective investor less than the full amount of Notes sought by that investor. The initial purchasers and certain related entities may acquire for their own account a portion of the Notes.

Certain persons participating in the offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes of each series. Such transactions may include purchases of Notes to stabilize their market price, purchases of Notes to cover all or some of an over-allotment or a short position in the Notes maintained by the initial purchasers and the imposition of penalty bids. Such activities, if commenced, may be discontinued at any time and, if begun, must be brought to an end after a limited period. However, there is no assurance that such stabilization action will be undertaken. Any stabilization action or over-allotment must be conducted by the relevant persons in accordance with all applicable laws and rules. For a description of these activities, see “Plan of Distribution.”

Certain of the initial purchasers are affiliates of, or are, Canadian banks that are lenders to the Issuer or an entity related to the Issuer. As a result of the relationship between the initial purchasers, such banks and the Issuer, the Issuer may be considered a “Connected Issuer” of such initial purchasers for the purposes of Canadian Securities law. See “Plan of Distribution” for further information.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

PROHIBITION OF SALES TO UK RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the “EUWA”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended) as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In the United Kingdom, this Offering Memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”), or (ii) are high net worth entities or other persons to whom it may lawfully be communicated falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, this Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available in the United Kingdom only to relevant persons and will, in the United Kingdom, be engaged in only with relevant persons.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET

Solely for the purposes of HSBC Bank plc’s (the “manufacturer’s”) product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (“UK MiFIR”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE

The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a trust established under the laws of the Province of Ontario. The Guarantor is an Ontario corporation without share capital continued under the OMERS Act. The directors and executive officers of the Issuer and the Guarantor reside in Canada. As a result, it may be difficult for investors to effect service of process within the United States or in any other jurisdiction outside Canada upon the Issuer, the Guarantor or such persons or to enforce against them in courts of any jurisdiction outside Canada judgments predicated upon the civil liability provisions of the federal or state securities laws of the United States. The Issuer and the Guarantor have appointed CT Corporation System as an agent to receive service of process with respect to any action brought against them in any federal or state court in the State of New York arising from the offering. In addition, it may be difficult for investors to enforce, in Canadian

courts or in original actions or actions for enforcement of judgments obtained in courts of jurisdictions outside of Canada, among other things, civil liabilities predicated upon the federal and state securities laws of the United States.

The Issuer and the Guarantor have been advised by our Canadian counsel that a judgment of a United States court predicated solely upon civil liability under such laws would probably be enforceable in Canada if the United States court in which the judgment was obtained has a basis for jurisdiction in the matter that was recognized by a Canadian court for such purposes. The Issuer and the Guarantor have also been advised by such counsel, however, that there is substantial doubt whether an original action could be brought successfully in Canada predicated solely upon such civil liabilities.

AVAILABLE INFORMATION

Neither the Issuer nor the Guarantor is subject to the reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). During any period in which the Issuer and the Guarantor are neither subject to Section 13 or Section 15(d) of the Exchange Act nor exempt from the registration requirements of Section 12(g) of the Exchange Act pursuant to Rule 12g3-2(b) thereunder and any Notes remain outstanding, the Issuer and the Guarantor will make available, upon request, to any holder or beneficial owner of Notes that are “restricted securities” under the Securities Act or to any prospective purchaser or subscriber of such Notes designated by such holder or beneficial owner, the information referred to in Rule 144A(d)(4) in order to permit resale of the Notes in compliance with Rule 144A.

Any such requests may be made to the Issuer or the Guarantor, EY Tower, 900-100 Adelaide Street West Toronto, Ontario M5H 0E2, Email: investorrelations.oft@omers.com.

The following documents related to the Guarantor referred to below are attached as annexes to this Offering Memorandum:

- the audited consolidated financial statements of the Guarantor as at and for the years ended December 31, 2021 and 2020, including the notes thereto and the independent auditor’s audit report thereon, contained in our 2021 Annual Report (on pages 72-112 (inclusive)), attached as Annex A to this Offering Memorandum;
- the 2021 Management’s Discussion and Analysis, attached as Annex B to this Offering Memorandum;
- the audited consolidated financial statements of the Guarantor as at and for the years ended December 31, 2020 and 2019, including the notes thereto and the independent auditor’s audit report thereon, contained in our 2020 Annual Report (on pages 70-110 (inclusive)), attached as Annex C to this Offering Memorandum; and
- the 2020 Management’s Discussion and Analysis, attached as Annex D to this Offering Memorandum.

Copies of documents attached as annexes to this Offering Memorandum are available on our website at: <http://www.omers.com>. The information included in (or accessed through) any website included or referred to in this Offering Memorandum is not incorporated by reference in, and shall not be considered part of, this Offering Memorandum. Any website address herein is included as an inactive textual reference only.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements. Examples of such forward-looking statements include, but are not limited to: (i) statements regarding OMERS results of operations and financial condition; (ii) statements of plans, objectives or goals, including those related to OMERS operations; and (iii) statements of assumptions underlying such statements. Words such as “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “may,” “plans,” “potential,” “predict,” “seek,” “should,” “would,” “will” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. OMERS cautions investors that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed or implied in such forward-looking statements, including the following factors:

- risks related to the long-term impacts of coronavirus (COVID-19) pandemic on the global economy and on future investing opportunities;
- changes in market conditions and the condition of global financial markets and macroeconomic conditions generally;
- managing our business during uncertain market, political and economic conditions, including, among others, geopolitical and other risks associated with our international operations, including military actions, protectionism and reactive countermeasures, economic or other sanctions or trade barriers, including in relation to the evolving Ukraine/Russia conflict;
- fluctuations in interest rates;
- demographics and technology;
- our derivative transactions;
- funding requirements or benefit payment costs;
- longevity risk of our pension obligations;
- fluctuations in exchange rates;
- workforce changes and trends;
- increased competition;
- differences in experience compared with our assumptions, as well as updates of the assumptions and quantitative models we use;
- impairment or failure of financial institution counterparties;
- damage to our reputation;
- interruption or other operational failures in telecommunication, information technology (“IT”) and other operational systems, or a failure to maintain the security, integrity, confidentiality or privacy of sensitive data in those systems, including a cybersecurity breach;

- failure to comply with or changes to laws, regulations and rules of Canada, Ontario, and other jurisdictions in which we invest or operate;
- operational risks;
- our pursuit of strategic transaction opportunities;
- natural disasters, epidemics, pandemics and other unpredictable events;
- insurance policies that may be insufficient to protect us against large losses;
- the loss of key personnel, and the failure to attract and retain key personnel with appropriate qualifications and experience;
- changes in credit ratings;
- liability of the Issuer or the Guarantor for Canadian income tax;
- challenge of tax filings by tax authorities; and
- changes in tax laws.

Should one or more of these factors or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected, forecast or intended. Prospective investors should read the sections of this Offering Memorandum titled “Summary,” “Risk Factors,” “Business,” “2021 Annual Audited Consolidated Financial Statements” (contained in Annex A), “2021 Management’s Discussion and Analysis” (contained in Annex B), “2020 Annual Audited Consolidated Financial Statements” (contained in Annex C) and “2020 Management’s Discussion and Analysis” (contained in Annex D) for a more complete discussion of the factors that could affect OMERS future performance and the markets in which OMERS operates.

In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Memorandum may not occur. These forward-looking statements speak only as at the date of this Offering Memorandum and neither the Issuer nor the Guarantor undertake any obligation to update or revise any forward-looking statement, whether as a result of new information or future events or developments. Additional factors affecting OMERS business emerge from time to time and it is not possible to predict all of these factors, nor can OMERS assess the impact of all such factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those expressed or implied in any forward-looking statement. Although OMERS believes the plans, intentions and expectations expressed or implied by such forward-looking statements are reasonable, OMERS cannot assure you that those plans, intentions or expectations will be achieved. In addition, you should not interpret statements regarding past trends or activities as assurances that those trends or activities will continue in the future. All forward-looking statements attributable to OMERS or persons acting on its behalf are expressly qualified in their entirety by this cautionary statement.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

The information included in this Offering Memorandum is not intended to, and does not, comply with all of the disclosure requirements of the SEC that would apply if the offering were being made pursuant to a registration statement filed with the SEC. Additionally, the financial information included in this Offering Memorandum will not be subject to review by the SEC. Compliance with such requirements could require the modification of certain financial measures and/or other information included in this Offering Memorandum and the presentation of certain other information not included in this Offering Memorandum.

There are no registration rights associated with the Notes and the related Guarantee, and we have no intention to offer to exchange the Notes and the related Guarantee for new securities pursuant to a registration statement filed with the SEC. The Fiscal and Paying Agency Agreement is not qualified under, or subject to the provisions of, the Trust Indenture Act of 1939, as amended.

Financial Information

Unless otherwise specified, the financial information included in this Offering Memorandum is based on the audited consolidated financial statements of AC which include the OMERS Pension Plans (defined below) as at and for the years ended December 31, 2021 and 2020, and as at and for the years ended December 31, 2020 and 2019 (the “Audited Consolidated Financial Statements”) annexed to this Offering Memorandum. The Audited Consolidated Financial Statements are prepared in Canadian dollars, the Guarantor’s functional currency, in accordance with the accounting standards for pension plans in Part IV of the Chartered Professional Accountants (“CPA”) Canada Handbook (“Section 4600”). Section 4600 provides specific accounting guidance on investments and pension obligations. For accounting policies that do not relate to either investments or pension obligations, the Guarantor must consistently comply with either International Financial Reporting Standards (“IFRS”) in Part I of the CPA Canada Handbook or accounting for private enterprises in Part II of the CPA Canada Handbook. The Guarantor has elected to comply with IFRS in Part I of the CPA Canada Handbook. To the extent that IFRS in Part I is inconsistent with Section 4600, Section 4600 takes precedence. Section 4600 and IFRS differ in certain respects from accounting principles generally accepted in the United States of America (“U.S. GAAP”). We have not included in this Offering Memorandum a reconciliation of the Audited Consolidated Financial Statements or other financial information to U.S. GAAP.

Neither the Issuer nor the Guarantor is a reporting issuer under applicable Canadian securities legislation and therefore neither is required to file continuous disclosure documents, reports and other information with the securities commission or similar regulatory authority in any province or territory of Canada. Similarly, neither the Issuer nor the Guarantor is required to, and neither undertakes to, file periodic reports or other information with the SEC. The financial information included in this Offering Memorandum is not intended to comply with the financial reporting requirements of the SEC.

All dollar amounts presented in this Offering Memorandum are in Canadian dollars, unless otherwise indicated. References herein to “\$,” “C\$” and “Cdn. Dollars” are to Canadian dollars, and references to “US\$” are to U.S. dollars.

All references to “net assets” are to net assets available for benefits, as set out in Note 6 to the 2021 Annual Audited Consolidated Financial Statements.

Certain financial measures are not based on Generally Accepted Accounting Principles (“GAAP”) but are presented as key metrics to enable readers to better understand OMERS performance, including investment results by asset group. Such non-GAAP financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies or pension plans. These should not be viewed as an alternative to measures of financial performance determined in accordance with GAAP.

Rounding

Certain rounding adjustments have been made in arriving at some of the figures included in this Offering Memorandum. As a result, numerical figures shown as totals in some tables may not be the arithmetic aggregations of the figures that precede them.

Industry and Market Data

Market data and other statistical information used throughout this Offering Memorandum are generally based on independent industry publications, government publications, reports by market research firms or other published independent sources.

Although the Issuer and the Guarantor believe these various sources are reliable, they have not independently investigated or verified the information and cannot guarantee its accuracy or completeness. In addition, these sources may use different definitions of the relevant markets than those the Issuer and the Guarantor present. Some industry and market data contained herein are also based on our estimates, which are derived from our internal analysis, as well as third-party sources. Data regarding OMERS' industry and market are intended to provide general guidance but are inherently imprecise.

SUMMARY

This summary is not complete and does not contain all the information that you should consider before investing in the Notes. You should read the entire Offering Memorandum carefully, especially the risks discussed under the “Risk Factors” section of this Offering Memorandum, and the Audited Consolidated Financial Statements and the notes to those financial statements included elsewhere in this Offering Memorandum.

The Issuer

The Issuer is a trust established under the laws of the Province of Ontario and currently existing pursuant to an amended and restated trust agreement between OMERS FT I INC. and OMERS FT II INC., as settlors and OMERS Finance Corporation (the “Issuer Trustee”), as may be amended from time to time. Any reference to the Issuer herein means the Issuer Trustee acting in its capacity as trustee of the Issuer.

The Issuer is not a reporting issuer under applicable Canadian or U.S. securities legislation and therefore is not required to file continuous disclosure documents, reports or other information with any securities commission or similar regulatory authority in any province or territory of Canada or in the United States.

The Guarantor

The Guarantor is a corporation without share capital continued under the OMERS Act and is the administrator of the Ontario Municipal Employees Retirement System Pension Plans (the “OMERS Pension Plans”) and trustee of the pension funds. The OMERS Pension Plans consist of the Primary Plan, the Retirement Compensation Arrangement for the Primary Plan (the “RCA”) and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (the “Supplemental Plan”).

The Guarantor invests and administers pensions for the OMERS Pension Plans, including the Primary Plan, which is a jointly sponsored defined benefit pension plan with 1,000 participating employers ranging from large cities to local agencies and more than half a million active, deferred and retired members. Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children’s aid societies across the Province of Ontario in Canada. Our focus is to make OMERS a sustainable, affordable and meaningful defined benefit pension plan. At December 31, 2021, the Primary Plan’s net assets totaled C\$121 billion. Through the OMERS Act and predecessor legislation, the Province of Ontario granted the Guarantor the mandate to provide pensions to Ontario municipal employees.

The Guarantor is responsible for managing the assets of the Primary Plan, the RCA and the Supplemental Plan, in accordance with the *Pensions Benefits Act* (Ontario) (the “PBA”) and the funds of all of the OMERS Pension Plans in accordance with the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “Tax Act”) and the OMERS Act, as applicable. The Guarantor is also responsible for determining the funding policy for the OMERS Pension Plans, which includes the setting of actuarial assumptions and methods, the preparation of the annual actuarial valuation and the determination of minimum funding requirements.

Under the OMERS Act, OMERS Sponsors Corporation (the “OMERS Sponsors Corporation”) is the sponsor of the OMERS Pension Plans. OMERS Sponsors Corporation sets benefit levels and contribution rates, and determines the composition of its own board of directors (the “Board”) as well as the board of directors of the Guarantor (the “Guarantor’s Board”).

Pursuant to the OMERS Act, as part of its trustee powers, the Guarantor has the ability to allocate the assets of the OMERS Pension Plans to satisfy the obligations under the Guarantee.

Competitive Strengths

Long-Term View. We emphasize long-term performance, as pensions are paid over decades. We pursue long-term, consistent, absolute investment returns that meet or exceed the discount rate we use to determine the Primary Plan’s pension obligations and minimum contribution rates. Our long-term view allows for patient and disciplined investing and enables us to pursue assets with longer investment horizons and growth potential, which may not be

suitable for other investors. We select these types of assets for their ability to provide more predictable returns and cash flows over the long term.

Scale. The Primary Plan is one of Canada’s largest defined benefit pension plans, with C\$121 billion in net assets. As a large institutional investor, we have access to investment opportunities and private market deals that are not available to smaller investors. Our scale also allows us to realize operational leverage and to influence key stakeholders.

Global Footprint. We search the globe for investments that will generate a long-term, stable return. OMERS teams work in Toronto, London, New York, Amsterdam, Luxembourg, Singapore, Sydney and other major cities across North America and Europe – serving members and employers and originating and managing a diversified portfolio of high-quality investments in public markets, private equity, infrastructure and real estate. We leverage knowledge and relationships at the regional level to advance capital deployment and pursue otherwise unavailable opportunities. With this global footprint, we seek to improve total portfolio diversification and capture risk-adjusted return premiums.

Direct Investment. Our strategy of building a diversified portfolio of high-quality investments requires highly skilled talent with knowledge and experience to deliver strong, long-term returns. We believe that in-house management generally creates better value than external management. We manage approximately 93% of the Primary Plan’s assets internally, which limits fees paid to external managers and results in lower expenses. We selectively use third-party managers to obtain access to specialized investment products and markets.

Valued Partnerships. We have extensive global relationships and partnerships. These partnerships complement external expertise with our internal capabilities and improve our ability to pursue increasingly large-scale investment opportunities. When we consider making co-investments, we pursue governance rights reflective of our equity position, alongside partner investors with strong governance. We also partner with like-minded investors, strong operators, and the public sector to form long-term and respectful relationships based on constructive collaboration.

Sustainable Investing. We believe that well-run organizations with sound environmental, social and governance (“ESG”) practices will perform better, particularly over the long term. This belief is formalized in our Statement of Investment Policies and Procedures and described in our Sustainable Investing Policy, both of which are approved by the Guarantor’s Board. Our Sustainable Investing Policy applies to all asset classes across OMERS investment portfolio. Central to this policy is our commitment to being a leader in sustainable investing.

Risk Management. The Guarantor has risk frameworks that describe overall risk management governance and detail the structure for categorizing risks to which the Guarantor is exposed. We use these risk frameworks to manage five key risk categories that support Primary Plan and funding risk: Investment, Operational, Pension, Governance and Emerging. Our Board of Directors approves our risk appetite, which we express through a number of quantitative and qualitative statements that describe the desired amount of risk the enterprise believes is appropriate to take in pursuit of our objectives. The Chief Risk Officer has responsibility for our Risk Management function, which provides independent and objective analysis and risk reporting to both the Guarantor’s Executive Leadership Team and Board of Directors.

Governance. We believe that effective and transparent governance is fundamental to ensure the long-term sustainability of the Primary Plan. We are continually reviewing our governance models and practices to ensure that we achieve high governance standards. See “Management-Governance Policy and Structure.”

Strategy

OMERS has set five key areas of focus for the next few years. These priorities comprise our 2025 Strategy, which is a multi-year plan whose progress is reported annually (the “2025 Strategy”). Our five priorities are centered on making OMERS a sustainable, affordable and meaningful defined benefit plan. Our focus areas fall into two broad categories – Financial Resiliency and Institutional Resiliency.

Financial Resiliency

Plan Design. OMERS Sponsors Corporation aims to evolve the Primary Plan to ensure its continued sustainability and to meet stakeholders' needs through exploring the Primary Plan design modernization, simplification and membership growth.

Funding. We aim to ensure the Primary Plan's financial health. We will continue to manage its funded status and its discount rate, among other inputs.

Investment. We aim to maintain a diverse and high-quality investment portfolio. Our priorities include diversifying globally and continuing to integrate ESG factors into our investment decisions.

Institutional Resiliency

Engagement. We aim to improve stakeholder trust and understanding. We are focused on enhancing stakeholder engagement, government relations and service delivery to our members.

Operations. We aim to continue to advance our capabilities. We believe that talent depth, data and technology, and cost management are important to executing our strategy.

Assets

The Primary Plan's net assets increased from C\$105 billion as at December 31, 2020 to C\$121 billion as at December 31, 2021.

We mitigate risk and target strong consistent returns by purchasing high-quality assets, diversified across asset type, economic sector and geographic market. We have Board-approved target asset allocations across our asset classes which are designed to deliver returns over the long-term to meet the Guarantor's pension obligations.

The Primary Plan's assets are invested in:

Public Investments. Our approach to investing in public investments, which include fixed income and public equities, is to focus on high-quality investments that can generate sustainable cash income and capital growth. We aim to construct a portfolio that is diversified across geographies, sectors, strategies and income streams. We target investments in companies with strong balance sheets and resilient business models, and we partner with leading businesses, operators and best-in-class investors to access investment opportunities around the world. We believe this approach should result in more consistent returns and lower volatility over a multi-year period.

Private Equity. Our approach to investing in private equity is to acquire and actively manage interests in private companies through various phases of the investment lifecycle, including later stage buyouts, growth and venture investing. We aim to generate strong capital returns while appropriately managing risk. We invest in companies with solid business fundamentals, strong management teams and opportunities to grow both organically and through acquisitions. We focus on four core verticals: Business Services, Healthcare, Industrials and Software & Technology. The companies we invest in are primarily headquartered in North America and Europe.

Infrastructure. Our approach to investing in infrastructure is to invest in large-scale infrastructure services or businesses in energy, including clean power, social infrastructure, transportation and digital infrastructure – primarily in North America, Europe and the Asia-Pacific region. We take a patient and disciplined approach to infrastructure investing, and we actively diversify our portfolio across industries, technologies, and geographies. We focus on investments that have high barriers to entry or that are supported by public regulation or by substantially contracted revenue streams.

Real Estate. Our approach to investing in real estate is through Oxford Properties Group (Oxford). We consider Oxford to be a leading global real estate investor, manager and builder of businesses. We focus on building, buying and growing a network of defined real estate businesses and pairing our global expertise and scale with local platforms and world-class management teams to meet our capital allocation priorities and enhance returns. Oxford's purpose is

to create economic and social value through real estate. We invest in a diversified portfolio of office, industrial, retail, residential, life sciences, hotel, credit and niche alternative assets in growth markets in Canada, the U.S., Europe and Asia-Pacific. Our real estate portfolio consists of approximately 120 million square feet of office, retail and industrial space, including 10,000 residential units and 3,000 hotel rooms.

To arrive at the Primary Plan's ultimate exposure by asset class, our asset mix includes both physical and derivative exposures. The inclusion of derivative exposures are reflected in each asset class, with an offset to economic leverage. Economic leverage is the difference between the exposure to an asset class and the fair value of the derivatives in the asset class.

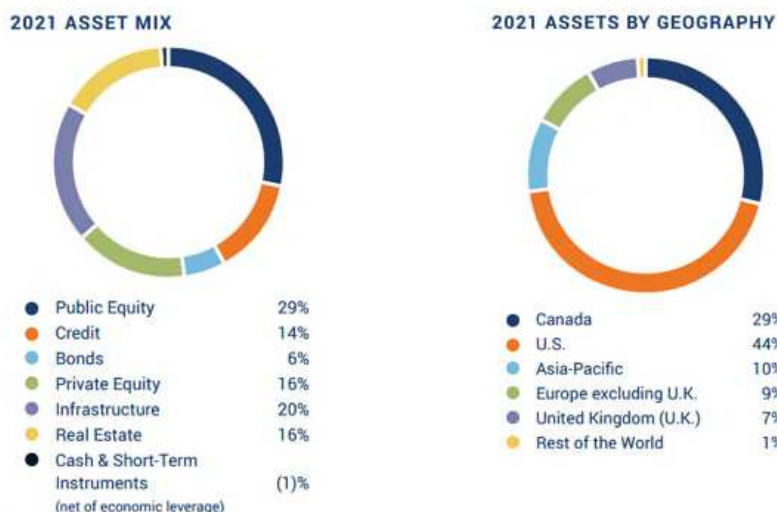
As at December 31, 2021 (C\$ in millions)		
	Investment Assets	Asset Mix (%)
Fixed Income		
Bonds	C\$ 7,684	6.3
Credit	16,912	13.8
Equities		
Public Equity	36,008	29.4
Private Equity	19,761	16.1
Real Assets		
Infrastructure	24,036	19.6
Real Estate	19,843	16.2
Short-term Instruments		
Cash	17,097	14.0
Economic Leverage	(18,795)	(15.4)
Total	C\$ 122,546	100.0%
Less: Administered Funds and Other	1,819	
Balances		
Total Primary Plan	C\$ 120,727	

The Guarantor's Board-approved target asset mix is designed to mitigate long-term risk and deliver long-term returns to meet pension obligations: we diversify our assets across asset type, economic sector and geography. We regularly monitor the suitability of our investment strategies and periodically conduct studies to inform the selection of our asset mix. Our long-term target asset mix as at December 31, 2021¹ is summarized in the chart below.

Long-term Target Asset Mix	
Fixed Income	30%
Bonds	10%
Credit	20%
Equities	45%
Public Equities	30%
Private Equities	15%
Real Assets	45%
Infrastructure	22.5%
Real Estate	22.5%
Short-Term Instruments	(20)%
(includes cash and equivalents and net of economic leverage)	

¹ Certain updates to the target asset mix were approved by the Guarantor's Board on February 28, 2022 and came into effect on March 1, 2022.

The following charts show OMERS Pension Plans' exposure by geography and by asset class as at December 31, 2021:



We measure our investment performance annually. Each year, we aim to earn returns that meet or exceed one-year benchmarks approved by the Guarantor's Board, generally in December of the prior year. We set return and income benchmarks for asset classes and for the Primary Plan overall.

OMERS hedges a proportion of our exposure to foreign currencies using derivative contracts: at December 31, 2021, 42% of our net exposure was exposed to foreign currencies, compared to 29% at the end of 2020. Since 2020, we have been reducing our currency hedging positions and increasing our exposure to foreign currencies, to enhance liquidity management and portfolio diversification.

Returns

In 2021, the Primary Plan's return, net of expenses, was 15.7%, or \$16.4 billion. This compares to a one-year absolute benchmark, approved by the Guarantor's Board in December 2020, of 6.6%, and a loss of 2.7%, or \$3.0 billion in the prior year. We believe that OMERS' portfolio, and the investment strategies that shape it, were positioned well to capitalize on the opportunities that arose during the economic recovery in 2021. As a result, our 2021 results across all asset classes significantly exceeded our one-year benchmark. We exceeded our benchmarks across all segments of our portfolio.

Four factors contributed to our outperformance:

1. Public equities generated a net return of 20.7%. Our portfolio of diversified, high-quality public equities performed well in 2021. Approximately 45% of our outperformance is explained by our public equities asset class.
2. The private equity businesses we own grew their earnings and increased in value throughout 2021 – organically and through acquisitions. In addition, our return in this asset class includes a significant sale of one of our private equity businesses. Taken together, private equity returned 25.8%, and explains 30% of our outperformance relative to our benchmark.
3. Over the years we have increased our allocation to industrial real estate. In 2021, this real estate significantly increased in value, due to the growing demand for warehousing and logistics spaces resulting from online sales and e-commerce. We also earned meaningful profits from our active development program. In total, real estate earned 15.9%, and explains 15% of our outperformance relative to our benchmark.

4. By design, our infrastructure investments continued to deliver strong and consistent multi-year returns, with a 10.7% return in 2021. Our investments in clean power and regulated assets increased in value, supported by strong investor demand.

Beyond these key factors, we also remained committed to investing in higher-yield, short dated credit investments, which delivered a return of 5.8%, mostly from interest income, despite the low interest rate environment. Our low allocation to long dated government bonds protected our returns from negative valuations as long term bond yields rose in 2021. Movements in foreign currencies had a limited net impact on our returns, and we continued to enhance the Primary Plan's liquidity and diversification by reducing our currency hedges.

We measure our investment performance annually. Each year, we aim to earn returns that meet or exceed one-year benchmarks approved by the Guarantor's Board, generally in December of the prior year. We set return and income benchmarks for asset classes and for the Primary Plan overall.

We also measure our investment performance over multi-year periods, as pensions are paid over decades. To that end, we aim to earn average multi-year returns that exceed the geometric average of the one-year benchmarks set for the same periods. We assess those geometric average one-year benchmarks relative to the average annual return expectation of 7% set out in our Board-approved Statement of Investment Policies and Procedures.

The table below sets out the Primary Plan's net return and our historical net returns over relevant multi-year periods.

Net return for the period ending December 31, 2021	1-Year	3-Year	5-Year	10-Year
Net Return	15.7%	8.0%	7.5%	8.0%
Benchmark	6.6%	7.0%	7.1%	7.4%

THE OFFERING

The following is a brief summary of certain terms of the offering. For a more complete description of the Notes and the Guarantee, see “Description of Notes.”

Issuer	OMERS Finance Trust.
Guarantor	OMERS Administration Corporation.
Notes Offered	US\$600,000,000 aggregate principal amount of 3.500% Senior Notes due 2032. US\$500,000,000 aggregate principal amount of 4.000% Senior Notes due 2052.
Principal Amount	US\$1,100,000,000 aggregate principal amount.
Interest Rates	The 2032 Notes will bear interest at a fixed rate of 3.500% per annum. The 2052 Notes will bear interest at a fixed rate of 4.000% per annum.
Issue Date	April 19, 2022.
Interest Payment Dates	Interest on the Notes will be payable semi-annually in arrears on April 19 and October 19 of each year, commencing on October 19, 2022. Interest on the Notes will accrue from April 19, 2022.
Maturity Date	April 19, 2032 for the 2032 Notes. April 19, 2052 for the 2052 Notes.
Issue Price	99.732% of the principal amount for the 2032 Notes, and 98.453% of the principal amount for the 2052 Notes, plus accrued interest, if any, from April 19, 2022.
Form and Denomination	The Issuer will issue the Notes in minimum denominations of US\$250,000 and integral multiples of US\$1,000 in excess thereof and the Notes of each series will be initially represented by one or more global notes.
Ranking	The Notes are direct, unsecured and unsubordinated obligations of the Issuer and rank equally and ratably in right of payment with all other present and future unsecured and unsubordinated indebtedness of the Issuer. The Guarantee is a direct, unsecured and unsubordinated obligation of the Guarantor and ranks (i) in priority over the claims of the members of the Primary Plan and, as a result, in the event of a wind-up of the Primary Plan, holders of the Notes would be entitled to be repaid out of the assets of the Primary Plan in priority to distributions to members of the Primary Plan, and (ii) equally and ratably in right of payment with the Guarantor’s other unsecured and unsubordinated claimants. Claims under the Guarantee would

	be entitled to priority of payment ahead of the accrued benefit entitlements of members, former members, retired members and any other persons entitled to a benefit under the Primary Plan in respect of a member, former member, or retired member before any other distribution is made upon a winding-up of the Primary Plan. The Notes are effectively subordinated to any future secured indebtedness of the Issuer and the claims under the Guarantee are effectively subordinated to any future secured obligations of the Guarantor, in each case, to the extent of the value of the assets securing such obligations. In addition, claims under the Notes are structurally subordinated to any existing and future indebtedness and other liabilities of the Issuer's subsidiaries (if any) and claims under the Guarantee are structurally subordinated to any existing and future indebtedness and other liabilities of the Guarantor's subsidiaries (other than the Issuer). The Government of Ontario has no obligations under the Notes or the Guarantee.
Use of Proceeds	The Issuer will receive net proceeds from the offering of approximately US\$1,083,000,000, after deducting the underwriting discounts and commissions and estimated offering expenses. The Issuer intends to allocate an amount equal to the net proceeds from the sale of the Notes to one or more of our new or existing Eligible Projects (as defined herein). See "Use of Proceeds."
Additional Amounts	If either the Issuer or the Guarantor is required to deduct or withhold taxes in respect of any payment on any Notes or the Guarantee, as applicable, for the account of taxes imposed by Canada, it will, subject to certain exceptions described in this Offering Memorandum, pay additional amounts to holders of the applicable Notes. See "Description of Notes—Payment of Additional Amounts."
Optional Redemption of the 2052 Notes	Prior to October 19, 2051 (six months prior to the maturity date of the 2052 Notes), the 2052 Notes may be redeemed in whole or in part at any time and from time to time at our option at a redemption price equal to the greater of 100% of the principal amount to be redeemed and an applicable "make-whole" redemption price, in either case, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. On or after October 19, 2051 (six months prior to the maturity date of the 2052 Notes), the 2052 Notes may be redeemed in whole or in part at any time and from time to time at our option at a redemption price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest, if any, to, but excluding, the redemption date. See "Description of Notes—Optional Redemption of the 2052 Notes."
Redemption for Tax Reasons.....	As more fully described herein, if, as a result of certain tax related developments, the Issuer or the Guarantor, as applicable, would be required to pay certain additional amounts, the Issuer

	may at its sole discretion elect to redeem the Notes, in whole but not in part, at 100% of their principal amount, together with accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date. See “Description of Notes—Tax Redemption.”
Listing	Application has been made for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF. The Euro MTF is not a regulated market for purposes of MiFID II.
Further Issuances	The Issuer may, from time to time, without notice to, or the consent of, the holders of the Notes, issue additional notes under the Fiscal and Paying Agency Agreement (as defined below), which will be part of the same issue as the Notes of a series being issued in the offering and will be treated as Notes of the same series, including for purposes of voting status, redemptions, offers to purchase and otherwise and will rank equally and have the same terms as the Notes of the applicable series offered hereby in all respects (except for the original issue price, the issue date of the additional notes and the initial interest payment date); <i>provided</i> that such additional notes will not be treated for any purpose as Notes of the same series as the Notes of a series offered hereby, unless such additional notes are fungible for U.S. and Canadian tax purposes with the Notes offered of the applicable series hereby. See “Description of Notes—Further Issuances.”
Transfer Restrictions.....	The offering of the Notes will be made in accordance with Rule 144A and Regulation S under the Securities Act. The Notes and the related Guarantee have not been and will not be registered under the Securities Act, any U.S. federal or state securities laws or with the securities regulatory authority of any other jurisdiction. The Issuer and the Guarantor will not be registered as investment companies under the Investment Company Act. Accordingly, the Notes may be offered, sold, pledged or otherwise transferred or delivered only (i) to U.S. persons reasonably believed to be Qualified Institutional Buyers who are also Qualified Purchasers and (ii) to non-U.S. persons outside the United States in compliance with Regulation S. See “Transfer Restrictions.” The Notes have not been and will not be qualified for distribution in Canada by a prospectus and will be subject to resale restrictions in Canada. The Notes are not being offered or sold, directly or indirectly, in Canada or to or for the account of any resident of Canada in contravention of the securities laws of any province or territory thereof. The Notes may not be offered or sold in Canada or to Canadian purchasers except in a transaction exempt from the prospectus requirements of applicable Canadian provincial securities laws and regulations. See “Transfer Restrictions—Additional Representations of Purchasers in Canada.” As a result of these restrictions, investors are advised to consult legal counsel prior to making any reoffering, resale, pledge or transfer of Notes.

Forced Transfer	If the Issuer determines that any holder of a Note that was initially offered pursuant to Rule 144A is a U.S. Person or acquiring such interest within the United States and is not both a Qualified Institutional Buyer and a Qualified Purchaser at the time it acquires such Note (such person, a “Non-Permitted Holder”), the Issuer shall require such Non-Permitted Noteholder to transfer its interest in such Note to a person that is not a Non-Permitted Noteholder as soon as practicable. See “Description of Notes—Forced Transfer.”
Fiscal and Paying Agency Agreement	The Notes are being issued pursuant to a fiscal and paying agency agreement, dated as of May 2, 2019 (the “Fiscal and Paying Agency Agreement”), among the Issuer, the Guarantor and The Bank of New York Mellon, as the fiscal agent, paying agent, transfer agent and registrar.
Modification of the Notes	The Notes and the Fiscal and Paying Agency Agreement contain provisions for waiving defaults or covenants and amending the terms of the Notes and the Guarantee that permit defined majorities to bind all holders of the Notes of a series, including holders of the Notes of such series who did not consent. See “Description of Notes—Default, remedies and waiver of default” and “—Modification of the Fiscal and Paying Agency Agreement and waiver of covenants.”
Governing Law	The Notes, the Guarantee and the Fiscal and Paying Agency Agreement are governed by, and construed in accordance with, the laws of the State of New York.
Fiscal Agent, Paying Agent, Transfer Agent and Registrar	The Bank of New York Mellon
Securities Identification Numbers	For the 2032 Notes: 144A CUSIP: 682142 AG9 144A ISIN: US682142AG97 Regulation S CUSIP: C68012 AF7 Regulation S ISIN: USC68012AF72 For the 2052 Notes: 144A CUSIP: 682142 AH7 144A ISIN: US682142AH70 Regulation S CUSIP: C68012 AG5 Regulation S ISIN: USC68012AG55
Taxation	For a summary of certain Canadian and U.S. federal income tax consequences of an investment in the Notes, see “Canadian

	Federal Income Taxation” and “Certain U.S. Federal Income Tax Considerations,” respectively.
Ratings	We expect the Notes will be assigned a rating of “AA+” by S&P Global Ratings (“S&P”), a rating of “Aa1” by Moody’s Investors Service, Inc. (“Moody’s”), a rating of “AAA” by DBRS Limited (“DBRS”) and a rating of “AAA” by Fitch Ratings, Inc. (“Fitch”). Ratings are intended to provide you with an independent measure of the credit quality of securities. The ratings accorded to the Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for you. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised, placed on negative outlook or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.
Risk Factors	Investing in the Notes involves risks. See “Risk Factors” and the other information in this Offering Memorandum for a discussion of factors you should carefully consider before deciding to invest in the Notes.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present a summary of AC's consolidated financial information for and as at the years ended December 31, 2021, 2020, and 2019, which has been derived from the Audited Consolidated Financial Statements.

These tables should be read in conjunction with the Audited Consolidated Financial Statements and the notes to those statements and the respective Management's Discussion and Analysis, each included elsewhere in this Offering Memorandum and are qualified in their entirety by the information contained therein. See "Presentation of Financial and Certain Other Information." The historical results are not necessarily indicative of the results that should be expected in the future.

Consolidated Statements of Financial Position

	As at December 31, (C\$ in millions)		
	2021	2020	2019
Net Assets Available for Benefits			
Assets			
Investments.....	C\$ 136,112	C\$ 119,611	C\$ 119,107
Investment-related assets	1,177	2,189	1,749
Contributions receivable.....			
Employers	174	174	166
Members.....	174	174	166
Other assets.....	253	352	658
Total Assets	137,890	122,500	121,846
Liabilities.....			
Investment-related liabilities	12,850	13,185	8,616
Amounts payable under contractual agreements	3,771	3,401	3,485
Other liabilities	350	339	365
Total Liabilities	16,971	16,925	12,466
Net Assets Available for Benefits	C\$ 120,919	C\$ 105,575	C\$ 109,380
Accrued Pension Obligation and Surplus (Deficit)			
Primary Plan			
Defined benefit component			
Accrued pension obligation.....	C\$ 119,342	C\$ 111,820	C\$ 106,443
Surplus (Deficit)			
Funding (deficit) surplus	(3,131)	(3,211)	(3,397)
Actuarial value adjustment to net assets available for benefits.....	3,062	(4,444)	4,928
(Deficit) Surplus	(69)	(7,655)	1,531
Additional Voluntary Contributions component	1,454	1,235	1,244
Accrued Pension Obligation and Surplus (Deficit) of the Primary Plan	120,727	105,400	109,218
Retirement Compensation Arrangement			
Accrued pension obligation.....	1,144	1,152	928
(Deficit) Surplus	(952)	(977)	(766)
Accrued Pension Obligation and Surplus (Deficit) of the Retirement Compensation Arrangement	192	175	162
Accrued Pension Obligation and Surplus (Deficit)	C\$ 120,919	C\$ 105,575	C\$ 109,380

Consolidated Statements of Changes in Net Assets Available for Benefits

	For the year ended December 31, (C\$ in millions)					
	2021		2020		2019	
Changes due to investment activities						
Net investment income (loss)	C\$	16,437	C\$	(3,001)	C\$	11,455
Total changes due to investment activities		16,437		(3,001)		11,455
Changes due to pension activities						
Contributions		4,528		4,415		4,349
Assumption of City of Toronto Pension Plans		-		-		973
Benefits paid		(5,516)		(5,125)		(4,646)
Pension administrative expenses		(105)		(94)		(190)
Total changes due to pension activities		(1,093)		(804)		486
Total Increase (Decrease)		15,344		(3,805)		11,941
Net assets available for benefits, beginning of year ...		105,575		109,380		97,439
Net assets available for benefits, end of year	C\$	120,919	C\$	105,575	C\$	109,380

Consolidated Statements of Changes in Pension Obligations

	For the year ended December 31, (C\$ in millions)					
	2021		2020		2019	
OMERS Primary Pension Plan						
Defined benefit component						
Accrued pension obligation, beginning of year	C\$	111,820	C\$	106,443	C\$	99,058
Interest accrued on benefits		6,496		6,239		5,917
Benefits accrued		3,843		3,642		3,491
Benefits paid		(5,428)		(5,046)		(4,589)
Assumption of City of Toronto Pension Plans		-		-		847
Experience losses (gains)		898		(401)		195
Changes in actuarial assumptions and methods						
Reduction of the discount rate		1,713		804		1,524
Others		-		139		-
Accrued pension obligations, end of year		119,342		111,820		106,443
Additional Voluntary Contributions Component						
Additional Voluntary Contributions obligation, beginning of year		1,235		1,244		1,023
Contributions		82		78		127
Withdrawals		(55)		(53)		(34)
Attributed net investment income (loss)		192		(34)		128
Additional Voluntary Contributions obligation, end of year		1,454		1,235		1,244
Retirement Compensation Arrangement						
Accrued pension obligation, beginning of year		1,152		928		851
Interest accrued on benefits		36		29		27
Benefits accrued		44		27		26
Benefits paid		(33)		(26)		(23)
Experience (gains) losses		(65)		(22)		47
Changes in actuarial assumptions and methods						-
Reduction of the discount rate		10		-		-
Others		-		216		-

Accrued pension obligation, end of year.....	<u>C\$ 1,144</u>	<u>C\$ 1,152</u>	<u>C\$ 928</u>
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RISK FACTORS

An investment in the Notes involves risks. Before making a decision to buy the Notes, you should carefully consider the following risk factors in addition to all other information contained in this Offering Memorandum. Any of the following risks could materially and adversely affect our business, prospects, financial condition, liquidity and results of operations, referred to as a “material adverse effect on us” (and comparable phrases). In such case, you could lose all or part of your investment. The risks described below are those that we currently believe may materially and adversely affect us. There may be additional risks not described below or not presently known to us or that we currently deem immaterial that turn out to materially and adversely affect our business. Some of the risks set out below have been expressed to affect either the Issuer or the Guarantor. However, if one or more of such events were to occur, there is a significant possibility that it would affect both the Issuer and the Guarantor and their respective subsidiaries. Some statements in this Offering Memorandum, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section titled “Forward-Looking Statements.”

Risks Related to Our Business and Operations

Investment Risks

Increased geopolitical unrest and other events outside of our control could adversely affect the global economy or specific international, regional and domestic markets, which may adversely affect the value of our investments.

Our portfolio has significant investments in international markets that are subject to the risk of permanent loss, value decline or impaired operating performance from geopolitical risks, including those arising from trade tension and/or the imposition of trade tariffs, sanctions, terrorist activity or acts of civil or international hostility which are increasing. The military conflict between Russia and Ukraine, for example, has adversely affected geopolitical stability, the global economy and specific markets. The current sanctions against Russia and Belarus and certain entities and individuals in these jurisdictions, or the threat of further sanctions, may result in the decline of the value or liquidity of assets with Russian exposure, a weakening of the ruble, a decline in credit rating or other adverse consequences to the Russian economy, any of which may have a material negative impact on the value, operations and performance of assets with Russian exposure and on the ability to successfully exit such investments. In addition, strategic competition between the U.S. and China and resulting tensions and the impact of the U.K.’s exit from the European Union have also contributed to uncertainty in the geopolitical and regulatory landscapes. Similarly, other events outside of our control, including natural disasters, climate change-related events, pandemics such as the COVID-19 pandemic or health crises may arise from time to time and be accompanied by governmental actions that may increase international tension. Any such events and responses, including regulatory developments, may cause significant volatility and declines in the global markets, disproportionate impacts to certain industries or sectors, disruptions to economic activity, travel and supply chains, loss of life and property damage, and may adversely affect the global economy or capital markets, as well as our operations, and our employees, which may cause the value of our investments and our performance to decline. In addition, the effects of these events on employers that contribute to OMERS may exacerbate the effects of these events on us. It is not possible to predict the likelihood of these types of events occurring in the future or how such events may affect our investments. Furthermore, insurance to cover any losses that result from such market disruptions may not be available on acceptable terms or altogether. Our exposure to geopolitical risks may be heightened to the extent such risks arise in countries in which we currently operate or where we expand our presence in the future.

Financial market volatility could lead to a permanent loss of our capital if we were required to sell assets at an inopportune time.

Macroeconomic conditions, including contractions and recessions, along with global financial market disruption and volatility, may affect our invested capital. In particular, the value of our assets is susceptible to general fluctuations in the capital markets and to increases and decreases in value in response to various factors that are not within our control, such as the financial performance of individual issuers, credit default rates and credit spreads, market confidence, inflation, economic expansion or contraction, trade barriers and disputes, tariffs and taxation, fiscal and monetary stimulus provided or withheld, commodity prices, currency exchange rates, interest rates, environmental risks, geopolitical conditions and political risks, issues relating to government regulation and other financial market conditions.

As a result, the value of the investment portfolio has been in the past, and may in the future be, negatively impacted by adverse conditions in the financial markets and global economy. While we typically have discretion about the timing of dispositions, there could be circumstances when we are required to sell during periods of market stress or downturn which would result in a realized loss.

Significant, unpredicted changes in interest rate levels could have a material adverse effect on us.

We are exposed to interest rate risk primarily through holdings of fixed income securities, certain investment liabilities and interest rate derivative instruments. If interest rates rise, the value of our fixed income portfolio may decrease. Conversely, if interest rates decrease, we may not earn the desired or anticipated level of interest income. These outcomes may result in realized and unrealized losses. Furthermore, changing interest rates could require that we post collateral in relation to our interest rate derivative holdings or agreements to repurchase securities. The occurrence of any of the risks set out above could have a material adverse effect on us.

Interest rates have remained at relatively low levels on a historical basis in the U.S., Canada and other major economies around the world over the last few years and during the COVID-19 pandemic in particular. However, in early 2022, in light of increasing signs of inflation, the U.S. Federal Reserve indicated that it foresees a number of increases in interest rates in 2022, with a 0.25 percentage point increase effective March 17, 2022. The U.S. Federal Reserve has also indicated that it will consider more aggressive interest rate increases if needed and that it expects continued increases in interest rates in 2023 and 2024. Other central banks around the world have made similar statements and Canada raised its interest rates on March, 2, 2022. While future inflation and interest rate increases are uncertain, a period of sharply rising interest rates could create downward pressure on the price of private assets and decrease the value of fixed-rate debt investments, each of which may have a material adverse effect on us. Further, should the equity markets experience a period of sustained declines in values as a result of concerns regarding inflation and rising interest rates, we may face increased difficulty in realizing value from investments.

Additionally, increases in interest rates could have a material impact on capitalization rates, which are a key variable in the determination of the fair value of our real estate, and certain infrastructure assets. Increases in capitalization rates would have a negative impact on these fair values.

Low future growth rates may adversely affect us, or we may not earn returns commensurate with the risk we have accepted.

If regional or global economic growth rates slow, our investment returns could be lower than historical levels. As growth rates decline, the revenues, rents and yields we earn could similarly decline. Such declines could adversely impact our investment performance as well as the values of our assets.

Further, the return profiles of investments we made in the past may change due to economic conditions, government action, competition or social changes. A reduction in anticipated returns may not result in a commensurate reduction of risk. If we continue to earn returns lower than what we believe is appropriate, we may not achieve our long-term return, asset growth or asset mix targets.

The COVID-19 pandemic and future health epidemics or pandemics may adversely affect our business, results of operations and financial condition.

The outbreak of COVID-19 has had a significant impact on global, national and/or regional economies and has caused significant disruption to financial markets. These events may have a material negative impact on our financial performance and may cause our investment returns to decline. The COVID-19 pandemic continues to result in governmental authorities taking numerous measures to contain the spread and impact of COVID-19, such as travel disruptions and restrictions, quarantines, shelter in place orders, and limitations on business activity, including closures. These measures may continue to, among other things, severely restrict global economic activity, which can disrupt supply chains, lower asset valuations, significantly increase unemployment and underemployment levels, decrease liquidity in markets for certain securities and cause significant volatility and disruption in the financial markets.

While global markets and most asset classes have significantly recovered since the lows they experienced in early 2020 when the COVID-19 pandemic was in its most severe stage, the effects of the pandemic are ongoing and could be prolonged or worsen and have an ongoing adverse impact on our business, including our results of operations and financial condition, as a result of, among other things:

- A reduction in the value of our investments across the asset classes that we invest in;
- Changes to spreads, capitalization rates, discount rates and valuation multiples and their impact on valuations of private credit, private equity, debt and real assets;
- Negative impact of the pandemic on employers who contribute to OMERS who may reduce their workforce or the remuneration they pay, which could lead to a reduction in the pension contributions OMERS receives;
- The negative effects of an extended remote working environment and introduction of hybrid working models as well as the potential for heightened operational risks; and
- The disruption to our workforce due to illness and health concerns, potential limitations of remote and hybrid work environments (including any complications associated with hiring and onboarding new employees remotely), and government-imposed restrictions, laws and regulations.

The aggregate extent to which COVID-19, and the related impact on the global economy, affect our business, results of operations and financial condition, will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and any recovery period, the emergence and spread of variants of the COVID-19 virus, the continuing prevalence of severe, unconstrained and/or escalating rates of infection in certain countries and regions, the availability, adoption and efficacy of treatments and vaccines and future actions taken by governmental authorities, central banks and other third parties (including new financial regulation and other regulatory reform) in response to the pandemic. The effects of the COVID-19 pandemic on employers who contribute to OMERS and employees may exacerbate the other risks described herein.

Moreover, future health epidemics or pandemics may develop. This could lead to our investment returns underperforming our long-term expectations, as they did in 2020, and lead to the Primary Plan requiring increased contributions, decreased benefits or both to fund the resulting deficit. The continued COVID-19 pandemic and/or future health epidemics or pandemics could adversely affect our results of operations and financial condition.

Fluctuations in currency exchange rates impact the volatility of our investment returns held in currencies other than the Canadian dollar, and could result in a permanent loss of capital.

We make investments globally that are denominated in currencies other than the Canadian dollar. We hedge only a proportion of these exposures. If the value of one or more of these currencies declines materially, or if there are fluctuations in the relative value of such foreign currencies against the Canadian dollar, our investment portfolio could be materially adversely affected. Many of the financial market volatility factors listed above could also impact relative currency values.

Our efforts to integrate ESG factors into investment and asset-management decisions in order enhance long-term value and mitigate risk may not be successful.

Our Sustainable Investing Policy describes our approach to ESG integration, which is a core element of our investment process. However, we may be unsuccessful in investing in companies whose ESG practices enhance long-term value and mitigate risk. To the extent that we engage with companies on ESG-related practices and potential enhancements, such engagements may not achieve the desired results. Integrating ESG factors into investment decisions is, in part, qualitative and subjective by nature, and the criteria we utilize or any judgment we exercise may not reflect the beliefs or values of any particular third-party investor. ESG-related practices differ by region, industry and issue and are rapidly evolving. As a result, our sustainable investing efforts may fail to achieve their objectives which could have a material adverse effect on our investment performance.

The impairment or failure of entities in whose debt securities we invest may result in a permanent loss of capital.

The value of debt securities in which we invest depends, in part, on the perceived ability of the issuers of those securities to pay the interest and to repay the original investments. A decrease in the creditworthiness of issuers of the securities in which we invest may adversely affect us, as would any actual failure of those issuers to meet their obligations.

The impairment or failure of financial institution counterparties may result in a permanent loss of capital.

We are exposed to different counterparties including brokers and dealers, commercial and investment banks, clearing organizations, mutual and hedge funds, and other institutional partners. Transactions with counterparties expose us to credit risk if the applicable counterparty defaults. Such counterparties may be subject to sudden swings in the financial and credit markets that may impair their ability to perform or they may otherwise fail to meet their obligations. In addition, a default by any financial institution, or by a sovereign, could lead to additional defaults by other market participants. Even the perceived lack of creditworthiness of one or more counterparties may lead to market-wide liquidity problems and losses or defaults by us or by other institutions. Such systemic risk could have a material adverse effect on us.

The valuation methods we use for private investments are inherently subjective and the values recorded may not be realized in a sale or an exchange with an independent third party.

Our private investments, including in infrastructure, real estate, private equity and private credit, generally do not have publicly available market prices, so we use models to estimate their fair value. These valuation methodologies are based on accepted industry valuation methods that are inherently subjective and capable of producing a wide range of values that may be considered reasonable to different parties and that may be different from valuations done by others applying their own judgment at different or similar dates. The valuations we determine may not represent values that can or will be realized in a sale or exchange of securities with an independent third party in a future period.

Our use of financial leverage on certain investments could have a material adverse effect on our invested capital.

Our private investments are frequently leveraged with third-party financing, and they may be subject to restrictive financial and operating covenants. Leverage may impair our ability to finance future operations and capital needs. Leveraged investments' income and net equity increase or decrease at a greater rate than unleveraged investments, and are more exposed to adverse economic factors.

If an investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, or if we are unable to refinance maturing debt, or if we are deemed to be not in compliance with financing or operating covenants, we may be required to fund additional capital, that investment's value could be significantly reduced, or the asset may be foreclosed.

Events specific to significant individual assets may lead to a permanent reduction in or loss of invested capital.

As a large and global institutional investor, we invest in infrastructure, real estate and private equity assets that individually comprise a proportion of our total net investment assets larger than many of our other individual investments. Such large investments expose us to the risk of significant, and potentially permanent, loss of capital resulting from factors specific to those significant assets. Further, such assets are typically less liquid than our other investments, in part because there are fewer potential buyers for assets of their scale.

We invest in asset classes with limited liquidity.

Certain of our investments are illiquid, and there may be a limited number of potential buyers. Although we may wish to sell a specified investment within a specified time horizon, other factors such as overall economic conditions, supply and demand factors, availability and terms of financing, the competitive environment and the availability of potential acquirers may shorten or lengthen our holding period. In addition, legal, contractual and regulatory

restrictions may limit the liquidity of a specified investment. Such illiquidity will tend to limit our ability to vary our portfolio promptly in response to changing investment or economic conditions.

A downturn in the financial markets may exacerbate the low liquidity of these assets and may also reduce the liquidity of assets that are typically liquid. Asset sales during such periods may result in a permanent loss of capital.

Our derivative transactions may adversely affect our liquidity or may result in a permanent loss of capital. Further, our derivative strategies may be ineffective.

We use derivatives to manage our exposure to market risk, by increasing or decreasing foreign currency, interest rates, and credit or price risk, without directly purchasing or selling the underlying assets or currencies. The derivative we use in any such strategy may not match the change in market risk of the exposure that it is meant to hedge, making the strategy ineffective.

Our use of derivatives often requires us to post initial collateral with our counterparty. Subsequent market movements may require us to post additional collateral, increasing our liquidity needs. These activities also compel us to maintain a sufficient portfolio of high-quality liquid assets, which generally earn lower yields.

The derivative instruments we hold to hedge and manage risks may be permanently ineffective, resulting in higher realized losses and additional liquidity requirements. Additionally, in periods of volatile market conditions such as those we experienced in 2020, we may experience more limited availability of hedging instruments and counterparties may require us to post more collateral than planned which could limit the effectiveness of our hedging strategies and have a material adverse effect on our liquidity, results of operations and financial condition.

Our review and pursuit of additional strategic transaction opportunities may be unsuccessful, and if successful, such opportunities may change our asset mix and our risk profile.

Identifying investment opportunities that meet our investment objectives may be difficult and may involve a high degree of uncertainty. The availability of investment opportunities is also subject to market conditions, the prevailing regulatory and political climate, and the level of competition.

Pursuing any strategic transaction involves a number of risks, including additional demands on our staff; unanticipated problems regarding integration; additional or new regulatory requirements, operating facilities and technologies and new employees; requirements to fund and the unavailability of debt or additional equity capital on acceptable terms; and the existence of liabilities or contingencies not disclosed to or otherwise known by us prior to closing a transaction. In addition, underwriting investment opportunities requires that we rely on data provided by vendors, which may be inaccurate, include estimates or assumptions, or be reported under different standards. Acquired investments may fail to achieve expected results.

Unsuccessful development projects could result in a permanent loss of capital.

We may pursue development opportunities as a means of gaining or increasing investments in particular assets. In these cases, development may not be completed within budget, within the agreed timeframe or to the agreed specification, which may result in delayed or decreased cash flow or increased capital requirements. Further, developments are subject to risks including (i) receipt of required governmental authorizations and permits; (ii) construction delays or cost overruns that may increase project costs and extend the time during which invested capital is not earning returns; (iii) development costs incurred for projects that are not pursued to completion; (iv) ability to raise development capital; (v) governmental restrictions on the nature or size of a project; and (vi) the failure of the development to generate additional revenue or to attract tenants.

Increased competition may impair our ability to achieve our target asset mix or cause our investment income to decline.

We face increasing competition when bidding for public and private assets from other investment entities, including other large-scale pension funds, asset managers and sovereign wealth funds who may have substantial

resources and experience, including resources and experiences greater than our own. Such competitors are becoming increasingly more sophisticated and are seeking opportunities in the same diverse set of asset classes in which we participate, and may have different underwriting assumptions, higher risk tolerances or lower return requirements than us. This increased competition could increase transaction costs and make market intelligence more difficult to attain. Such factors could limit our ability to achieve our target asset mix or cause our investment income to decline.

We participate in joint ventures, co-ownerships and partnerships. The performance of our partners may adversely affect our investment liquidity and our strategy execution.

Investments in joint ventures, co-ownerships or partnerships may involve risks not present were a third party not involved, including: (i) the risk that such co-venturers/partners could experience financial difficulties, fail to close on their commitments, or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands on us to maintain and operate the relevant assets or repay the co-venturers'/partners' share of debt for which it will be liable and/or result in its suffering or incurring delays, expenses and other problems associated with obtaining court approval of joint venture or partnership decisions; (ii) the possibility that such co-venturers/partners may at any time have economic or business interests or goals, which are inconsistent with ours or take actions contrary to its instructions or requests; (iii) the risk that such co-venturers/partners may, through their activities on behalf of or in the name of, the ventures or partnerships, expose or subject us to liability; and (iv) the need to obtain co-venturers'/partners' consents with respect to certain major decisions.

Specifically, the sale or transfer of interests in certain of the joint ventures and partnerships in which we participate may be subject to rights of first refusal or first offer and certain of the joint venture and partnership agreements may provide for buy-sell, drag-along, tag-along or similar arrangements. Such rights may be triggered at a time when we may not desire to sell or buy, as the case may be and such rights may also inhibit our ability to sell an interest in an investment within the timeframe or otherwise on the basis we desire.

The models we use may prove to be inaccurate, incomplete or improperly developed. Changes to those models could impact our asset valuations or capital deployment strategies.

We use quantitative models to inform investment decisions, monitor our investments, and to assess risk. Our models are also critical tools for pricing, valuation, liquidity management, hedging and financial reporting.

Quantitative and risk models are complex and may not identify all relevant elements, or may not accurately estimate the magnitude of the impact of identified elements. The effectiveness of these models depends on the quality of information used, which may not always be accurate, complete, or up-to-date, or the significance of which may not always be properly evaluated. Quantitative and risk models are inherently uncertain and involve the exercise of significant judgment.

If actual experience differs from assumptions or estimates, we may incur losses. Also, changes to assumptions and to these models could impact our business and investments in a number of ways, including by requiring that we update our investment positions, in which case we may realize losses.

Climate change and similar environmental factors could have a material adverse effect on us.

Climate change and similar environmental factors could impact our investment portfolio through physical and transition risks. These risks include the risk of loss due to extreme weather events or longer-term shifts in climate patterns; increased costs as a result of changes in government policy, regulation, consumer preferences or technology (including from potential carbon pricing); and reduced asset marketability (e.g. stranded assets).

Risks associated with global climate change, including the greater frequency or intensity of adverse weather and natural disasters could adversely affect our performance.

Ongoing changes to the climatic conditions in areas in which we operate and invest may have an adverse impact on our investments. While the precise future effects of climate change are unknown, it is possible that changes in weather patterns or extreme weather such as floods, hurricanes and other storms could damage investments.

Significant increases in precipitation levels or wind could cause damage to investments and create periods in which they are inoperable. In addition, rising sea levels could, in the future, adversely affect the value and operations of any low-lying coastal investments, result in the imposition of new taxes or increase applicable insurance rates. Climate change may also give rise to changes in regulations and consumer sentiment that could have a negative impact on our operations and investments by increasing their operating costs or restricting or decreasing demand for their activities. The adverse effects of climate change and related regulation at state, federal and international levels could have a material adverse effect on our business, financial condition, results of operations or cash flows from investments and could adversely affect the value of our investments and our overall investment performance.

Operational Risks

We are exposed to the risk of damage to our reputation.

We operate in an industry where integrity, trust and confidence are paramount. We are exposed to the risk that litigation, employee fraud and other misconduct, operational failures, cyber-attacks, breaches of confidential information, press speculation, negative publicity and other events or accusations, whether or not founded, could damage our reputation.

Negative publicity could be based on our internal business practices or those of our business partners or the entities in which we invest. Business partners include third parties hired to perform some of our administrative functions (including processing pension payments to our members), external managers of certain investments consisting of alternative investments (hedge funds), private equity funds and public equity funds, as well as investment organizations with which we have a contractual arrangement.

Further, the Primary Plan has 1,000 participating employers ranging from large cities to local agencies, and more than half a million active, deferred and retired members. Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children's aid societies across the Province of Ontario in Canada. These employers and members may have different interests and expectations, and those interests and expectations may compete and conflict with each other.

The Guarantor may, under certain circumstances, review the OMERS Sponsors Corporation's options for changing benefit levels or increasing contribution rates, and engage in conversations with our stakeholders around these options. Ultimately, the OMERS Sponsors Corporation may elect to implement changes to contributions and benefits. Some groups may disagree with the choices made, and vocalize their disagreement publicly, which could impact our reputation.

Any damage to our reputation or implications of negative publicity could impede our ability to administer the Primary Plan, to execute our strategy and to invest and grow the assets of the Primary Plan and could have a material adverse effect on us.

The appropriate talent required to achieve our strategies and to manage and support our business activities may not be available, or we may not be able to hire or retain them.

Our success depends in large part on our ability to attract, engage, compensate and retain key personnel with appropriate knowledge and skills, particularly strategic, financial, legal, investment, IT, risk management and other specialist skills and experience, whose actions are appropriately aligned with our business strategy. The loss of key personnel, or a limitation in their availability, could adversely affect our operations through diminished relationships with key stakeholders. Competition for talent in the marketplace may result in increased costs to attract and retain such personnel or an inability to attract the right skill sets. Any failure on our part to attract or retain qualified personnel could have a material adverse effect on us.

Our systems and IT infrastructure may not appropriately support business activities, including protecting our member and investment information against cyber incidents.

We are highly dependent on automated and IT systems to adequately secure confidential and business information, and to maintain the confidentiality, integrity and availability of our members' information. We could experience a failure of these systems, or our employees could fail to monitor and implement enhancements or other modifications to a system in a timely and effective manner. We may also be subject to disruptions of any of these systems arising from events that are wholly or partially beyond our control (such as natural disasters, acts of terrorism, epidemics, computer viruses and electrical or telecommunications outages). The remote work environment prompted by the COVID-19 pandemic has exacerbated the above-mentioned risks both for our business and our investments.

Despite the implementation of security and back-up measures, our IT systems may be vulnerable to physical or electronic intrusions, viruses or other attacks, programming errors and similar disruptions. Anyone able to circumvent our security measures and penetrate our IT systems could access, view, expose, publish, misappropriate, alter, or delete information in the systems, including personally identifiable member information and proprietary business information. Any compromise of the security of our IT systems that results in unauthorized disclosure or use of personally identifiable member information could harm our reputation, and could subject us to significant technical, legal and other expenses, each of which could have a material adverse effect on us.

Furthermore, we rely on third-party suppliers to provide certain critical information technology and telecommunication services to us and our members. The failure of a third-party supplier to meet its obligations, for any reason, or errors made by the third-party supplier, could cause significant interruptions to our operations, harm our reputation and have a material adverse effect on us.

We may not be compliant with laws and regulations, and such laws and regulations may change.

The Guarantor and the OMERS Pension Plans are subject to laws, regulations and rules of Canada and the Province of Ontario, which govern their operation, management and administration. Failure to comply with or changes to such requirements could result in financial penalties, tax liabilities or portfolio losses and damage to our reputation.

Failure to comply with the PBA and Tax Act could result in financial penalties, tax liabilities or portfolio losses and damage to our reputation. Also, such laws, regulations and rules may be amended, repealed or enforced, or new laws, regulations or rules may be enacted, in a manner which may adversely affect us or the Issuer's or the Guarantor's ability to fulfill its obligations under the Notes and the Guarantee, respectively. See "—Risks Related to Tax Issues" for information regarding the potential impact of changes in tax laws.

Certain of our private investments are subject to substantial and potentially complex governmental regulation (including rate regulations), easements and consents, and governments have considerable discretion in implementing regulations, easements or consent requirements that could impact such investments. In addition, the operations of investments may rely on government permits, licenses, concessions, leases or contracts. These government entities may exercise their authority in a manner that causes delays or restrictions in operations, obstacles in pursuits of such investments or increased administrative expenses. In this way, the nature and extent of government regulation can also be a key driver of value and returns. If an investment fails to comply with any regulation or contractual obligation, it could be subject to monetary penalties, loss of the right to operate affected businesses, or both.

Finally, the OMERS Act created an independent dual governance model for the OMERS Pension Plans, giving employers and members control over the OMERS Pension Plans. Sponsors appoint board members to the OMERS Sponsors Corporation and the OMERS Sponsors Corporation appoints members to the Guarantor's Board. Because the Guarantor and OMERS Sponsors Corporation are each established and empowered by Ontario provincial legislation, the governance model and associated responsibilities of the Guarantor and OMERS Sponsors Corporation are subject to change. Action by the Government of the Province of Ontario to amend the OMERS Act or otherwise could have a significant effect on the governance of the Guarantor, the OMERS Pension Plans, and OMERS Sponsors Corporation. Changes to the Guarantor's governance model could include, among other things: (i) amendments to the Guarantor's Board composition, including the competencies of the individuals appointed, their method of appointment and their responsibilities; and (ii) the governance practices of the Guarantor and OMERS Sponsors Corporation, including their respective responsibilities for the OMERS Pension Plans.

Effective controls for key processes may not be in place, or major initiatives may not be managed effectively.

We are subject to operational risks, which include, among others:

- Failure to properly perform or oversee responsibilities relating to the OMERS Pension Plans' assets or other portfolio responsibilities;
- Inadequate human resource management and employment practices;
- Employee misconduct including breaches of the code of conduct, fraud and unauthorized trading;
- Errors or inefficiencies in transaction processing, operations and project execution;
- Failure to adequately manage rapid and significant organizational change;
- Failure of third-party suppliers who, now or in the future, may perform or support important parts of our operations; and
- Deficiencies or weaknesses in financial reporting and internal controls.

If any of these operational risks were to occur, it could result in direct financial losses, indirect financial losses resulting from operating inefficiencies, penalties or damage to our reputation. We may be required to fund additional capital to support investment operations. Such operational risks can also directly impact our ability to manage other key risks.

Unpredictable events could adversely affect our operations if we are unable to timely respond to crisis or to safeguard our people or our assets.

Terrorist attacks, cyber-attacks, war, military conflict, labor strikes, power failures, natural disasters, epidemics and pandemics could adversely affect our results and financial condition by:

- Impairing asset operations or demand for the asset's services;
- Harming a significant proportion of our workforce;
- Decreasing investment valuations in, and returns on, the investment portfolios that we manage;
- Causing disruptions in national or global economies that decrease investor confidence and make investment products generally less attractive;
- Interrupting our business operations or those of critical service providers;
- Triggering technology delays or failures; and
- Requiring substantial capital expenditures and operating expenses to remediate damage, replace our facilities and restore our operations.

If we lose the availability of any of our people or outside vendors, or if we are unable to respond adequately to such an event in a timely manner, we may be unable to timely resume our business operations, which could impair our reputation and have a material adverse effect on us.

Our insurance policies may be insufficient to protect us against large losses.

We can make no assurance that a claim or claims we make for a loss will be covered by our insurance policies or, if covered, will not exceed the limits of available insurance coverage, or that our insurers will remain solvent and meet their obligations.

Certain of our investments could have a substantial environmental impact.

Certain private investments may be subject to numerous statutes, rules and regulations relating to environmental protection, which could require us to address prior environmental contamination and health and safety requirements and to fund costs of investigation, monitoring, removal or remediation of hazardous materials. These laws could impose liability, whether or not we knew of or were responsible for the presence of hazardous materials. The presence of hazardous materials on a property could also result in personal injury or property damage or similar claims by private parties. Major environmental damage could result either from ordinary operation or accidental occurrence.

Furthermore, changes in environmental laws or in the environmental condition of an investment may create liabilities that did not exist at the time of acquisition that could not have been foreseen.

These risks expose the OMERS Pension Plans to substantial risk of loss from environmental claims, and the loss may exceed the value of such investment.

Changes in tax laws could materially and adversely affect the financial stability of the Issuer, subsidiaries of the Issuer, the Guarantor and subsidiaries of the Guarantor.

Changes in tax laws (including any that could change the tax status of the Issuer) could materially and adversely affect the financial stability of the Issuer, Guarantor and subsidiaries of the Guarantor. No assurance can be given that the tax laws currently in force affecting the Issuer, subsidiaries of the Issuer (if any), the Notes, the Guarantor or subsidiaries of the Guarantor will not change in the future.

Pension Risks

Contributions into the Primary Plan may vary, and are affected by many factors, including prolonged labor disruptions affecting contributing employers' workforces. Further, higher levels of inflation, demographic experiences, evolving workforce trends, technological disruptions, accelerated plan maturities or actuarial assumption changes could result in significant, unexpected changes in OMERS pension liabilities and normal cost. These could lead to the need to decrease (increase) contribution rates or increase (decrease) benefits. Additionally, life expectancy has steadily increased over time, which means retirees collect pensions for longer periods. These factors could negatively impact our cash flow and our risk profile.

Setting contribution rates and the costs of providing benefits depend upon a number of factors, including provisions of the OMERS Primary Plan; changing experience and assumptions related to ongoing active members; terminations, retirements, and mortality; rates of increase in compensation levels; rates of return on OMERS Primary Plan assets; discount rates used in determining future benefit obligations and minimum required funding levels; inflation assumptions and actual inflation levels; membership characteristics including the relative maturity of the Primary Plan, as measured by the ratio of pension recipients to active contributing members, legal requirements and levels of contributions made to the Primary Plan. Workforce changes, increased automation or privatization of municipal services could reduce the number of active members contributing to the Primary Plan, as could an increase in the rate of member retirement.

Additionally, it costs more to pay lifetime pensions when members live longer. Once pensions are in payment, any costs greater than originally anticipated by the actuarial assumptions are borne by a combination of (i) active contributing members and their employers, and (ii) the Primary Plan's investments. There is additional uncertainty associated with longevity risk due to the difficulty in predicting future drivers of longevity improvements.

Finally, members and employers are impacted by gradual enhancements to the Canada Pension Plan (“CPP”), which requires higher employer and employee contributions. The OMERS pension formula does not adjust for changes in the CPP and, as a result, a member’s combined CPP and OMERS pension benefit for future retirees will increase in the long term. As more dollars are being directed to secure more retirement income outside of OMERS, this puts further pressure on OMERS contribution rates, decreasing the available dollars members and employers have to absorb future increases.

Any of these factors or any number of these factors could decrease contribution rates or increase aggregate benefit payments. A change in these factors could also require that OMERS shift its strategy or target asset mix to generate higher returns, which may change our risk profile.

As a jointly-sponsored pension plan, the Primary Plan may be adversely affected if a major employer or multiple employers elect to cease contributing to and receiving benefits from the Primary Plan.

Employers who currently participate in the Primary Plan are not mandated to do so, and though difficult, they could elect to withdraw from the Primary Plan under certain conditions. If a major participating employer, or multiple participating employers, elected to cease offering their employees a pension, the Primary Plan would receive lower contribution cash flows, with no reduction in accrued benefits already earned. This reduction in contribution cash flows could reduce our ability to deploy capital to grow the Primary Plan’s asset base, and could therefore reduce our funding status. Further, the secession of one major employer could have a compounding effect on other employers, resulting in additional decreases to contribution levels.

The Primary Plan’s design may not lead to the value, performance and results expected. This may require that contribution rates decrease or benefit payments increase, which could adversely affect our cash flow, and could lead to changes to our asset mix and investment risk profile.

OMERS Sponsors Corporation, as sponsor, is responsible for setting benefit rates and contribution levels, and may determine that the Primary Plan is not providing a sufficiently high level of value or perceived value (relative to risks) to members and employers. Such a determination could lead to increased benefit payments or decreased contribution rates, which may result in changes to our asset mix and investment return profile which a noteholder could consider adverse.

Governance Risks

AC’s governance structure could impact the quality of decision-making and could adversely affect our results of operations and financial condition.

Pursuant to the OMERS Act and OMERS Sponsors Corporation by-laws our directors are appointed by OMERS Sponsors Corporation. While we regularly review the attributes that each of our directors must possess and the competencies that the AC Board, as a whole, must satisfy and while we further regularly assess these attributes and competencies to ensure that any skills gaps are identified and provided to OMERS Sponsors Corporation for consideration in appointing or reappointing AC directors, AC director appointment authority ultimately rests with OMERS Sponsors Corporation. We therefore do not have direct ability to ensure that AC directors have the capabilities and competencies we require to ensure that our risk management, financial and operational requirements are met. Directors play an important role in our decision-making process and this structure could adversely affect the quality of our decision-making, processes and culture which could have a material adverse effect on our results of operations and financial condition.

Risks Related to the Notes, the Offering and the Guarantor

There is no legal or regulatory standardized criteria for what constitutes a “green,” “social,” “sustainable” or other equivalently labeled project, and any such designations made by third parties with respect to the Notes may not be suitable for the investment criteria of an investor.

There is currently no clearly defined definition (legal or regulatory) as to what constitutes, a “green,” “social,” “sustainable” or an equivalently labeled project, or as to what precise attributes are required for a particular project to be defined as “green,” “social,” “sustainable” or such other equivalent label. Assurance cannot be given that such a clear definition or consensus will develop over time.

Consistent with market practice, we leverage the definitions of “green projects” and “social projects” outlined in the International Capital Market Association (“ICMA”) Green Bond Principles 2021 (“GBP”) and Social Bond Principles 2021 (“SBP” and, collectively, “The Principles”). The Principles also outline indicative project categories but are not meant to be exhaustive. These Principles may change from time to time.

However, no assurance is or can be given to investors that any Eligible Projects selected to receive an allocation of funds from the net proceeds of the Notes will meet any or all investor expectations regarding such “green,” “social,” “sustainable” or other equivalently-labeled performance objectives, or that any adverse environmental, social and/or other impacts will not occur during the implementation of any Eligible Projects funded in whole or in part by the net proceeds from the sale of the Notes.

Your recourse as a holder of Notes may be limited.

The Notes and the Guarantee are not obligations of, or guaranteed by, the Government of Ontario. Your recourse as a holder of Notes is limited solely to: (i) the assets of the Issuer in respect of the repayment of the Note; and (ii) any obligation of the Guarantor that may arise under the Guarantee.

The beneficiaries of the Issuer are indirect wholly-owned subsidiaries of the Guarantor. The Notes are structurally subordinated to claims of the creditors of all the subsidiaries of the Issuer to the extent of the assets of such subsidiaries. The obligations of the Guarantor under the Guarantee are structurally subordinated to claims of creditors of all the subsidiaries of the Guarantor (other than the Issuer).

The beneficiaries of the Issuer are indirect wholly-owned subsidiaries of the Guarantor. The Issuer’s primary activity is borrowing funds, raising capital and otherwise incurring indebtedness, the proceeds of which may be used for investment purposes, which may include, among other things, making investments in or buying securities of third parties and/or providing financing to one or more direct or indirect subsidiaries of the Guarantor. The Issuer’s ability to make payments of principal of and interest on the Notes will depend in large part on OMERS financial condition and the ability of the entities to which the Issuer provides financing to satisfy their obligations to the Issuer. None of the subsidiaries of the Guarantor (other than the Issuer) or any of the other entities in which the Guarantor invests, have any obligations in respect of the Notes or the Guarantee. Accordingly, the Notes are structurally subordinated to claims of creditors (including trade creditors, if any) of all the subsidiaries of the Issuer with respect to the assets of such subsidiaries. Further, the obligations of the Guarantor under the Guarantee are structurally subordinated to claims of creditors (including trade creditors, if any) of all the subsidiaries of the Guarantor (other than the Issuer) with respect to the assets of the subsidiaries of the Guarantor. For example, the obligations of the Guarantor under the Guarantee are structurally subordinated to the claims of the holders of the outstanding notes issued by OMERS Realty Corporation, a subsidiary of the Guarantor, with respect to assets held by OMERS Realty Corporation. See “Description of Other Indebtedness.”

Your claims as a holder of Notes are subordinated to the secured indebtedness of the Issuer. Your claims under the Guarantee are subordinated to the secured obligations of the Guarantor.

The Notes are not secured by any of the assets of the Issuer and the Guarantee is not secured by any of the assets of the Guarantor. Accordingly, any of the Issuer’s future secured indebtedness would rank prior to your claims as a

holder of Notes, and any of the Guarantor's future secured obligations would rank prior to your claims under the Guarantee, in each case, to the extent of the value of the assets securing such obligations.

The Notes and the Fiscal and Paying Agency Agreement contain provisions that permit certain waivers or the modification of the terms of the Notes and the Guarantee without the consent of all holders of the applicable Notes.

The Notes and the Fiscal and Paying Agency Agreement contain provisions for waiving defaults or covenants and amending the terms of the Notes of a series and the Guarantee that affect the interests of all holders of the Notes generally. These provisions permit defined majorities to bind all holders of the Notes of a series, including holders of the Notes of such series who did not consent. As a result, decisions might be taken by the holders of the Notes that are contrary to the preferences of any particular holder.

Redemption may adversely affect your return on the 2052 Notes.

The Issuer has the right to redeem some or all of the 2052 Notes prior to maturity, as described under "Description of Notes—Optional Redemption of the 2052 Notes." The Issuer may redeem the 2052 Notes at times when prevailing interest rates may be relatively low. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the 2052 Notes.

An active secondary market in respect of the Notes of either series might never be established or might be illiquid and this could adversely affect the value at which you could sell such Notes.

At the time of issuance, the Notes had no established trading market, and despite application having been made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF, such markets might never develop. If such markets do develop, they might not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If an active trading market for investments in the Notes of either series is not developed or maintained, then the market or trading price and liquidity of investments in such Notes may be adversely affected.

There is limited publicly available information related to the Issuer and the Guarantor.

Neither the Issuer nor the Guarantor is a reporting issuer in any jurisdiction in Canada or the United States and neither has a current intention of becoming a reporting issuer. As a result, neither the Issuer nor the Guarantor is required to file continuous disclosure documents, reports or other information with any securities commission or similar regulatory authority in any province or territory of Canada or with the SEC. Although the Guarantor publishes certain disclosure, this disclosure may not be consistent with the level of disclosure required of reporting issuers in any jurisdiction in Canada or the United States.

Credit ratings are subject to change and may adversely affect the market value of the Notes.

A credit rating is not a recommendation to buy, sell or hold the Notes and may be lowered, placed on negative outlook or withdrawn by the rating agency at any time. Real or anticipated changes in the credit ratings may affect the market prices or value of the Notes. A lowering of any credit ratings applied to any Notes or with respect to the Guarantor may have an adverse effect on the market price or value or the liquidity of such Notes. There is no assurance that any credit rating will remain in effect for any given period of time or that any credit rating will not be revised, placed on negative outlook or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

While the Province of Ontario and the Government of Canada are not sponsors of the OMERS Pension Plans, their credit ratings nonetheless affect the Guarantor's. Weakness or significant deterioration in either of these economies, or a substantial increase in borrowings, could negatively affect their ratings, and, in turn, change our rating agencies' assessments of our credit ratings.

The Issuer may incur additional indebtedness.

While there are internal limits on the Guarantor's ability to guarantee debt out of the assets of the Primary Plan, these can be changed by a motion of the Guarantor's Board. Additionally, there is currently no limit on the Issuer's ability to incur additional debt, including secured debt that would rank in priority to the Notes.

An increase or decline in interest rates will affect the value of the Notes.

Prevailing interest rates will affect the market value of the Notes, which carry fixed interest rates. Assuming all other factors remain unchanged, the market value of the Notes, if any market exists, may decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing rates for comparable debt instruments decline.

The Fiscal and Paying Agency Agreement and the Notes provide limited covenants and protection for the holders of the Notes and no trustee has been appointed to act on behalf of the holders of the Notes.

While the Fiscal and Paying Agency Agreement, the Notes and the Guarantee contain terms intended to provide you protection upon the occurrence of certain events involving significant corporate transactions, these terms are limited and may not be sufficient to protect your investment in the Notes. For example, there is no limitation on liens, debt or restricted payments and there are no financial covenants in the Fiscal and Paying Agency Agreement or the Notes. In addition, the Issuer has not appointed a trustee to act on behalf or for the benefit of the holders of the Notes. The Fiscal and Paying Agent (as defined below) is the agent of the Issuer and the Guarantor, is not trustee for the holders of the Notes and does not have any of the responsibilities or duties to act for such holders that a trustee would. As a result, it may be difficult for the holders of the Notes to coordinate collective action to enforce their rights under the Notes.

The Notes and the related Guarantee are subject to transfer restrictions.

The Notes and the related Guarantee have not been and will not be registered under the Securities Act, any other U.S. federal or state securities laws or the securities laws of any province or territory of Canada or the securities laws of any other jurisdiction. Neither the Issuer nor the Guarantor will be registered as an investment company under the Investment Company Act. Purchasers may not offer the Notes or the related Guarantee in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. federal or state securities laws, or pursuant to an effective registration statement. The Notes and the Fiscal and Paying Agency Agreement contain provisions that will restrict the Notes and the related Guarantee from being offered, sold, pledged or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A to persons reasonably believed to be Qualified Institutional Buyers and Qualified Purchasers and to non-U.S. persons outside of the United States pursuant to Regulation S. It is the holders' obligation to ensure that any offers and sales of the Notes and the related Guarantee within the United States and other countries comply with applicable securities laws. If the Issuer determines that any holder of a Note that was initially offered pursuant to Rule 144A is a Non-Permitted Holder, the Issuer shall require such Non-Permitted Holder to transfer its interest in such Note to a person that is not a Non-Permitted Holder as soon as practicable. Each purchaser of the Notes, in making its purchase, will be deemed to make the acknowledgements, representations, warranties and agreements set forth in "Transfer Restrictions." Furthermore, in Canada, the Notes are being offered pursuant to exemptions from prospectus requirements available under securities legislation in each province and territory of Canada, which exemptions impose restrictions on the initial offering of, and subsequent resale of, the Notes. As a result of these restrictions, despite any listing on Euro MTF, there can be no assurance as to the creation of a secondary market for the Notes of either series or the liquidity of such market if one develops. Consequently, you must be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

In the event that the Issuer Trustee or the Guarantor becomes subject to bankruptcy or insolvency proceedings, your rights may be impaired.

Your ability to enforce your rights or remedies under the Fiscal and Paying Agency Agreement, the Notes and the Guarantee may be significantly impaired if the Issuer Trustee or the Guarantor becomes subject to proceedings under applicable Canadian federal bankruptcy, insolvency, liquidation, reorganization or other similar or analogous

restructuring legislation or under Canadian federal or provincial receivership laws (“Canadian insolvency law”). For example, the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) and the *Companies’ Creditors Arrangement Act* (Canada) (the “CCAA”) contain provisions enabling an insolvent debtor to obtain a stay of proceedings against its creditors and others (including in respect of assets held by the insolvent debtor in trust) and to prepare and file a proposal or a plan of compromise or arrangement for consideration by all or some of its creditors, to be voted on by the various classes of its affected creditors. Such a proposal or a plan of compromise or arrangement, if accepted or approved by the requisite majorities of each class of affected creditors and if approved or sanctioned by the relevant Canadian court, would be binding on all creditors or the affected classes of creditors, as the case may be, and the insolvent debtor. Moreover, certain provisions of the relevant Canadian insolvency legislation permit an insolvent debtor to retain possession and administration of its property (including property held by it in trust) in certain circumstances, subject to court oversight, even though such debtor may be in default in respect of its obligations to creditors during the period that the stay of proceedings remains in place.

In BIA and CCAA restructuring proceedings and in receivership proceedings, the court may, subject to certain conditions, create court-ordered charges on the assets of the debtor to secure new financing, professional fees, post-filing amounts owing to critical suppliers, statutory director liabilities or other amounts, which would be effectively senior to the claims under the Notes and the Guarantee which are unsecured. One of the factors that a court is required to consider before granting such court-ordered charges is whether any creditor would be materially prejudiced by the granting of such a charge; however, this is only one of the factors that the court will assess in such circumstances, and there is no express concept of “adequate protection” under Canadian insolvency law.

The powers of the court under Canadian insolvency law, and particularly under the CCAA, are exercised broadly to protect an insolvent debtor or guarantor and its estate from actions taken by creditors and others. Neither the Issuer nor the Guarantor can predict whether or to what extent, payments under the Notes or the Guarantee would be made during any Canadian insolvency proceedings; whether, and to what extent, you could exercise your rights under the Fiscal and Paying Agency Agreement, the Notes or the Guarantee; or whether, and to what extent, the holders of the Notes would be compensated for any delays in payment of principal, interest and costs, including fees and disbursements of the Fiscal and Paying Agent. Accordingly, if the Issuer Trustee or Guarantor were to become subject to such proceedings, the Issuer Trustee may cease making payments on the Notes or the Guarantor may not make payments under the Guarantee, as the case may be, and you may not be able to exercise your rights under the Fiscal and Paying Agency Agreement, the Notes or the Guarantee (as applicable) following commencement of or during such proceedings without leave of the relevant Canadian court.

In addition, in relation to the Issuer Trustee, the corporate statute that governs it contains provisions that enable a corporation to obtain a stay of proceedings against creditors and to propose a plan of arrangement that could reduce, eliminate or otherwise compromise debt such as the Notes that, following a vote by the affected class(es) of stakeholders as ordered by the court and if approved or sanctioned by the relevant Canadian court, would be binding on all creditors within each affected class.

Each of the Issuer and the Guarantor is formed under the laws of the Province of Ontario and has its principal place of business in Ontario; the Guarantor also has substantial assets outside of the United States. Therefore, even though the Fiscal and Paying Agency Agreement, the Notes and the Guarantee are governed by New York law and holders of the Notes may not be located in Canada, it is more likely that bankruptcy or insolvency proceedings in respect of the Issuer Trustee or the Guarantor would be commenced in Canada rather than the United States. Whether bankruptcy or insolvency proceedings are commenced in Canada or the United States, courts in both jurisdictions under applicable bankruptcy and insolvency law have the authority to recognize a foreign insolvency proceeding as either a foreign main proceeding or a foreign non-main proceeding, on the proof of certain threshold requirements. In connection with the recognition of foreign insolvency proceedings, whether in Canada or the United States, by order of the applicable court a stay of proceedings may also be imposed in the jurisdiction granting recognition and orders of the foreign court in the foreign insolvency proceedings may be recognized and given effect in the jurisdiction granting recognition.

You might have difficulty enforcing your rights against the Issuer, the Guarantor and their respective directors and officers.

The Issuer is a trust established under the laws of the Province of Ontario. The Guarantor is an Ontario corporation without share capital continued under the OMERS Act. Their principal places of business are located outside the United States. The directors and executive officers of the Issuer and the Guarantor reside in Canada and all or a substantial portion of their assets are located outside the United States. The Issuer and the Guarantor have appointed CT Corporation System as an agent to receive service of process with respect to any action brought against them in any federal or state court in the State of New York arising from the offering and will agree in the Fiscal and Paying Agency Agreement to submit to the jurisdiction of such courts in connection with such suits, actions or proceedings arising from the offering of Notes. However, it may be difficult for holders of the Notes to effect service of process within the United States or in any other jurisdiction outside Canada upon the Issuer, the Guarantor or such persons who are not residents of the United States or to enforce against them in courts of any jurisdiction outside Canada judgments predicated upon the civil liability provisions of the federal or state securities laws of the United States or any other jurisdiction outside Canada. In addition, it may be difficult for investors to enforce civil liabilities predicated upon the federal and state securities laws of the United States in Canadian courts or in original actions or actions for enforcement of judgments obtained in courts of jurisdictions outside of Canada. The Volcker Rule may affect the ability of certain financial institutions to hold the Notes and otherwise limit their dealings with us, which could have an adverse effect on the trading prices for the Notes and/or our business.

While we are the administrator of the OMERS Pension Plans and trustee of the pension funds, we may be considered to be an investment company, potentially subject to regulation as such under the Investment Company Act and similar laws, as a result of how we are structured and the activities we pursue. However, we have taken various steps, including limiting the persons and entities that may acquire Notes in order to be able to rely on exemptions from the requirement to register as an investment company. See “Transfer Restrictions.” Specifically, we have structured ownership and offering of the Notes to qualify for an exemption from registration as an investment company pursuant to Section 3(c)(7) of the Investment Company Act.

The Volcker Rule may affect the ability of certain financial institutions to hold the Notes and otherwise limit their dealings with us, which could have an adverse effect on the trading prices for the Notes.

Our reliance on Section 3(c)(7) of the Investment Company Act also presents potential issues under Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Volcker Rule”). The Volcker Rule restricts the ability of many U.S. and non-U.S. financial institutions to engage in certain proprietary trading and fund-related activities, including sponsorship of or direct and indirect investments in certain U.S. and non-U.S. issuers that invest or trade in securities or commodity interests. U.S. and non-U.S. financial institutions that are subject to the Volcker Rule, including many global banks and their affiliates, thus may be subject to restrictions on their ability to acquire and hold the Notes and potentially on other dealings with us. Any reduction in the willingness of these financial institutions to engage in transactions involving the Notes, or otherwise transact with us, could have an adverse effect on the market prices for the Notes. Although the Issuer does not believe that the Notes and the Guarantee should be considered “ownership interests” in a “covered fund” for purposes of the Volcker Rule and implementing regulations thereunder, prospective purchasers that are “banking entities” for purposes of the Volcker Rule should consider whether they are prohibited from purchasing the Notes or engaging in other dealings with us.

Notes denominated and payable in a currency other than the investor’s currency are subject to exchange rate and exchange control risks.

If your financial activities are denominated principally in one currency (the “Investor’s Currency”) other than U.S. dollars, the currency in which the Notes are denominated (the “Relevant Currency”), you will be subject to significant risks not associated with an investment in a Note denominated and payable in the Investor’s Currency, including the possibility of material changes in the exchange rate between the Investor’s Currency and the Relevant Currency and the imposition or modification of exchange controls by the applicable governments. Neither the Issuer nor the Guarantor have any control over the factors that generally affect these risks, including economic, financial and political events and the supply and demand for the applicable currencies. Depreciation of the Relevant Currency would result in a decrease in the Investor’s Currency equivalent yield of the Notes, in the Investor’s Currency equivalent

value of the principal payable at the stated maturity or any earlier redemption of such Notes and, generally, in the Investor's Currency equivalent market value of such Notes.

Risks Related to Tax Issues

The Primary Plan, the Guarantor or subsidiaries of the Guarantor could become liable for Canadian income tax, which could impair the Guarantor's ability to meet its obligations under the Guarantee.

The Primary Plan, the Guarantor and certain subsidiaries of the Guarantor are exempt from Canadian income tax provided that they meet certain conditions. We intend to manage the affairs of the Primary Plan, the Guarantor and these subsidiaries so that they will remain exempt from Canadian income tax. However, if the Primary Plan, the Guarantor or these subsidiaries were to lose their tax exempt status, they could be subject to Canadian income tax. A liability for Canadian income tax of the Primary Plan, the Guarantor or these subsidiaries could impair the Guarantor's ability to meet its obligations under the Guarantee and could adversely affect the credit ratings of the Guarantor, the Issuer or the Notes.

Tax filings may be successfully challenged by tax authorities, and any resulting increased liability for income tax could negatively affect the Issuer's ability to make interest or principal payments on the Notes or the Guarantor's ability to meet its obligations under the Guarantee.

The Guarantor has, and the Issuer may have, subsidiaries that are subject to income taxes in a number of jurisdictions, and to audits from tax authorities in those jurisdictions. Any audits could materially affect the income taxes payable or receivable in any jurisdiction, which changes could impair the Issuer's ability to make interest or principal payments on the Notes in accordance with their terms and conditions or the Guarantor's ability to meet its obligations under the Guarantee.

USE OF PROCEEDS

The Issuer expects to receive net proceeds from the offering of approximately US\$1,083,000,000, after deducting the underwriting discounts and commissions and estimated offering expenses. The Issuer intends to allocate an amount equal to the net proceeds from the sale of the Notes to one or more new or existing Eligible Projects.

“Eligible Projects” are investments and expenditures made by us beginning with the issuance date of the Notes, or in the 36 months prior to the issuance year of the Notes, in eligible Green Projects and/or eligible Social Projects as defined in and aligned with the core components of the ICMA Sustainability Bond Guidelines 2021 (“SBG”), GBP and SBP, which recommend transparency and disclosure and promote integrity with respect to “sustainable” bonds, and in accordance with the SBG. Eligible Projects can include assets held by AC directly or indirectly through subsidiary entities. The Issuer expects that each of our Eligible Projects will meet one or more of the following eligibility criteria, but any Eligible Projects to which any portion of the net proceeds from the sale of the Notes is allocated may or may not include any one or all of the example projects listed below.

“Eligible Green Projects” include renewable energy, energy efficiency, green buildings, clean transportation, sustainable water and wastewater management and pollution prevention and control and may involve any of the following investments:

- **Renewable Energy:** Investments dedicated to generation, transmission and distribution of energy from renewable sources including (i) wind, (ii) solar, (iii) geothermal with direct emissions <100 g CO₂/kWh, (iv) hydropower with power density >5 W/m², (v) waste biomass, (vi) renewable natural gas from farms with 80% GHG emissions reduction compared to fossil fuel baseline, and sourced from a sustainable feedstock and (viii) landfill gas capture with gas capture efficiency >45% and closed/decommissioned landfills only.
- **Energy Efficiency:** Investments that reduce energy consumption, including (i) energy-efficient heating, ventilation, air conditioning, refrigeration, lighting and electrical equipment that results in at least 30% energy savings, (ii) projects that reduce losses in the delivery of bulk energy services or enhance integration of intermittent renewables such as energy storage, smart grids, demand response (iii) projects that enable monitoring and optimization of the amount and timing of energy consumption such as smart meters, fly wheeling, load control systems, sensors, IoT solutions, or building information systems, (iv) Network transformation resulting in energy efficiency including fiber deployment to replace existing copper/coax wiring.
- **Green Buildings:** Investments in new or existing commercial or residential buildings that have (i) achieved or expect to achieve, based on third-party assessment, greenhouse gas emission performance in the top 15% of their city, or (ii) received, or expect to receive based on its design, construction and operational plans, certification according to third party verified green building standards, such as: LEED Gold or Platinum standard, NABERS 4 Star or above, BOMA Best Gold, BREEAM Excellent or above, or other equivalent certification schemes, subject to the approval of the external reviewer.
- **Clean Transportation:** Investments in low-carbon transport assets including: (i) zero direct emission vehicles and associated infrastructure (including hydrogen, fuel cell, electric) and (ii) infrastructure, rolling stock and vehicles for electrified public transport and freight, except where the primary purpose is fossil fuel transport.
- **Sustainable Water and Wastewater Management:** Investments that improve water quality, water efficiency, or climate change resilience, including: (i) technologies and projects for collection, distribution, treatment, recycling or reuse of water, rainwater or wastewater and (ii) infrastructure for flood prevention, flood defense or stormwater management.
- **Pollution and Prevention Control:** Investments that reduce and manage emissions and waste generated, including: (i) technologies and projects for collection, sorting, treatment, recycling or

reuse of emissions, waste, hazardous waste or contaminated soil (chemical recycling is only undertaken when mechanical recycling is not feasible, and where lifecycle GHG emissions of plastics manufactured through chemical recycling are lower than the equivalent plastic manufactured from fossil fuel feedstock), (ii) technologies and projects to salvage, use, reuse and recycle post-consumer waste products, (iii) waste treatment and environmental remediation projects, including land treatment and brownfield clean-up, soil washing, chemical oxidation, bioremediation and (iv) reduction of air emissions, greenhouse gas control, and carbon capture technologies.

“Eligible Social Projects” include access to essential services, affordable basic infrastructure, affordable housing and food security and sustainable food systems and may involve any of the following investments:

- **Access to Essential Services:** Investments in public, free or subsidized¹ essential services, including: (i) i. Infrastructure for hospitals, laboratories, clinics, healthcare, childcare and elder care centers and (ii) infrastructure for the provision of child, youth or adult education and vocational training services.
- **Affordable Basic Infrastructure:** Investments in the construction, expansion or modernization of infrastructure including access to drinking water, sewage and sanitation services, energy (including energy distribution), and telecommunications (including broadband), where such infrastructure does not exist or is clearly inadequate and hinders a community’s development.
- **Affordable Housing:** Investments meeting national/regional affordable housing definitions in the applicable jurisdiction.
- **Food Security and Sustainable Food Systems:** Investments in (i) Controlled Environment Agriculture including specialized greenhouses that use minimal inputs, maximize production and are at least 30% more energy efficient than business as usual and (ii) logistics to improve food security and resilience of supply chain, such as grain storage and/or elevators, where such infrastructure does not exist or is clearly inadequate and hinders a community’s access to food

In alignment with global taxonomies and index standards for green and sustainable finance, all investments related to the exploration, production and transportation of fossil fuels will be ineligible for inclusion in any green, social or sustainable bond issued under the Issuer’s Sustainable Bond Framework (the “Framework”), even where such investments are intended to support the transition away from fossil fuels.

Process for Eligible Project Evaluation and Selection

The Issuer has in place a sustainable bond working group, comprised of representatives from five of our functional divisions which will be responsible for the selection and approval of eligible projects. All eligible green and social assets are subject to the OMERS approach to sustainable investing as described in the Framework, as may be amended from time to time. The Framework is available on our website. Any Eligible Projects to which any portion of the net proceeds from the sale of the Notes is allocated would follow an internal process that includes final review and approval by this working group.

Management of the Proceeds

The Issuer’s management team will be responsible for the management of proceeds. The Issuer has defined a lookback period of 36 months for eligible projects and intends to fully allocate an amount equal to the net proceeds from this offering within 24 months of the issuance of the Notes. In the event that proceeds cannot be fully allocated, or in the event of any early repayment, the sustainable bond working group will direct proceeds to be used in accordance with the normal liquidity activities of the Issuer. Payment of principal and interest on the Notes will be made from the general account of the Issuer and will not be linked to the performance of any Eligible Project.

Reporting

The Issuer intends to report on the allocation of proceeds on our website on an annual basis until maturity of the relevant Notes. Allocation reporting will include the net proceeds raised from the Notes offered hereby, the total amount of net proceeds allocated to each project category, the breakdown of allocation by geographic location, the share of refinancing versus financing and the balance of unallocated proceeds, subject to confidentiality considerations. In addition, the Issuer plans to report on relevant impact metrics annually, where feasible.

The Issuer expects that the annual sustainable bond report will be accompanied by a report from an independent third party, who will examine and verify our management of the net proceeds from the sale of the Notes, and provide assurance as to the compliance of any selected Eligible Project(s), to which a portion or all of the net proceeds from the sale of the Notes have been allocated, with the eligibility criteria set forth in our Framework.

The Issuer has obtained and made publicly available a second party opinion from a consultant with recognized environmental and social expertise to provide an external review of the Framework as well as its alignment with The Principles.

Information and documents contained on, or accessible through, our website and in our sustainable bond report are not incorporated in, and are not part of, this Offering Memorandum. Neither the Notes nor the Fiscal Agency Agreement requires us to use the net proceeds from the sale of the Notes as described above, and any failure by us to comply with the foregoing will not constitute a breach of or default under the Notes or the Fiscal Agency Agreement. The above description of the use of the proceeds from the sale of the Notes is not intended to modify or add any covenant or other contractual obligation undertaken by us under the Notes or the Fiscal Agency Agreement governing the Notes.

CAPITALIZATION

The following table sets forth AC's cash and cash equivalents and capitalization on a consolidated basis as at December 31, 2021 (i) on a historical basis and (ii) as adjusted to reflect the offering and the application of the net proceeds as described under "Use of Proceeds."

You should read this table together with the information under the sections titled "2021 Management's Discussion and Analysis" (Annex B hereto), "2020 Management's Discussion and Analysis" (Annex D hereto), "Use of Proceeds," and the Audited Consolidated Financial Statements included elsewhere in this Offering Memorandum.

	As at December 31, 2021			
	Actual		As adjusted	
	(in millions of C\$)			
Cash and cash equivalents	C\$	17,890	C\$	19,258
Debt financing liabilities				
Commercial paper ⁽¹⁾	C\$	1,201	C\$	1,201
Recourse credit facilities		1,526		1,526
Term Notes:				
USD 1.125% due April 14, 2023.....		1,273		1,273
USD 2.50% due May 2, 2024		1,638		1,638
EUR 0.45% due May 13, 2025		1,460		1,460
USD 1.10% due March 26, 2026.....		1,251		1,251
CAD 1.55% due April 21, 2027.....		1,238		1,238
CAD 2.60% due May 14, 2029.....		1,044		1,044
Notes offered hereby ⁽¹⁾		-		1,389
Total borrowings		10,631		12,020
Net assets available for benefits.....		120,919		120,909
Total capitalization.....	C\$	131,550	C\$	132,930

(1) Outstanding amounts denominated in U.S. dollars converted to Canadian dollars using the 4pm London fix closing rate published by WM/Reuters on December 31, 2021.

BUSINESS

The Issuer

The Issuer is a trust established under the laws of the Province of Ontario and currently existing pursuant to a trust agreement dated May 8, 2009, as amended on April 13, 2010, and an amended and restated trust agreement dated January 31, 2018 between OMERS FT I INC. and OMERS FT II INC., as settlors and the Issuer Trustee, as may be amended from time to time. Any reference to the Issuer herein means the Issuer Trustee acting in its capacity as trustee of the Issuer.

The Issuer is not a reporting issuer under applicable Canadian or U.S. securities legislation and therefore is not required to file continuous disclosure documents, reports or other information with any securities commission or similar regulatory authority in any province or territory of Canada or in the United States.

The Issuer has no registry number or share capital. The Issuer has issued trust units with a par value of \$1 per trust unit to OMERS FT I INC and OMERS FT II INC pursuant to the trust agreement. The Trust is authorized to issue an unlimited number of trust units.

The Issuer's trust agreement provides that the Issuer's investment objectives are to raise capital to provide financing to various entities in which the Guarantor has an economic interest as well as to allow the Issuer to invest in marketable securities, private investments or other investments for the benefit of the unitholders.

The Guarantor

The Guarantor is a corporation without share capital continued under the OMERS Act and is the administrator of the OMERS Pension Plans and trustee of the pension funds. The OMERS Pension Plans consist of the Primary Plan, the RCA and the Supplemental Plan.

The Guarantor invests and administers pensions for the OMERS Pension Plans, including the Primary Plan, which is a jointly sponsored defined benefit pension plan with 1,000 participating employers ranging from large cities to local agencies and more than half a million active, deferred and retired members. Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children's aid societies across the Province of Ontario in Canada. Our focus is to make OMERS a sustainable, affordable and meaningful defined benefit pension plan. At December 31, 2021, the Primary Plan's net assets totaled C\$121 billion. Through the OMERS Act and predecessor legislation, the Province of Ontario granted the Guarantor the mandate to provide pensions to Ontario municipal employees.

The Guarantor is responsible for managing the assets of the Primary Plan, the RCA and the Supplemental Plan, in accordance with the PBA and the funds of all of the OMERS Pension Plans in accordance with the Tax Act and the OMERS Act, as applicable. The Guarantor is also responsible for determining the funding policy for the OMERS Pension Plans, which includes the setting of actuarial assumptions and methods, the preparation of the annual actuarial valuation and the determination of minimum funding requirements.

Under the OMERS Act, OMERS Sponsors Corporation is the sponsor of the OMERS Pension Plans. OMERS Sponsors Corporation sets benefit levels and contribution rates, and determines the composition of its Board as well as the Guarantor's Board.

Pursuant to the OMERS Act, as part of its trustee powers, the Guarantor has the ability to allocate the assets of the OMERS Pension Plans to satisfy the obligations under the Guarantee.

The Primary Plan. The Primary Plan is a multi-employer, jointly sponsored pension plan, created in 1962 by an Act of the Ontario Legislature, whose members are mainly employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff. The benefit provisions and other terms of the Primary Plan are set out in the Primary Plan text. The Primary Plan consists of both the defined benefit component and the Additional Voluntary Contribution ("AVC") component. Attributes of the defined benefit component of the Primary Plan include:

- **Funding** – The defined benefit component of the Primary Plan is funded by equal contributions from participating employers and members, and by the investment earnings of the Primary Plan assets. AC determines the regulatory minimum and maximum funding requirements in accordance with the Tax Act and the PBA. OMERS Sponsors Corporation sets the actual contribution rates and benefits.
- **Pensions** – The defined benefit component of the Primary Plan is designed to provide lifetime defined benefit pensions, and its funding requirements are determined on a long-term basis. These pensions are calculated as a percentage of the member’s annual earnings averaged over the highest 60 consecutive months, multiplied by years of credited service.
- **Normal Retirement Age** – The normal retirement age (NRA) is 65 years for all Primary Plan members, except police officers and firefighters, who generally have a normal retirement age of 60 years. Effective January 1, 2021, an OMERS employer can elect to provide NRA 60 benefits to all or a class of paramedics. For unionized employees, access to NRA 60 benefits is subject to negotiation between employers and unions.
- **Death Benefits** – Benefits are payable upon the death of a member to a surviving spouse, eligible dependent children, designated beneficiary, or to the member’s estate upon the death of a member. Depending on eligibility requirements, the benefits may be paid in the form of a survivor pension, lump sum payment or both.
- **Escalation of Pensions** – Inflation protection increases pensions each year, based on the increase in the average of the Canadian Consumer Price Index (CPI) for the preceding 12-month period ending in October compared to the average CPI for the same period of the previous year, as follows:
 - Benefits earned on or before December 31, 2022 receive full inflation protection, up to a maximum annual increase of 6%. Any excess is carried forward so it can be used in later years, if and when the CPI increases by less than 6%.
 - Benefits earned on or after January 1, 2023 are subject to shared risk indexing, meaning that the level of inflation protection will depend on OMERS Sponsors Corporation’s annual assessment of the financial health of the Primary Plan and may be less than the full inflation protection.
- **Disability Pensions** – A disability pension is available at any age to an active member who becomes totally disabled as defined by the Primary Plan. The pension is calculated using a member’s years of credited service and the average annual earnings during the member’s highest 60 consecutive months of earnings consistent with a normal retirement pension. Generally, disability pensions continue until normal retirement.
- **Income Taxes** – The Primary Plan is a “registered pension plan” as defined in the Tax Act and is not subject to income taxes under the Tax Act for contributions received or investment income earned provided certain requirements are met. The operations of certain entities holding private equity, infrastructure, private credit or real estate investments may be taxable.

Benefits payable under the Primary Plan are limited by the maximum pension allowed under the Tax Act.

The AVC component of the Primary Plan permits members to make additional voluntary contributions on which the member earns the annual net investment return of the Primary Plan.

The RCA. The RCA is an arrangement that provides pension benefits for Primary Plan members with earnings exceeding the amount that generates the maximum pension allowed by the Tax Act with respect to service after 1991.

Net assets of the RCA were C\$192 million at December 31, 2021, compared to C\$175 million at December 31, 2020.

The RCA is funded on a modified pay-as-you-go basis by equal contributions from participating employers and from active members, and by the investment earnings of the RCA fund. Current and future contributions are determined annually to ensure that the existing RCA fund and future investment earnings are expected to be sufficient to pay projected benefits and expenses over the 20-year period following each actuarial valuation date.

The RCA fund consists of (i) a refundable tax account, which is a non-interest-bearing account with the Canada Revenue Agency (the “CRA”), and (ii) passively managed Canadian and foreign equity funds.

The Supplemental Plan. The Supplemental Plan offers optional benefits for members of the police sector, firefighters and paramedics. Participation in the Supplemental Plan is effective only upon an agreement between employee groups and their employer. As at December 31, 2021 and December 31, 2020, no such agreement existed and hence the Supplemental Plan had no assets, no liabilities and no members.

Information regarding the Guarantor and the OMERS Pension Plans can be found on its website at www.omers.com. Such website URL is an inactive textual reference only. No information on any website is incorporated by reference in this Offering Memorandum.

Competitive Strengths

Long-Term View. We emphasize long-term performance, as pensions are paid over decades. We pursue long-term, consistent, absolute investment returns that meet or exceed the discount rate we use to determine the Primary Plan’s pension obligations and minimum contribution rates. Our long-term view allows for patient and disciplined investing and enables us to pursue assets with longer investment horizons and growth potential, which may not be suitable for other investors. We select these types of assets for their ability to provide more predictable returns and cash flows over the long term.

Scale. The Primary Plan is one of Canada’s largest defined benefit pension plans, with C\$121 billion in net assets. As a large institutional investor, we have access to investment opportunities and private market deals that are not available to smaller investors. Our scale also allows us to realize operational leverage and to influence key stakeholders.

Global Footprint. We search the globe for investments that will generate a long-term, stable return. OMERS teams work in Toronto, London, New York, Amsterdam, Luxembourg, Singapore, Sydney and other major cities across North America and Europe – serving members and employers and originating and managing a diversified portfolio of high-quality investments in public markets, private equity, infrastructure and real estate. We leverage knowledge and relationships at the regional level to advance capital deployment and pursue otherwise unavailable opportunities. With this global footprint, we seek to improve total portfolio diversification and capture risk-adjusted return premiums.

Direct Investment. Our strategy of building a diversified portfolio of high-quality investments requires highly skilled talent with knowledge and experience to deliver strong, long-term returns. We believe that in-house management generally creates better value than external management. We manage approximately 93% of the Primary Plan’s assets internally, which limits fees paid to external managers and results in lower expenses. We selectively use third-party managers to obtain access to specialized investment products and markets.

Valued Partnerships. We have extensive global relationships and partnerships. These partnerships complement external expertise with our internal capabilities and improve our ability to pursue increasingly large-scale investment opportunities. When we consider making co-investments, we pursue governance rights reflective of our equity position, alongside partner investors with strong governance. We also partner with like-minded investors, strong operators, and the public sector to form long-term and respectful relationships based on constructive collaboration.

Sustainable Investing. We believe that well-run organizations with ESG practices will perform better, particularly over the long term. This belief is formalized in our Statement of Investment Policies and Procedures and described in our Sustainable Investing Policy, both of which are approved by the Guarantor’s Board. Our Sustainable

Investing Policy applies to all asset classes across OMERS investment portfolio. Central to this policy is our commitment to being a leader in sustainable investing.

Risk Management. The Guarantor has risk frameworks that describe overall risk management governance and detail the structure for categorizing risks to which the Guarantor is exposed. We use these risk frameworks to manage five key risk categories that support Primary Plan and funding risk: Investment, Operational, Pension, Governance and Emerging. Our Board of Directors approves our risk appetite, which we express through a number of quantitative and qualitative statements that describe the desired amount of risk the enterprise believes is appropriate to take in pursuit of our objectives. The Chief Risk Officer has responsibility for our Risk Management function, which provides independent and objective analysis and risk reporting to both the Guarantor's Executive Leadership Team and Board of Directors.

Governance. We believe that effective and transparent governance is fundamental to ensure the long-term sustainability of the Primary Plan. We are continually reviewing our governance models and practices to ensure that we achieve high governance standards. See "Management-Governance Policy and Structure."

Strategy

OMERS has set five key areas of focus for the next few years. These priorities comprise our 2025 Strategy, which is a multi-year plan whose progress is reported annually. Our five priorities are centered on making OMERS a sustainable, affordable and meaningful defined benefit plan. Our focus areas fall into two broad categories – Financial Resiliency and Institutional Resiliency.

Financial Resiliency

Plan Design. OMERS Sponsors Corporation aims to evolve the Primary Plan to ensure its continued sustainability and to meet stakeholders' needs through exploring the Primary Plan design modernization, simplification and membership growth.

Funding. We aim to ensure the Primary Plan's financial health. We will continue to manage its funded status and its discount rate, among other inputs.

Investment. We aim to maintain a diverse and high-quality investment portfolio. Our priorities include diversifying globally and continuing to integrate ESG factors into our investment decisions.

Institutional Resiliency

Engagement. We aim to improve stakeholder trust and understanding. We are focused on enhancing stakeholder engagement, government relations and service delivery to our members.

Operations. We aim to continue to advance our capabilities. We believe that talent depth, data and technology, and cost management are important to executing our strategy.

Assets

The Primary Plan's net assets increased from C\$105 billion as at December 31, 2020 to C\$121 billion as at December 31, 2021.

We mitigate risk and target strong consistent returns by purchasing high-quality assets, diversified across asset type, economic sector and geographic market. We have Board-approved target asset allocations across our asset classes which are designed to deliver returns over the long-term to meet the Guarantor's pension obligations.

The Primary Plan's assets are invested in:

Public Investments. Our approach to investing in public investments, which include fixed income and public equities, is to focus on high-quality investments that can generate sustainable cash income and capital growth. We aim to construct a portfolio that is diversified across geographies, sectors, strategies and income streams. We target investments in companies with strong balance sheets and resilient business models, and we partner with leading businesses, operators and best-in-class investors to access investment opportunities around the world. We believe this approach should result in more consistent returns and lower volatility over a multi-year period.

Private Equity. Our approach to investing in private equity is to acquire and actively manage interests in private companies through various phases of the investment lifecycle, including later stage buyouts, growth and venture investing. We aim to generate strong capital returns while appropriately managing risk. We invest in companies with solid business fundamentals, strong management teams and opportunities to grow both organically and through acquisitions. We focus on four core verticals: Business Services, Healthcare, Industrials and Software & Technology. The companies we invest in are primarily headquartered in North America and Europe.

Infrastructure. Our approach to investing in infrastructure is to invest in large-scale infrastructure services or businesses in energy, including clean power, social infrastructure, transportation and digital infrastructure – primarily in North America, Europe and the Asia-Pacific region. We take a patient and disciplined approach to infrastructure investing, and we actively diversify our portfolio across industries, technologies, and geographies. We focus on investments that have high barriers to entry or that are supported by public regulation or by substantially contracted revenue streams.

Real Estate. Our approach to investing in real estate is through Oxford Properties Group (Oxford). We consider Oxford to be a leading global real estate investor, manager and builder of businesses. We focus on building, buying and growing a network of defined real estate businesses and pairing our global expertise and scale with local platforms and world-class management teams to meet our capital allocation priorities and enhance returns. Oxford's purpose is to create economic and social value through real estate. We invest in a diversified portfolio of office, industrial, retail, residential, life sciences, hotel, credit and niche alternative assets in growth markets in Canada, the U.S., Europe and Asia-Pacific. Our real estate portfolio consists of approximately 120 million square feet of office, retail and industrial space, including 10,000 residential units and 3,000 hotel rooms.

To arrive at the Primary Plan's ultimate exposure by asset class, our asset mix includes both physical and derivative exposures. The inclusion of derivative exposures are reflected in each asset class, with an offset to economic leverage. Economic leverage is the difference between the exposure to an asset class and the fair value of the derivatives in the asset class.

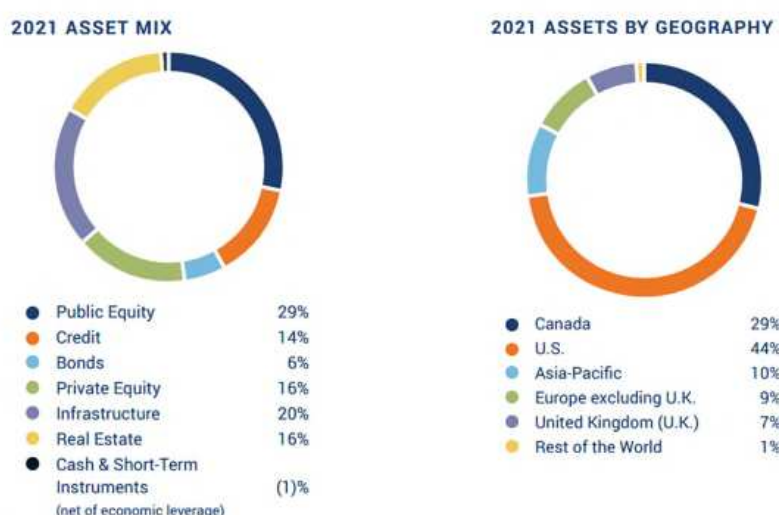
As at December 31, 2021 (C\$ in millions)		
	Investment Assets	Asset Mix (%)
Fixed Income		
Bonds	C\$ 7,684	6.3
Credit.....	16,912	13.8
Equities		
Public Equity.....	36,008	29.4
Private Equity.....	19,761	16.1
Real Assets		
Infrastructure.....	24,036	19.6
Real Estate.....	19,843	16.2
Short-term Instruments		
Cash.....	17,097	14.0
Economic Leverage.....	(18,795)	(15.4)
Total.....	C\$ 122,546	100.0%

Less: Administered Funds and Other Balances	1,819	
Total Primary Plan.....	C\$ 120,727	

The Guarantor's Board-approved target asset mix is designed to mitigate long-term risk and deliver long-term returns to meet pension obligations: we diversify our assets across asset type, economic sector and geography. We regularly monitor the suitability of our investment strategies and periodically conduct studies to inform the selection of our asset mix. Our long-term target asset mix as at December 31, 2021² is summarized in the chart below.

Long-term Target Asset Mix	
Fixed Income	30%
Bonds	10%
Credit	20%
Equities	45%
Public Equities	30%
Private Equities	15%
Real Assets	45%
Infrastructure	22.5%
Real Estate	22.5%
Short-Term Instruments	(20)%
(includes cash and equivalents and net of economic leverage)	

The following charts show OMERS Pension Plans' exposure by geography and by asset class as at December 31, 2021:



² Certain updates to the target asset mix were approved by the Guarantor's Board on February 28, 2022 and came into effect on March 1, 2022.

We measure our investment performance annually. Each year, we aim to earn returns that meet or exceed one-year benchmarks approved by the Guarantor's Board, generally in December of the prior year. We set return and income benchmarks for asset classes and for the Primary Plan overall.

OMERS hedges a proportion of our exposure to foreign currencies using derivative contracts: at December 31, 2021, 42% of our net exposure was exposed to foreign currencies, compared to 29% at the end of 2020. Since 2020, we have been reducing our currency hedging positions and increasing our exposure to foreign currencies, to enhance liquidity management and portfolio diversification.

Returns

In 2021, the Primary Plan's return, net of expenses, was 15.7%, or \$16.4 billion. This compares to a one-year absolute benchmark, approved by the Guarantor's Board in December 2020, of 6.6%, and a loss of 2.7%, or \$3.0 billion in the prior year. We believe that OMERS' portfolio, and the investment strategies that shape it, were positioned well to capitalize on the opportunities that arose during the economic recovery in 2021. As a result, our 2021 results across all asset classes significantly exceeded our one-year benchmark. We exceeded our benchmarks across all segments of our portfolio.

Four factors contributed to our outperformance:

1. Public equities generated a net return of 20.7%. Our portfolio of diversified, high-quality public equities performed well in 2021. Approximately 45% of our outperformance is explained by our public equities asset class.
2. The private equity businesses we own grew their earnings and increased in value throughout 2021 – organically and through acquisitions. In addition, our return in this asset class includes a significant sale of one of our private equity businesses. Taken together, private equity returned 25.8%, and explains 30% of our outperformance relative to our benchmark.
3. Over the years we have increased our allocation to industrial real estate. In 2021, this real estate significantly increased in value, due to the growing demand for warehousing and logistics spaces resulting from online sales and e-commerce. We also earned meaningful profits from our active development program. In total, real estate earned 15.9%, and explains 15% of our outperformance relative to our benchmark.
4. By design, our infrastructure investments continued to deliver strong and consistent multi-year returns, with a 10.7% return in 2021. Our investments in clean power and regulated assets increased in value, supported by strong investor demand.

Beyond these key factors, we also remained committed to investing in higher-yield, short dated credit investments, which delivered a return of 5.8%, mostly from interest income, despite the low interest rate environment. Our low allocation to long dated government bonds protected our returns from negative valuations as long term bond yields rose in 2021. Movements in foreign currencies had a limited net impact on our returns, and we continued to enhance the Primary Plan's liquidity and diversification by reducing our currency hedges.

We measure our investment performance annually. Each year, we aim to earn returns that meet or exceed one-year benchmarks approved by the Guarantor's Board, generally in December of the prior year. We set return and income benchmarks for asset classes and for the Primary Plan overall.

We also measure our investment performance over multi-year periods, as pensions are paid over decades. To that end, we aim to earn average multi-year returns that exceed the geometric average of the one-year benchmarks set for the same periods. We assess those geometric average one-year benchmarks relative to the average annual return expectation of 7% set out in our Board-approved Statement of Investment Policies and Procedures.

The table below sets out the Primary Plan's net return, and our historical net returns over relevant multi-year periods.

Net return for the period ending December 31, 2021	1-Year	3-Year	5-Year	10-Year
Net Return	15.7%	8.0%	7.5%	8.0%
Benchmark	6.6%	7.0%	7.1%	7.4%

Legislative Overview

Regulatory oversight

The Guarantor administers the OMERS Pension Plans and manages the OMERS Pension Plans in accordance with the OMERS Act, which is OMERS governing legislation. The OMERS Act sets out, among other things, the Guarantor's objects and powers as well as certain requirements of the OMERS Pension Plans.

The OMERS Pension Plans, other than the RCA, are also subject to the PBA, which is the legislation governing all Ontario pension plans. The PBA sets minimum standards for administering and funding pension plans and pension benefits. It generally applies to pension plans provided for people employed in Ontario. Among other things, the PBA requires pension plan administrators to invest plan assets with the same care, diligence and skill expected of a person of ordinary prudence dealing with another's property. The regulations to the PBA incorporate by reference several federal investment rules applicable to federally regulated pension funds. The federal investment rules contain quantitative and other rules on the investment of pension funds.

The Primary Plan is a trust governed by a "registered pension plan" within the meaning of the Tax Act and is exempt from taxation under Part I of the Tax Act provided certain requirements are met.

Compliance and Advocacy

The Guarantor must comply with federal and provincial legislation and investment regulations that govern registered pension plans in Ontario. The Guarantor and its subsidiaries also must comply with various rules and regulations in countries where OMERS invests assets of the OMERS Pension Plans.

The Guarantor and certain of its subsidiaries interact with regulatory and government officials on a variety of investment and pension administrative matters, advocating for clear and consistent rules and sharing expertise on public policy issues that are relevant to the mission of providing outstanding service and retirement security for members of the OMERS Pension Plans. The Guarantor also works with the OMERS Sponsors Corporation to implement amendments to the OMERS Pension Plans.

Corporate Headquarters

The Guarantor's and Issuer's corporate headquarters are located at EY Tower, 100 Adelaide St W, Suite 900, Toronto, ON M5H 0E2, Canada, and their telephone number is +1 416 369 2444.

Employees

OMERS has approximately 3,200 employees as of April 1, 2022. Approximately 1,700 people work at its head office in Toronto.

Legal Proceedings

Neither the Issuer nor the Guarantor is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor are aware) during the 12 months prior to April 1, 2022, which may have or has in such period had a significant effect on the financial position or profitability of the Issuer or the Guarantor.

The Guarantor may from time to time be involved in routine litigation arising in the ordinary course of business.

MANAGEMENT

Governance Policy and Structure

The OMERS Act created OMERS Sponsors Corporation to give member and employer groups more direct control over the OMERS Pension Plans. OMERS Sponsors Corporation and its Board provide for strategic oversight and decision-making by sponsors representing members and employers on major policy directions, including benefits and contribution levels.

The OMERS Act also provides that OMERS Sponsors Corporation determines the composition of the Boards of both the Guarantor and OMERS Sponsors Corporation, including the nomination and appointment process for directors.

The Competency Framework for the Guarantor's Board outlines the necessary personal attributes that each director must possess and identifies competencies that the Guarantor's Board requires as a whole. It is expected that each director will contribute specific competencies to the board's overall requirements. The Guarantor's Governance Committee evaluates each director's self-assessment and approves a consolidated Skills Matrix. The Competency Framework and the Skills Matrix are communicated to the OMERS Sponsors Corporation annually, together with a gap analysis to assist the OMERS Sponsors Corporation in the recruitment of new directors for the Guarantor's Board.

Under the OMERS Act, the Guarantor is responsible in respect of each of the OMERS Pension Plans for pension administration (including collecting contributions and paying pensions), providing for valuation of the accrued pension obligation and investment of the pension funds. In carrying out these responsibilities, the Guarantor has a fiduciary obligation to the OMERS Pension Plans.

The Guarantor's Board and the OMERS Sponsors Corporation board have both approved the 2025 Strategy, which is summarized under the "Summary" section of this Offering Memorandum.

Guarantor

Board Members

The following table sets forth information regarding the Board members of the Guarantor.

Name and Country of Residence	Position/Title	Business Address
George L. Cooke ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Canada	Member and Chair	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
John Armstrong ⁽¹⁾⁽⁴⁾ Canada	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Monty Baker ⁽¹⁾⁽³⁾ Canada	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
William Butt ⁽³⁾⁽⁴⁾ Canada	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Paul Elliott ⁽²⁾⁽³⁾⁽⁵⁾ Canada	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada

Name and Country of Residence	Position/Title	Business Address
Michael Fenn ⁽¹⁾⁽⁴⁾ <i>Canada</i>	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Debbie Fischer ⁽²⁾⁽³⁾⁽⁵⁾ <i>Canada</i>	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Cliff Inskip ⁽¹⁾⁽⁴⁾ <i>Canada</i>	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Charlene Mueller ⁽¹⁾⁽²⁾⁽⁵⁾ <i>Canada</i>	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Rajiv Silgado ⁽³⁾⁽⁴⁾ <i>Canada</i>	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Kevin Skerrett ⁽¹⁾⁽³⁾ <i>Canada</i>	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Penny Somerville ⁽²⁾⁽⁴⁾ <i>Canada</i>	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
David Tsubouchi ⁽²⁾⁽³⁾⁽⁵⁾ <i>Canada</i>	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Yung Wu ⁽²⁾⁽⁴⁾ <i>Canada</i>	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada

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- (1) Member of the Audit & Actuarial Committee.
(2) Member of the Governance & Risk Committee.
(3) Member of the Human Resources Committee.
(4) Member of the Investment Committee.
(5) Member of the Appeals Committee.

Board Committees

Through five committees and one sub-committee, members of the Guarantor's Board review progress against management's stated objectives and confirm that management's strategies and decisions are in the best interests of the OMERS Pension Plans. The committees are Investment, Audit & Actuarial, Governance & Risk, Human Resources, and Appeals.

Investment Committee

The Investment Committee assists the Guarantor's Board with respect to its oversight of investment strategy, risk, policies, and performance, and the approval of large transactions which exceed limits delegated to Management.

Audit & Actuarial Committee

The Audit & Actuarial Committee assists the Guarantor's Board in executing its oversight responsibilities for integrity of the financial reporting process and financial statements; funding risks and actuarial matters; the system of internal controls and disclosures; insurance risk management and fraud risk management; the internal audit function; external audit of the financial statements; AC's processes for monitoring compliance with policies, laws and regulations and the Code of Conduct & Ethics; and a whistleblower mechanism and special investigations. The Audit & Actuarial Committee meets regularly with management and with the internal and independent external auditors to review the scope, timing and outcomes of their respective audits, as well as to review any internal control or financial reporting matters, and their resolution. The Audit & Actuarial Committee also meets with the external actuary to review plan valuations. The Audit & Actuarial Committee reviews the annual consolidated financial statements and recommends them to the Guarantor's Board for approval.

Governance & Risk Committee

The Governance & Risk Committee assists the Guarantor's Board in meeting its fiduciary oversight obligations in relation to governance, risk, plan administration and operations (including communications, government relations and technology) matters. This includes, among other things, reviewing the terms of reference of each committee, benchmarking and adapting best practices for governance, education of the Guarantor's Board members, disclosure of the system of governance to stakeholders, evaluation of each Director's self-assessment and approval of a consolidated Skills Matrix, reviewing and evaluating the risk operations framework and the relevant policies and procedures, including risk appetite statements, and overseeing plan administration, technology strategy, and business continuity.

Human Resources Committee

The Human Resources Committee (the "HR Committee") assists the Guarantor's Board in meeting its fiduciary oversight and related obligations by: (i) attracting, engaging and retaining excellent leadership at the senior executive level who are committed to our mission statement, core values and leadership principles; (ii) overseeing a robust management succession process for the position of Chief Executive Officer ("CEO") and the C-Suite executives; and (iii) overseeing CEO performance, compensation and compensation programs. The HR Committee engages an independent compensation advisor to provide advice and assistance in executing its responsibilities. All work is pre-approved by the HR Committee. Members of the HR Committee are appointed by the Guarantor's Board from among the Board's members, and are independent of Management. Collectively, HR Committee members have skills, knowledge and experience in investment management, pensions, economics and public policy, executive leadership and strategy, risk management, talent management, and executive compensation.

Appeals Committee

The Appeals Committee assists the Guarantor's Board in meeting its fiduciary oversight and related obligations by acting as the final internal appeals body for determinations by the Guarantor's President governing benefit entitlement under the OMERS Pension Plans. The Guarantor's Board has delegated authority to adjudicate appeals to the Appeals Committee. The Appeals Committee also assists the Guarantor's Board in maintaining a strong administrative law decision-making process by reviewing and making recommendations to the Guarantor's Board on changes to the rules respecting practice and procedure before the Committee.

Key Executive Officers

The following table sets forth information regarding the key executive officers of the Guarantor.

<u>Name, Province or State and Country of Residence</u>	<u>Position/Title</u>
Blake Hutcheson..... Ontario, Canada	President and Chief Executive Officer

Bob Aziz..... <i>Ontario, Canada</i>	Chief Operating Officer
Rodney Hill <i>Ontario, Canada</i>	Chief Risk Officer
Michael Kelly <i>Ontario, Canada</i>	Chief Legal & Corporate Affairs Officer
Nancy Nazer <i>Ontario, Canada</i>	Chief Human Resources Officer
Satish Rai..... <i>Ontario, Canada</i>	Chief Investment Officer
Jonathan Simmons..... <i>Ontario, Canada</i>	Chief Financial & Strategy Officer

Biographical Information Regarding the Board Members and senior management team of the Guarantor

George L. Cooke. George L. Cooke is Chair of the Guarantor’s Board. He began serving as Chair on October 1, 2013. As Chair, Mr. Cooke also serves as ex officio (non-voting) member on the Board’s Audit & Actuarial, Governance & Risk, Human Resources, Investment, and Appeals Committees. In 2012, Mr. Cooke retired after a tenure of more than 20 years as the CEO and a Director of The Dominion of Canada General Insurance Company, one of Canada’s oldest and largest general insurance companies. During that time, he served as both an Executive Vice President and Director of E-L Financial Corporation (The Dominion’s parent). Mr. Cooke has also served as a Director and Chair of The Insurance Bureau of Canada, Director of The Facility Association, and Director and Chair of the Property and Casualty Insurance Corporation. Other past positions include Director of Empire Life Insurance Company, Director of Atomic Energy Canada Limited, Director of Toronto Rehabilitation Institute, Director of Hydro One, and Board Chair of the Ontario Lottery and Gaming Corporation and Governor, Curling Canada. Mr. Cooke enjoys a profound interest in public policy and, earlier in his career, was a Special Advisor on Policy to the Honourable Robert F. Nixon, Ontario’s former Deputy Premier and Minister of Finance. In 2018, he and two colleagues completed a report for Ontario’s Minister of Finance on financial services regulation, which led to the creation of The Financial Services Regulatory Authority of Ontario (FSRA). Mr. Cooke has an MBA and an Honours Bachelor of Arts degree from Queen’s University. He is the recipient of an Honourary Doctor of Laws Degree (LLD) from Assumption University in Windsor, Ontario. He also was awarded an HCIP (Honourary Chartered Insurance Professional) designation by the Insurance Institute of Canada. Mr. Cooke is a former Director and President of the Empire Club of Canada. He serves as a member of the Dean of Arts and Sciences Advisory Council, Queen’s University. He also has been involved with a number of not-for-profit organizations including Loran Scholars Foundation and Spinal Cord Injury Ontario (SCI). His work with SCI Ontario helped him earn the Ken Langford Honourary Lifetime Membership. In 2014, he was inducted into the Canadian Curling Hall of Fame.

John Armstrong. John Armstrong was appointed to the Guarantor’s Board effective January 1, 2022 on the nomination of the City of Toronto. He serves as a member of the Investment Committee and the Audit & Actuarial Committee. Mr. Armstrong is an accomplished business leader having spent many years with BMO Financial Group. Most recently, he held the position of Deputy Head of Investment Banking, BMO Capital Markets where he was responsible for shaping and executing the firm’s investment banking strategy across its various industry verticals, and delivering corporate finance (equity underwriting, debt underwriting and corporate lending) and advisory solutions to clients. As one of BMO Capital Markets’ most senior executives, Mr. Armstrong was a member of its executive committee and various capital commitment committees. He was also a member of BMO Financial Group’s Performance Committee and its Leadership Council for Diversity & Inclusion. Prior to his role as Deputy Head of Investment Banking, Mr. Armstrong was Co-Head of Mergers & Acquisitions, BMO Capital Markets where he was responsible for the firm’s full-suite of M&A advisory services, including advising on mergers, acquisitions, divestitures, restructurings, buyouts, valuations, fairness opinions, governance and shareholder activism. Mr. Armstrong holds a Bachelor of Commerce from the Sauder School of Business at the University of British Columbia and an MBA with Honours from the Rotman School of Management at the University of Toronto.

Monty Baker. Monty Baker was appointed to the Guarantor's Board effective January 1, 2012 on the nomination of the Ontario Association of Police Services Boards. Mr. Baker is Chair of the Human Resources Committee and also serves on the Audit & Actuarial Committee. Mr. Baker is a trustee of the Slate Office REIT, where he is Chair of the Audit & Actuarial Committee and a member of the Governance Committee. He also is a member of the Board of Directors of Stelco, where he serves as the Chair of the Compensation Committee and a member of the Audit Committee and Governance Committee. Mr. Baker was a partner at PricewaterhouseCoopers where he was a member of the PwC Partners Board up until 2001. From 2001 to 2011, Mr. Baker was the Vice President, Global BTO HR Solutions at IBM where he was responsible for overall strategy, sales, marketing and the delivery for Human Resource Outsourcing. He is a former Board member of the Ontario Division of the Canadian Cancer Society, a member of the Audit Advisory Committee for the Federal Superintendent of Pensions and the former President of the Halton Peel Chartered Accountants Association. Mr. Baker is a graduate of the University of Toronto and a Chartered Accountant. He received his chartered director designation from The Directors College in 2013.

William Butt. Bill Butt was appointed to the Guarantor's Board effective January 1, 2014 on the nomination of the Electricity Distributors Association. He serves as Chair of the Investment Committee and serves as a member of the Human Resources Committee. He also serves on the board of CI Financial (wealth and asset management company) and its Audit & Risk Committee (Chairperson). He is a former director of Xplornet Communications and served on its Human Resources & Governance Committee (Chairperson). Mr. Butt spent many years with BMO Financial Group most recently as Global Head of Investment & Corporate Banking where he was responsible for all of BMO's business with major corporations worldwide encompassing equity and debt underwriting, corporate lending, mergers & acquisition advisory services, merchant banking, trade finance and global treasury management. He had profit and loss and risk responsibility for a ~\$60 billion portfolio (corporate credit & private equity) and a team of 600 professionals in 18 offices in 10 countries. As one of BMO's most senior officers, Mr. Butt sat on BMO's Management and Performance Committees and BMO Capital Markets' Executive, Operating and Management Committees. Mr. Butt is Co-Chairperson of the Children's Aid Foundation of Canada's \$75 million "Stand Up For Kids - Futures Transformed Campaign" and a member of the Children's Aid Foundation's Board of Directors and Executive Committee (2016-present). He previously served as Chairperson of the St. Michael's Hospital (Toronto) President's Council (2011-2020) and on the St. Michael's Hospital Foundation Board of Directors. He holds a BComm (Windsor), MBA (Ivey), ICD.D (Institute of Corporate Directors) and studied at the Rotterdam Graduate School of Management. He was named to Canada's Top 40 Under 40.

Paul Elliott. Paul Elliott was appointed to the Guarantor's Board effective January 1, 2017 on the nomination of the Ontario Secondary School Teachers' Federation. He is a member of the Governance & Risk Committee, Human Resources Committee and Appeals Committee. Previously, Mr. Elliott had served as President of the Ontario Secondary School Teachers' Federation (OSSTF) from 2013 to 2017. OSSTF/FEESO, founded in 1919, has 60,000 members across Ontario. They include public high school teachers, occasional teachers, educational assistants, continuing education teachers and instructors, early childhood educators, psychologists, secretaries, speech-language pathologists, social workers, plant support personnel, university support staff, and many others in education. He was first elected to the Provincial Executive as an Executive Officer in 2005 until 2007, he also served as Vice President from 2007 to 2013. Prior to Mr. Elliott's experience on the Provincial Executive, he was involved with his local bargaining unit in Rainy River in a variety of roles while also teaching within the Rainy River District School Board from 1988 until 2005. He holds an Honours Bachelor Degree in Science from the University of Guelph and a Bachelor of Education. Mr. Elliott has successfully completed the Chartered Director Programme at the DeGroote School of Business through McMaster University and also sits on the Ontario Teachers' Pension Plan Appeals Committee.

Michael Fenn. Michael Fenn serves on the Board's Audit & Actuarial Committee and Investment Committee. He is one of the two Directors nominated by the Association of Municipalities of Ontario (AMO). Mr. Fenn has been an Ontario Deputy Minister under three Premiers, municipal chief administrator in Hamilton and Burlington, and the founding CEO of both regional transportation authority Metrolinx and regional health authority Mississauga Halton LHIN. He works as a management consultant and policy researcher, with a focus on infrastructure. A chartered board director, Mr. Fenn obtained the C.Dir. designation from McMaster University's DeGroote School of Business in 2014, and he has served on the boards of the Toronto Lands Corporation and McMaster University. In recent years Mr. Fenn has been Special Advisor to the Ontario government on regional government reform and Visiting Fellow (Infrastructure) at Western University's Ivey Business School. His published research reports have addressed: six infrastructure investment risks; regional collaboration in the Greater Toronto Area; municipal priorities after 2020; 'megatrends' and the future of Canada's infrastructure; creative approaches to municipal infrastructure finance and

asset management; the role of the city manager in Ontario; municipal government “at an inflection point”; and water, wastewater and stormwater policy in Ontario. For the past decade, Mr. Fenn has been jointly appointed by the Grand Chief of the Mushkegowuk Cree and the Ontario Solicitor General as Facilitator of discussions on policing issues in Northeastern Ontario First Nations. Mr. Fenn is a recipient of the Lieutenant Governor’s Medal of Distinction in Public Administration for Ontario, Mr. Fenn has also received the highest award for career achievement from Ontario’s two leading municipal management organizations and has been appointed to the Association of Municipalities of Ontario’s Honour Roll. Mr. Fenn’s municipal management career has been profiled with a chapter in the book *Leaders in the Shadows: The Leadership Qualities of Municipal Chief Administrative Officers*, by Professor David Siegel.

Debbie Fischer. Debbie Fischer was appointed to the Guarantor’s Board effective January 1, 2020 on the nomination of the Ontario Association of Children’s Aid Societies. She serves on the Governance & Risk Committee, Human Resources Committee and Appeals Committee. Ms. Fischer is an experienced board director and has held senior leadership positions in professional consulting services, in health care and government. She is currently an Executive Associate with KPMG where she consults in organizational change, human resources strategy and large-scale system transformation for health care and public sectors. Ms. Fischer serves as director or committee chair on several boards including North York General Hospital, the Canadian Institutes of Health Research and is an advisor to health and technology related businesses. Ms. Fischer is an Executive-in-Residence at the Rotman School of Management, University of Toronto where she is a mentor in the Creative Destruction Lab and also runs a mentorship program for MBA students interested in health care. She was previously the Executive Vice President, Strategy and Organizational Development at Mount Sinai Hospital in Toronto and an Assistant Deputy Minister in Ontario’s Ministry of Health and Long-Term Care. Prior to these roles, she has held a number of senior consulting and executive management positions in international professional services firms. Ms. Fischer has a BSc from McGill University and MHA from the University of Ottawa. She also holds Certified Human Resources Executive (CHRE) and ICD.D designations and was recently awarded the Trudeau Medal from the University of Ottawa for outstanding alumni.

Cliff Inskip. Cliff Inskip was appointed to the Guarantor’s Board, effective January 1, 2015, on the joint nomination of the Ontario Catholic School Trustees’ Association and the Ontario Public School Boards’ Association. He serves as a member of the Audit & Actuarial Committee and the Investment Committee. Mr. Inskip is President of Polar Star Advisory Services Inc., a management consulting firm that advises government and large corporate clients on major infrastructure projects and related financing matters. Previously he spent over 30 years in the financial services industry at CIBC and Export Development Corporation. He retired from CIBC at the end of 2014 as Managing Director and Head of the Bank’s Canadian infrastructure advisory and bond underwriting business and prior to that he was Deputy Managing Director of CIBC World Markets plc in the UK. Mr. Inskip has served as an expert witness before the National Energy Board, the Ontario Superior Court of Justice, Commercial List, the NS Utility & Review Board and the Standing Senate Committee on National Finance. He serves as Board Chair on Ontario Non-union Education Trust, Board Chair of Faithlife Financial, and Director on the boards of JCM Power Corporation and Kerr Street Mission. Previously he served on the Boards of Oakville Enterprises Corporation, Oakville Hydro and CIBC World Markets plc. Mr. Inskip has an MBA and a B.A.Sc. (civil engineering) from the University of British Columbia and he also has a Diploma in Corporate Treasury Management. He holds Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM) designations and is a Fellow of both the Canadian Securities Institute (FCSI) and the Association of Corporate Treasurers (FCT). He received his Chartered Director (C.Dir.) designation from The Directors College, McMaster University and is a member of Professional Engineers Ontario (P.Eng).

Charlene Mueller. Charlene Mueller is one of two Directors appointed to the Guarantor’s Board on the nomination of the Canadian Union of Public Employees (CUPE). She has served on the Guarantor’s Board since April 1, 2016. Ms. Mueller serves as a member of the Audit & Actuarial Committee, Governance & Risk Committee, and Appeals Committee. Ms. Mueller is an experienced pension advisor, who led pension supports for the former CUPE Local One members and leadership on a variety of OMERS pension issues. She is a province-wide CUPE Ontario pension leader, a member of CUPE Ontario’s OMERS Reference Group providing independent and expert advice to senior CUPE Ontario leadership and staff on OMERS member stakeholder issues and concerns as well as broader pension issues. Along with being a passionate defender of defined benefit pension plans like OMERS, Ms. Mueller is a strong advocate of public services and for public sector workers. Ms. Mueller retired from Toronto Hydro Electrical Systems Limited in July 2016 after 36 years of service. She received her Chartered Director designation from The Directors College in 2017.

Rajiv Silgardo. Rajiv Silgardo was appointed to the Guarantor's Board effective January 1, 2020 on the nomination of the Ontario Professional Fire Fighters Association. He serves as a member of the Board's Investment and Human Resources Committees. Mr. Silgardo has over 30 years' experience in the investment industry as a senior executive in the areas of asset and wealth management. He retired in late 2019 as President and CEO of UBC Investment Management Trust, where he spearheaded the allocation and investment of the University's Endowment and Pension portfolios across private and public asset classes. Prior to joining UBC in December 2016, Mr. Silgardo was Co-CEO of BMO Global Asset Management (BMO GAM), which he helped establish and grow from approximately \$50 billion in assets under management in 2009 to over \$300 billion by mid-2016, with operations in 14 countries. Earlier, Mr. Silgardo spent 14 years with Barclays Global Investors (BGI). With assets under management having grown to US\$2.2 trillion by 2009, BGI was the world's largest and pre-eminent institutional investment firm. Mr. Silgardo served initially as Chief Investment Officer and subsequently led the firm as President and CEO in Canada. In addition to OMERS, Mr. Silgardo is on the Board of Trustees of Alignvest Student Housing Trust. He also serves as Chair of the Investment Advisory Committee of Grayhawk Investment Strategies. Mr. Silgardo is a past member of the Investment Committee of the Vancouver Foundation, the TSX Trading Advisory Committee and of the Board of Governors of the Bishop Strachan School in Toronto. Mr. Silgardo received his B. Comm (Honours) and M. Com degrees from Delhi University, India, and an MBA from the University of North Carolina at Chapel Hill. He is a CFA Charterholder.

Kevin Skerrett. Kevin Skerrett was appointed to the Guarantor's Board effective January 1, 2022 on the nomination of the Canadian Union of Public Employees (CUPE). He serves as a member of the Audit & Actuarial Committee and Human Resources Committee. Mr. Skerrett has worked as a Senior Research Officer for CUPE for 28 years, primarily assigned to pension policy, collective bargaining, membership education and governance support work. At several points, he has had the opportunity to pursue projects outside of his work for CUPE and in 2009, spent a year working as a Research Officer at the International Labour Organization in Geneva. In 2013, he spent an academic term as a Scholar in Residence at the Global Labour Research Centre at York University, and in 2020 he served as a Visiting Professor at the Institute of Political Economy at Carleton University. In 2018, Mr. Skerrett was co-editor and contributing author to an 11-chapter volume, "The Contradictions of Pension Fund Capitalism", published by Cornell University Press. His contributions to that work, as well as several other publications, focus on retirement income security, privatization and the involvement of pension funds in processes of "financialization". In July 2021, he was appointed as Adjunct Research Professor at Carleton University's Institute of Political Economy.

Penny Somerville. Penny Somerville is one of the two Directors nominated by the Association of Municipalities of Ontario (AMO). She is Chair of the Governance & Risk Committee and serves as a member of the Investment Committee. Ms. Somerville held a number of senior leadership roles during her nearly 30-year career with BMO Financial Group. This experience reflects her strong grasp of the interplay between corporate/financial strategy and risk. Her roles at BMO included the following: Executive Vice President, Technology & Operations Initiatives; Executive Vice President & Senior Market Risk Officer; Executive Vice President & Treasurer; and Senior Vice-President & Corporate Controller. Prior to working at BMO, Ms. Somerville provided accounting and auditing research advice to the Canadian operating offices of a large accounting firm. Ms. Somerville is a member of Cidel Bank Canada and Cidel Trust Company Board of Directors, Governance & Conduct Review Committee and is Chair of the Audit Committee. Previously, she served on Runnymede Healthcare Centre's Board of Directors and Finance/Audit Committee as well as the University of Toronto's Audit Committee, the Board and Audit Committee of Moneris Solutions Corporation and the Board of Bank of Montreal (Barbados) Limited. Ms. Somerville holds an Honours Bachelors of Commerce from Queen's University. She is a member of the Institute of Corporate Directors and a Fellow of the Chartered Professional Accountants of Ontario.

David Tsubouchi. David Tsubouchi was appointed to the Guarantor's Board effective January 1, 2015 on the nomination of the retiree organizations. He serves as Chair of the Appeals Committee and is also a member of the Governance & Risk Committee and the Human Resources Committee. Mr. Tsubouchi's governance experience includes extensive involvement as a Chair and Director with a wide variety of public sector, private sector, educational and community organizations. He has chaired or been a member of several governance and audit committees on corporate boards. As an elected official, Mr. Tsubouchi represented the riding of Markham in the Ontario Legislature for two terms, during which he held cabinet posts including Solicitor General and Chair of Management Board. Mr. Tsubouchi also served two terms as a Councillor for the Town of Markham. Mr. Tsubouchi holds degrees in English (York University) and law (Osgoode Hall Law School). In 2006, he received an Honourary Doctor of Laws Degree (LLD) from Assumption University in Windsor and in 2014 received an honorary Doctorate of Sacred Letters

(DSLitt) from Huntington University in Sudbury. He received his C. Dir. from The Directors College, McMaster University in 2016. Mr. Tsubouchi is the author of Gambatte: *Generations of Perseverance and Politics, a Memoir and a novel entitled The Chinese Door.*

Yung Wu. Yung Wu was appointed to the Guarantor's Board effective January 1, 2018 on the nomination of the Police Association of Ontario. He is a member of the Investment Committee and the Governance & Risk Committee. Mr. Wu is CEO of the MaRS Discovery District, one of the world's largest innovation hubs, and Canada's premiere science and technology innovation ecosystem. He is also Chairman of private equity firm NFQ Ventures. As a serial entrepreneur and investor, Mr. Wu has built breakthrough scale-stage companies in mobile analytics and big data, media and entertainment, enterprise software, financial services and pharma. In addition to being a Director on the Guarantor's Board, Mr. Wu serves as Chair of the Toronto Region Board of Trade, an independent director of Antibe Therapeutics Inc. (a publicly traded commercial-stage pharmaceutical growth company) and is a voting member of Green Shield Canada (a multi-billion dollar health benefits insurance and financial services company regulated through the Office of the Superintendent of Financial Institutions). He is a Governor in Council appointee to Canada's Net-Zero Advisory Body. Mr. Wu is a co-founder of two not-for-profit organizations, the Coalition of Innovation Leaders Against Racism (CILAR) and DifferentIsCool (DiSC). He derives great personal satisfaction from his philanthropic work with his wife Katrina, through their social enterprise "Different Is Cool". They have sponsored aligned causes for Autism awareness, Artisan communities in the developing world, frontline healthcare and homeless and at-risk youth. As an enthusiastic supporter of the arts, he has been a Patron of the Canadian Opera Company and the University of Toronto Faculty of Music. Mr. Wu has been recognized as one of Canada's "Top 40 under 40" leaders and for leading one of the "50 Best Managed Private Companies" in the nation. He has a bachelor's degree in Computer Science, Economics and Mathematics from the University of Toronto and is a graduate of the Entrepreneurial Masters Program at the Massachusetts Institute of Technology, a member of MENSA, the Young Presidents Organization (YPO) and the Institute of Corporate Directors (ICD.D). His other interests include Japanese martial arts, dragon boat racing, motorcycling, opera and theatre.

Blake Hutcheson. Blake Hutcheson is President and CEO of OMERS. He is responsible for the overall leadership and performance of the OMERS enterprise. Prior to his current role, Mr. Hutcheson served as OMERS President and Chief Pension Officer, with a mandate that included OMERS Pension business, Strategy, Asset Liability Management, Communications & Public Affairs, Legal, and Technology & Operations. Mr. Hutcheson previously served as President and CEO of Oxford Properties Group, a role he assumed in 2010. In 2014 he was appointed to the role of Chief Investment Officer, Real Estate and Strategic Investments, adding OMERS Platform Investments portfolio, an integral part of the OMERS innovative agenda, to his mandate. Before joining OMERS, Mr. Hutcheson was the Head of Global Real Estate with Mount Kellett Capital Management, a New York-based private equity firm with offices in key locations around the globe. His previous experience includes serving as Chairman and President of the Canadian, Latin American, and Mexican operations for CB Richard Ellis, the world's largest real estate services company. A former recipient of Canada's Top 40 Under 40, Mr. Hutcheson is a graduate of the University of Western Ontario. He also completed a Graduate Diploma in International and Comparative Politics at the London School of Economics (with Distinction) and a Master's Degree in Real Estate Development at Columbia University, where he received the Distinguished Alumnus Award for 2017. Mr. Hutcheson continues to play Masters Lacrosse every summer for his hometown of Huntsville, Ontario. He is married and has two children.

Bob Aziz. Bob Aziz is the Chief Operating Officer of OMERS. In this role, he oversees the connectivity, relationships and resourcing required for the success of our global operations. Mr. Aziz has additional responsibilities that involve leading and supporting the partnerships integral to our investing success. Prior to his current role, Mr. Aziz worked for 10 years with Oxford Properties Group, the real estate arm of OMERS, where he held the position of Executive Vice President and Chief Legal Counsel, and was a member of the Oxford Senior Executive team. Before joining Oxford, Mr. Aziz was President of Great Gulf Homes and held senior roles at TD Bank Financial Group. Earlier in his career, Mr. Aziz was a Partner at Torys LLP and Davies Ward Phillips Vineberg LLP. Mr. Aziz sits on the Boards of The Beer Store and Woodbine Entertainment Group. He is also a committed fundraiser on behalf of several charities, having served on the boards of the Hospital for Sick Children Foundation and the Lighthouse for Grieving Children. Mr. Aziz received his Bachelor of Laws (Honours) from the University of Western Ontario. He and his family reside in Toronto, Ontario.

Rodney Hill. Rodney Hill is the Chief Risk Officer of OMERS. In this role, Mr. Hill leads the Risk Management, Compliance and Ethics, and Assurance and Advisory functions for OMERS. Under his leadership, these functions

work closely with the business units across OMERS to fulfil their mandate, and to provide ongoing monitoring and reporting to senior management, the Guarantor's Board of Directors and its various committees. Prior to joining OMERS in 2011, Mr. Hill worked as a Partner at an international accounting firm, where he specialized in auditing complex public and private companies. During this time, he also held several leadership roles with the firm. A graduate from the University of Kent at Canterbury, with an Honours Degree in Accounting with Computing (Honours), Mr. Hill is an Associate of the Institute of Chartered Accountants in England and Wales (ACA-UK). He is also a Chartered Professional Accountant (CA, CPA) in Canada.

Michael Kelly. Michael Kelly is the Chief Legal & Corporate Affairs Officer of OMERS. He oversees OMERS Legal Division and is involved in various matters relating to pension and investment law, regulatory affairs and corporate governance. Mr. Kelly is actively involved in Board and Committee functions and oversees the Board Secretariat. He also chairs the Sustainable Investing Committee, which oversees OMERS approach to matters such as ESG integration in its investing activities. He also represents OMERS on various domestic and international organizations focused on areas including governance, institutional investing, sustainability and climate change, and finance. Mr. Kelly holds a BBA from Wilfrid Laurier University (1989), an LLB from the University of Toronto (1992), and an MA (International Relations) from the University of Toronto (2004). He also holds the designation of Chartered Director (C. Dir) from McMaster University (2012).

Nancy Nazer. Nancy Nazer is Chief Human Resources Officer of OMERS. In her role, she leads all aspects of human resources globally, including OMERS People strategy. During Ms. Nazer's tenure, OMERS has achieved Great Place to Work® certification and a place on the Greater Toronto's Top 100 employers list. Fueled by her passion to empower each and every employee, Ms. Nazer's ambition has been to anchor the employee experience at OMERS by nurturing everyone's sense of belonging, growth, and wellbeing. She is a values-driven leader and a certified coach who provides ongoing coaching and mentoring for leaders across the organizations where she has worked. Prior to joining OMERS, Ms. Nazer was Senior Vice President, Organization Development with Rogers Communications. During her prior tenure at TD Bank, Ms. Nazer led several executive roles within HR, overseeing areas including leadership/management development and talent management. Ms. Nazer also spent nearly a decade at Bell Canada, where she implemented several award-winning programs that focused on talent strategies and HR employee experience transformation. Ms. Nazer holds a master's degree and a Ph.D. from the University of Toronto.

Satish Rai. Satish Rai is the Chief Investment Officer of OMERS. His mandate includes the overall global investment strategy, portfolio construction activities, and P&L accountability across all asset classes and geographies where OMERS invests. A 30-year veteran of the investment sector, Mr. Rai joined OMERS in January 2015 and immediately focused on delivering a strengthened approach to capital markets investing, with the ultimate goal of bolstering long-term value for members. Mr. Rai previously served as Chief Investment Officer at TD Asset Management ("TDAM"), overseeing \$250 billion in assets under management. He was also Chair of the Committee of the Advancement of Visible Minorities in Leadership Roles, and a Diversity Leadership Council member. Believing strongly that distinct perspectives strengthen a workplace, Mr. Rai actively delivers on his commitment to diversity at OMERS through a differentiated approach to hiring, mentorship and investing. Mr. Rai holds both a Bachelor of Mathematics (University of Waterloo) and a CFA. In 2002, he was recognized as one of Canada's Top 40 Industry Leaders Under 40, and in 2006 he received the Alumni Achievement Medal from Waterloo's Faculty of Mathematics. Mr. Rai serves on the Toronto Global and Capitalize for Kids Boards and is a member of the Young Presidents' Organization/World Presidents' Organization. He is a past member of the respective Boards of the University of Waterloo, Michael Garron Hospital Foundation and Women in Capital Markets.

Jonathan Simmons. Jonathan Simmons is OMERS Chief Financial & Strategy Officer. He joined OMERS in January 2014 as Chief Financial Officer, with responsibilities for operating planning, financial reporting, investment valuations, actuarial matters, financing and tax, adding strategic planning and asset-liability management in 2021. During his tenure at OMERS, his responsibilities have included oversight of OMERS risk function and serving as chair of the management investment and transaction approval committees. Prior to joining OMERS, Mr. Simmons was a Partner at PwC for more than a decade, where he led the firm's Canadian insurance practice. Born in Bristol, England, Mr. Simmons is a graduate of the University of Warwick, with an Honours Bachelor of Science degree in Microbiology and Microbial Technology. A Fellow of the Institute of Chartered Professional Accountants (FCPA) of Ontario, he is currently a director of Economic Investment Trust, a TSX-listed investment company and a founding member and current co-chair of the Canadian Chapter of The Prince of Wales's Accounting for Sustainability Project (A4S).

Issuer

Board of Directors

The following table sets forth information regarding the directors of the Issuer.

<u>Name, Province or State and Country of Residence</u>	<u>Position/Title</u>	<u>Business Address</u>
Michael Kelly	Director	EY Tower, 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Helen Rattee	Director	EY Tower, 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Rheal Ranger	Director	EY Tower, 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada

Key Executive Officers

The following table sets forth information regarding the key executive officers of the Issuer.

<u>Name, Province or State and Country of Residence</u>	<u>Position/Title</u>	<u>Business Address</u>
Brandon Weening	Senior Vice President, Corporate Finance	EY Tower, 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Courtney Burke	Vice President, Corporate Financing	EY Tower, 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada

Biographical Information Regarding the Directors and Executive Officers of the Issuer, as trustee of the Issuer

Brandon Weening. Brandon Weening is Senior Vice President, Corporate Finance, of the Issuer and joined the Issuer in January 2018. In this role he oversees the Issuer's commercial paper and medium-term note borrowing programs, including all aspects of investor relations. In addition to his duties with the Issuer, he also serves as the Senior Vice President, Corporate Finance of AC. In this role, Mr. Weening is responsible for AC's financial reporting and planning processes, as well as certain finance operations and financing activities. Mr. Weening joined OMERS in 2014 and served as Director, Portfolio Advisory & Valuations and Director, Finance & Treasury with Oxford Properties Group. Prior to joining OMERS, he worked in various roles at First Capital Realty Inc., General Electric Canada, and Deloitte LLP. Mr. Weening holds a B. Comm (Hons) from Queen's University and is a CPA, CA.

Courtney Burke. Courtney Burke is Vice President, Corporate Financing of the Issuer and joined the Issuer in September 2020. In this role she oversees the Issuer's commercial paper and term note borrowing programs, including all aspects of investor relations. In addition to her duties with the Issuer, she also serves as the Vice President, Corporate Financing and Enterprise Financial Planning & Analysis. In this role, Ms. Burke is responsible for elements of AC's financial reporting and planning processes. Ms. Burke joined OMERS in 2018 and served as Vice President, Investment Finance for OMERS Private Equity. Prior to joining OMERS, she worked in various roles at Brookfield Asset Management and PricewaterhouseCoopers. Ms. Burke holds an Honours degree in Business Administration from the Richard Ivey School of Business LLP at Western University, a Bachelor of Science from Queen's University and is a CPA, CA.

Michael Kelly. Michael Kelly's biographical information is described above. See “—Guarantor—Key Executive Officers—Michael Kelly” in this Offering Memorandum.

Helen Rattee. Helen Rattee is the Managing Director, Private Markets Investment Risk at OMERS. In this role, she oversees all aspects of investment risk across OMERS Private Markets business units and acts as a key point of contact between Infrastructure, Private Equity, Growth Equity, Ventures and Oxford and the Chief Risk Officer. Previously, Ms. Rattee held roles within Strategy and the Office of the Chief Executive Officer at OMERS as well as investment and portfolio management roles within OMERS Capital Markets Global Equity program. Prior to joining OMERS in 2011, Ms. Rattee spent time on the buy-side and sell-side in New York and Toronto. She holds an MBA (Schulich), a Bachelor of Science (McMaster), and is a CFA.

Rheal Ranger. Rheal Ranger joined the Issuer as a Director in July 2021. Mr. Ranger retired from OMERS in January 2018. Prior to his retirement, Mr. Ranger served as the Executive Vice President, Corporate Finance for OMERS where he worked in partnership with our global investment teams to identify the most cost-effective funding sources. Prior to joining the OMERS corporate team in 2015, Mr. Ranger was the EVP, Finance at Oxford, a position that he occupied upon his return to Canada in September 2014. His previous roles with OMERS included CFO at Borealis Infrastructure (Borealis) from 2004 to 2011 when he moved to the U.S. to start up Borealis's New York office. Prior to joining OMERS, his past experience includes 17 years as a senior executive with one of Canada's largest broadcast companies and 5 years with a large international accounting firm. He holds a B.Sc. from Western University, a B.Comm from the University of Windsor and is a designated Chartered Accountant. Mr. Ranger has served on various boards and committees including Oncor (largest transmission and distribution utility in Texas), Midland Co-Generation Ventures (largest gas-fired power plant in the US), OMERS Energy (oil & gas company) and CEDA (large industrial services company located in Alberta). Mr. Ranger currently serves on the board and committees of Northstar New Jersey Lottery Group, LLC and Bruce Power (a nuclear power plant located in Ontario).

DESCRIPTION OF OTHER INDEBTEDNESS

The Issuer began issuing commercial paper (which is guaranteed by the Guarantor) on an exempt basis in Canada, starting in 2010, and on a private placement basis in the United States, starting in 2018 (together, the “Commercial Paper Programs”). The Issuer is authorized to issue not more than at any one time \$5.0 billion in Canadian currency, or an equivalent amount in any other currency based on exchange rates in effect at the time of the most recent issuance of commercial paper under the Commercial Paper Programs. As of December 31, 2021, there was C\$1.201 billion commercial paper outstanding.

The Issuer has a credit facility available from a syndicate of banks up to the amount of C\$3.750 billion, which facility is guaranteed by the Guarantor. As at December 31, 2021, there were no drawdowns on this credit facility.

The Issuer has a credit facility available from a syndicate of banks up to the amount of EUR\$220 million, which facility is guaranteed by the Guarantor. As at December 31, 2021, EUR\$3.9 million was drawn on this credit facility.

The Issuer issued (i) US\$1,000,000,000 1.100% senior notes due March 26, 2026 on March 26, 2021, which notes are guaranteed by the Guarantor; (ii) C\$1,250,000,000 1.55% Series B senior notes due April 21, 2027 on April 21, 2020, which notes are guaranteed by the Guarantor; (iii) US\$1,000,000,000 1.125% senior notes due April 14, 2023 on April 14, 2020, which notes are guaranteed by the Guarantor; (iv) C\$1,000,000,000 2.60% Series A senior notes due May 14, 2029 on May 14, 2019, which notes are guaranteed by the Guarantor; (v) US\$1,250,000,000 2.500% senior notes due May 2, 2024 on May 2, 2019, which notes are guaranteed by the Guarantor; and (vi) €1,000,000,000 0.450% senior notes due May 13, 2025 on May 13, 2020, which notes are guaranteed by the Guarantor. These notes are direct, unsecured and unsubordinated obligations of the Issuer and rank equally and ratably in right of payment with all other present and future unsecured and unsubordinated indebtedness of the Issuer, including the Notes offered hereby.

DESCRIPTION OF NOTES

The following summary of certain terms of the Notes and related Guarantee does not purport to be complete and is subject to, and qualified in its entirety by reference to, the actual terms of the Notes, the Guarantee and the Fiscal and Paying Agency Agreement.

The Notes are being issued pursuant the Fiscal and Paying Agency Agreement, among the Issuer, the Guarantor and The Bank of New York Mellon, as fiscal agent, paying agent, transfer agent and registrar (the “Fiscal and Paying Agent”). The holders of the Notes will benefit from and will be deemed bound by the provisions of the Fiscal and Paying Agency Agreement. The Fiscal and Paying Agent will perform administrative duties for the Issuer such as sending interest payments and notices to the relevant persons. References in this Offering Memorandum to the “Fiscal and Paying Agent” include any successor fiscal and paying agent. The following summary describes the material terms and provisions of the Notes, the related Guarantee and the Fiscal and Paying Agency Agreement. However, it is the Notes, the related Guarantee and the Fiscal and Paying Agency Agreement, and not this summary, that govern your rights as a holder of the Notes. Because this is a summary, it may not contain all the information that is important to you. Copies of the Fiscal and Paying Agency Agreement and the form of the Notes are available as described under “Available Information.”

General

The Notes:

- are direct, unsecured and unsubordinated obligations of the Issuer and rank equally and ratably in right of payment with all other present and future unsecured and unsubordinated indebtedness of the Issuer;
- are unconditionally and irrevocably guaranteed by the Guarantor;
- are structurally subordinated to any existing and future obligations and other liabilities of the Issuer’s subsidiaries (if any);
- are effectively junior to any future secured indebtedness of the Issuer to the extent of the value of the assets securing such obligations;
- are senior in right of payment to all future subordinated indebtedness of the Issuer;
- the 2032 Notes are issued in US\$600,000,000 initial aggregate principal amount and will mature on April 19 2032;
- the 2052 Notes are issued in US\$500,000,000 initial aggregate principal amount and will mature on April 19, 2052.

The Guarantee by the Guarantor is:

- a direct, unsecured and unsubordinated obligation of the Guarantor and ranks (i) in priority over the claims of the members of the Primary Plan and, as a result, in the event of a wind-up of the Primary Plan, holders of the Notes would be entitled to be repaid out of the assets of the Primary Plan in priority to distributions to members of the Primary Plan, and (ii) equally and ratably in right of payment with the Guarantor’s other unsecured and unsubordinated claimants;
- structurally subordinated to any existing and future obligations and other liabilities of the Guarantor’s subsidiaries (other than the Issuer), to the extent of the respective assets of such subsidiaries;
- effectively junior to any future secured obligations of the Guarantor to the extent of the value of the assets securing such obligations; and

- senior in right of payment to all future subordinated obligations of the Guarantor.

Any Note authenticated and delivered pursuant to the Fiscal and Paying Agency Agreement shall, as of any date of determination, be deemed to be “Outstanding,” except:

- Notes theretofore cancelled by the Fiscal and Paying Agent or delivered to the Fiscal and Paying Agent for cancellation or held by the Fiscal and Paying Agent for reissuance but not reissued by the Fiscal and Paying Agent;
- Notes which have been called for redemption in accordance with their terms or which have become due and payable at maturity or otherwise and with respect to which monies sufficient to pay the principal thereof and any interest thereon shall have been made available to the Fiscal and Paying Agent;
- Notes which the Issuer has fully defeased in accordance with their terms;
- Notes in lieu of or in substitution for which other Notes shall have been authenticated and delivered (and, if applicable, effectuated) pursuant to the Fiscal and Paying Agency Agreement; or
- Notes in which claims have been prescribed;

provided, however, that in determining whether the holders of the requisite principal amount of Outstanding Notes are present at a meeting of holders of such Notes for quorum purposes or have consented to or voted in favor of any request, demand, authorization, direction, notice, consent, waiver, amendment, modification or supplement hereunder, such Notes owned directly or indirectly by the Issuer or the Guarantor or any of their affiliates shall be disregarded and deemed not to be Outstanding.

Interest

The 2032 Notes bear interest at the rate of 3.500% per annum and the 2052 Notes bear interest at the rate of 4.000% per annum. The first interest period shall be the period from and including the issue date of the Notes to but not including October 19, 2022. The interest period relating to subsequent Interest Payment Dates (as defined below) shall be the period from and including the preceding Interest Payment Date to but not including the relevant Interest Payment Date. Interest on the 2032 Notes will be payable semi-annually in arrears on April 19 and October 19 of each year, and Interest on the 2052 Notes will be payable semi-annually in arrears on April 19 and October 19 of each year (each, an “Interest Payment Date”), commencing October 19, 2022, and ending on April 19, 2032, for the 2032 Notes, and commencing on October 19, 2022, and ending on April 19, 2052 for the 2052 Notes (unless redeemed earlier) to holders of record on April 4 and October 4, respectively, immediately preceding the applicable Interest Payment Date (whether or not a Business Day, as defined below). Interest on the Notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Notes will bear interest on overdue principal, and overdue interest, at the rate otherwise applicable to such Notes, all as described in the Fiscal and Paying Agency Agreement.

If any Interest Payment Date or the maturity date should fall on a date that is not a Business Day (as defined herein), such payment will be postponed to the next succeeding Business Day as if made on the date that payment was due, and no interest will accrue on that payment for the period from and after the relevant payment date to the date of that payment on the next succeeding Business Day. A “Business Day” means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York, Toronto, Ontario, or the place of payment on the Notes in the United States are authorized or required by law to close.

Payment of the principal of and interest on the Notes will be made in U.S. dollars. The Notes will be sold in denominations of US\$250,000 and integral multiples of US\$1,000 in excess thereof.

The Fiscal and Paying Agent

The Fiscal and Paying Agent acts as the Issuer's agent with respect to the Notes through its corporate trust office in New York, New York. The Fiscal and Paying Agency Agreement provides that the Issuer may remove the Fiscal and Paying Agent upon 30 days' written notice and either appoint a new fiscal and paying agent or undertake to perform any or all of the functions of the Fiscal and Paying Agent, and that, under such circumstances, the Fiscal and Paying Agency Agreement shall terminate.

The Fiscal and Paying Agent serves only as the Issuer's agent and will not assume any fiduciary duties for the holders of the Notes, except that all funds deposited with the Fiscal and Paying Agent for payment of Notes will be held in trust by it for the benefit of the holders of such Notes until disbursed to such holders subject to certain rights of the Issuer with respect to such money that remains unclaimed for two years after such principal or interest has become due and payable. The Fiscal and Paying Agent has no responsibility for taking any discretionary actions on behalf of holders of the Notes, including in connection with an event of default under the Notes.

Because the Notes are not issued pursuant to an indenture, each holder will be responsible for acting independently with respect to certain matters affecting such holder's Note, including enforcing the agreements or covenants contained therein, responding to any requests for consents, waivers or amendments, giving written notice of default in performance of any agreements or covenants contained therein or accelerating the maturity of Notes upon the occurrence of an event of default.

Payments of interest and principal will be made in accordance with the procedures set forth under "—Book-Entry System" below.

The Notes are not entitled to the benefits of any sinking fund.

Further Issuances

The Issuer may from time to time without notice to, or the consent of, the holders of the Notes, issue additional notes under the Fiscal and Paying Agency Agreement, which will be part of the same issue as the Notes of a series being issued in the offering and will be treated as Notes of the same series, including for purposes of voting status, redemptions, offers to purchase and otherwise and will rank equally and have the same terms as the Notes of the applicable series offered hereby in all respects (except for the original issue price, the issue date of the additional notes and the initial interest payment date); *provided* that such additional notes will not be treated for any purpose as Notes of the same series as the Notes of a series offered hereby, unless such additional notes are fungible for U.S. and Canadian tax purposes with the Notes of the applicable series offered hereby.

Guarantee

The Guarantor unconditionally and irrevocably guarantees on a senior, direct and unsecured basis the payment of the principal of and interest on the Notes issued by the Issuer and any Additional Amounts (as defined below) payable with respect to the Notes when they become due and payable, whether at the stated maturity thereof, by declaration of acceleration or otherwise. The Guarantee by the Guarantor of a series of Notes will be in force at all times while the Notes of such series are Outstanding.

The Government of Ontario has no obligations under the Notes or the Guarantee.

Book-Entry System

The DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered global Notes will be issued for the Notes of each series, in the aggregate principal amount of such issue, and will be deposited with DTC. See "Book Entry, Delivery and Form" in this Offering Memorandum.

Certificated Notes

DTC may discontinue providing its services as depository with respect to the Notes of any series at any time by giving reasonable notice to the Issuer and the Fiscal and Paying Agent. Under these circumstances, and in the event that a successor depository is not appointed, Notes in certificated form are required to be printed and delivered. If at any time DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and a successor depository is not appointed by the Issuer within 90 days or if there shall have occurred and be continuing an event of default under the Fiscal and Paying Agency Agreement with respect to the Notes of a series and the Issuer has received a request from a beneficial holder of Outstanding Notes of such series to issue Notes in certificated form to such holder, the Issuer will issue Notes of such series in certificated form in exchange for the global notes. Also, the Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository). In that event, Notes in certificated form will be printed and delivered.

Listing

Application has been made for the notes to be admitted to the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF. The Euro MTF is not a regulated market for purposes of MiFID II.

Forced Transfer

Each initial purchaser of any Note that is offered for sale within the United States or to U.S. persons as defined in Regulation S pursuant to Rule 144A of the Securities Act (“U.S. Persons”) (a “Covered Note”), and each transferee of an interest in a Covered Note that is a U.S. Person or acquiring such interest within the United States, will be deemed to represent at the time of purchase that, among other things, it is a “qualified institutional buyer” under Rule 144A and also a “qualified purchaser” under the Investment Company Act (for purposes of this “Forced Transfer” section, a “Qualified Institutional Buyer/Qualified Purchaser”).

The Notes provide that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any holder of a Covered Note is a U.S. Person and is not a Qualified Institutional Buyer/Qualified Purchaser at the time it acquires such Covered Note (any such person, for purposes of this “Forced Transfer” section, a “Non-Permitted Noteholder”), the Issuer shall, promptly after determining that such person is a Non-Permitted Noteholder, send notice to such Non-Permitted Noteholder demanding that such Non-Permitted Noteholder transfer its interest in the Covered Note to a person that is not a Non-Permitted Noteholder as soon as practicable. If such Non-Permitted Noteholder fails to effect the transfer promptly, (a) the Issuer shall cause such beneficial interest to be transferred in a commercially reasonable sale to a person or entity that certifies to the Issuer, in connection with such transfer, that such person or entity either is not a U.S. person or is a Qualified Institutional Buyer/Qualified Purchaser, and (b) pending such transfer, no further payments will be made in respect of such beneficial interest; *provided, however*, that such Non-Permitted Noteholder will be deemed to have agreed that, if any further payments in respect of such beneficial interest are in fact received by such Non-Permitted Noteholder, such payments shall be held in trust for the benefit of the Issuer and shall be turned over to the Issuer on demand. Depending on the circumstances, the Issuer also reserves the right to treat a Non-Permitted Noteholder’s interest in the Notes as void ab initio.

Consolidation, Amalgamation, Merger and Sale of Assets

Neither the Issuer nor the Guarantor may consolidate or amalgamate with or merge into or enter into any statutory arrangement with any other person, or convey, transfer or lease, directly or indirectly, all or substantially all the Issuer’s or the Guarantor’s properties and assets to any person, unless:

- the person formed by or continuing from such consolidation or amalgamation or into which the Issuer or the Guarantor are merged or with which the Issuer or the Guarantor enter into such statutory arrangement or the person which acquires or leases all or substantially all of the Issuer’s or the Guarantor’s properties and assets, as the case may be, is organized and existing under the laws of Canada or any province or territory thereof, or if such consolidation, amalgamation, merger, statutory arrangement or other transaction would not impair the rights of holders of the Notes, under the laws of any other country; *provided* that if such successor

entity is organized under the laws of a jurisdiction other than the laws of Canada or any province or territory thereof, the successor entity assumes the Issuer's and/or the Guarantor's obligations, as the case may be, under the Notes and the Fiscal and Paying Agency Agreement to pay Additional Amounts;

- any successor person to the Issuer (if not the Issuer) expressly assumes all of the Issuer's obligations under the Notes and under the Fiscal and Paying Agency Agreement and the performance and observance of every covenant in the Notes and the Fiscal and Paying Agency Agreement to be performed or observed by the Issuer; and any successor person to the Guarantor (if not the Guarantor) expressly assumes all of the Guarantor's obligations under the Guarantee and the Fiscal and Paying Agency Agreement and the performance and observance of every covenant in the Notes, the Guarantee and the Fiscal and Paying Agency Agreement to be performed or observed by the Guarantor; and
- immediately before and after giving effect to such transaction, no event of default, and no event which, after notice or lapse of time or both, would become an event of default, shall have happened and be continuing.

This "Merger, Consolidation or Sale of Assets" covenant will not apply to any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among the Issuer or the Guarantor and their subsidiaries that are organized under the laws of Canada or any province or territory thereof.

Maturity and Redemption

The entire principal amount of the 2032 Notes together with accrued interest thereon will mature and is payable on April 19, 2032. The entire principal amount of the 2052 Notes together with accrued interest thereon will mature and is payable on April 19, 2052. The 2032 Notes will not be redeemable prior to maturity at the option of the Issuer (except as provided in "—Tax Redemption"). The 2052 Notes will be redeemable prior to maturity as provided in "—Optional Redemption of the 2052 Notes" and as provided in "—Tax Redemption." The Issuer and its affiliates may at any time and from time to time purchase Notes in the open market or otherwise.

Optional Redemption of the 2052 Notes

Prior to October 19, 2051 (six months prior to the maturity date of the 2052 Notes) (the "Par Call Date"), the Issuer may redeem the 2052 Notes at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the 2052 Notes matured on the Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points less (b) interest accrued to the date of redemption, and

(2) 100% of the principal amount of the 2052 Notes to be redeemed,

plus, in either case, accrued and unpaid interest thereon to the redemption date.

On or after the Par Call Date, the Issuer may redeem the 2052 Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 2052 Notes being redeemed plus accrued and unpaid interest thereon to the redemption date.

"*Treasury Rate*" means, with respect to any redemption date, the yield determined by the Issuer in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Issuer after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on

the third business day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as “Selected Interest Rates (Daily) - H.15” (or any successor designation or publication) (“H.15”) under the caption “U.S. government securities–Treasury constant maturities–Nominal” (or any successor caption or heading) (“H.15 TCM”). In determining the Treasury Rate, the Issuer shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the Par Call Date (the “Remaining Life”); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third business day preceding the redemption date H.15 TCM is no longer published, the Issuer shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the Par Call Date, as applicable. If there is no United States Treasury security maturing on the Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the Par Call Date, one with a maturity date preceding the Par Call Date and one with a maturity date following the Par Call Date, the Issuer shall select the United States Treasury security with a maturity date preceding the Par Call Date. If there are two or more United States Treasury securities maturing on the Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Issuer’s actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Notice of any redemption will be mailed or electronically delivered (or otherwise transmitted in accordance with DTC’s or successor depository’s procedures) at least 10 days but not more than 60 days before the redemption date to each holder of 2052 Notes to be redeemed.

In the case of a partial redemption, selection of the 2052 Notes for redemption will be made in accordance with the policies and procedures of DTC. No 2052 Notes of a principal amount of US\$250,000 or less will be redeemed in part. If any 2052 Note is to be redeemed in part only, the notice of redemption that relates to the 2052 Note will state the portion of the principal amount of the 2052 Note to be redeemed. A new note in a principal amount equal to the unredeemed portion of the 2052 Note will be issued in the name of the holder of the note upon surrender for cancellation of the original 2052 Note. For so long as the 2052 Notes are held by DTC (or another depository), the redemption of the 2052 Notes shall be done in accordance with the policies and procedures of the depository.

Unless the Issuer defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the 2052 Notes or portions thereof called for redemption.

Payment of Additional Amounts

All payments made by or on behalf of the Issuer or the Guarantor (each, a “Payor”) under or with respect to the Notes or the Guarantee will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) (“Taxes”) imposed or levied by or on behalf of any jurisdiction in which such Payor

is organized, resident or carrying on business for tax purposes or from or through which such Payor (or its agents) makes any payment on the Notes or the Guarantee or any department or political subdivision thereof (each, a “Relevant Taxing Jurisdiction” and such taxes being “Relevant Taxes”), unless the Payor is, as the case may be, required to withhold or deduct Taxes by law or by the interpretation or administration thereof. If a Payor is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Notes or the Guarantee, such Payor will pay to each holder of such Notes such additional amounts (“Additional Amounts”) as may be necessary so that the net amount received by each such holder (including the Additional Amounts) after such withholding or deduction will not be less than the amount such holder would have received if such Relevant Taxes had not been withheld or deducted. However, no Additional Amounts will be payable with respect to a payment made to a holder of the Note or the beneficial owner of a Note (a “Beneficial Holder”):

- which does not deal at arm’s length (for the purposes of the Tax Act) with the applicable Payor at the time the amount is paid or payable or is, or does not deal at arm’s length with any person who is, a “specified beneficiary” of the Issuer for purposes of the thin capitalization rules in the Tax Act;
- which is subject to such Relevant Taxes by reason of the holder of the Note or Beneficial Holders (or any fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, such holder or beneficial owner, if such holder or beneficial owner is an estate, trust, partnership, limited liability company or corporation) being a resident, domicile or national of, or engaged in business or maintaining a permanent establishment or other physical presence in or otherwise having some present or former connection with the Relevant Taxing Jurisdiction, other than any connection resulting solely from the acquisition, ownership, or disposition of Notes, the receipt of payments thereunder and/or the exercise or enforcement of rights under any Notes or the Guarantee; or
- which is subject to such Relevant Taxes by reason of the holder of the Note’s or Beneficial Holder’s failure to comply with any certification, identification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction or otherwise establishing the right to the benefit of an exemption from, or reduction in the rate of, withholding or deduction, if such compliance is required by law, regulation, administrative practice or an applicable treaty of the Relevant Taxing Jurisdiction as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Relevant Taxes or is otherwise reasonably requested by the Payor to support a claim for relief or exemption from such tax.

In addition, Additional Amounts will not be payable:

- if the holder of such Notes is not the sole beneficial owner of such payments, or is a fiduciary or partnership, to the extent that any beneficial owner, beneficiary or settlor with respect to such fiduciary or any partner or member of such partnership would not have been entitled to such Additional Amounts with respect to such payments had such beneficial owner, beneficiary, settlor, partner or member received directly its beneficial or distributive shares of such payments;
- with respect to any Relevant Taxes which are payable otherwise than by withholding from payments of, or in respect of, principal of, or interest on, the Notes;
- with respect to any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment or other governmental charge;
- with respect to any Taxes that would not have been imposed but for the presentation by the holder of a Note for payment more than 30 days after the date on which such payment became due and payable or on which payment thereof was duly provided for, whichever occurs later;

- with respect to any Relevant Taxes required to be deducted or withheld by any paying agent from a payment on a Note, if such payment can be made without such deduction or withholding by any other paying agent;
- any Taxes imposed pursuant to (i) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (“FATCA”), or any successor version thereof, or any similar legislation imposed by any other governmental authority, (ii) any treaty, law, regulation or other official guidance enacted by Canada implementing FATCA or an intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other governmental authority, or (iii) any agreement between the Issuer or the Guarantor and the United States or any authority thereof implementing FATCA; or
- any combination of the items listed above.

As a result of the foregoing, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of Notes.

In addition, the applicable Payor will pay any stamp, issue, registration, court, documentation, excise or other similar taxes, charges and duties, including any interest, penalties and any similar liabilities with respect thereto, imposed by any Relevant Taxing Jurisdiction at any time in respect of the execution, issuance, registration or initial/primary market delivery of the Notes, the Guarantee or any other document or instrument referred to thereunder, as the case may be, and any such taxes, charges or duties imposed by any Relevant Taxing Jurisdiction on any payments made pursuant to the Notes or the Guarantee or as a result of, or in connection with, the enforcement of the Notes, the Guarantee and/or any other such document or instrument, as the case may be.

The obligations described under this heading will apply mutatis mutandis to any successor Person. Wherever in the Notes or the Fiscal and Paying Agency Agreement there is mentioned, in any context, of the payment of principal, interest, if any, or any other amount payable under or with respect to a Note or the Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Tax Redemption

The Issuer, or its successor, may at its sole discretion elect to redeem the Notes of a series at any time, in whole and not in part, at a redemption price equal to the principal amount thereof together with accrued and unpaid interest (including Additional Amounts) to the date fixed for redemption, upon the giving of a notice as described below, if:

- as a result of any change in or amendment to (including any officially announced prospective change or amendment) the laws (or any rules, regulations, rulings or administrative pronouncements thereunder) of any Relevant Taxing Jurisdiction, or any change in official position regarding the application or interpretation of such laws, rules, regulations, rulings or administrative pronouncements (including a holding by a court of competent jurisdiction), which change or amendment is announced or becomes effective (assuming, in the case of any announced prospective change, that such announced change will become effective as of the date specified in such announcement and in the form announced) on or after the later of (i) April 11, 2022 or (ii) if applicable, the date a party organized in a jurisdiction other than Canada becomes the Issuer’s successor or the Guarantor’s successor, the Issuer or such successor or the Guarantor or such successor, as the case may be, reasonably determine that the Issuer or such successor has or will or the Guarantor or such successor has or will, as the case may be, become obligated to pay, on the next succeeding date on which interest is due, Additional Amounts with respect to any Note of such series as described under “—Payment of Additional Amounts” or the Guarantee; or
- on or after the later of (i) April 11, 2022 or (ii) if applicable, the date a party organized in a jurisdiction other than Canada becomes the Issuer’s successor or the Guarantor’s successor, any action has been taken by any taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, Canada or any political subdivision or taxing authority thereof or therein, including any of those

actions specified in the paragraph immediately above, whether or not such action was taken or decision was rendered with respect to the Issuer or its successor or to the Guarantor or its successor, as the case may be, or any change, amendment, application or interpretation shall be officially proposed (assuming that such announced change will become effective as of the date specified in such announcement and in the form announced), which, in any such case, in the written opinion to the Issuer or such successor or the Guarantor or such successor, as the case may be, of legal counsel of recognized standing, will likely result in the Issuer or its successor or the Guarantor or its successor, as the case may be, becoming obligated to pay, on the next succeeding date on which interest is due, Additional Amounts with respect to the Notes of such series;

and, in any such case, the Issuer or the Guarantor, as the case may be, in the Issuer's or the Guarantor's business judgment (or the Issuer's successor's or Guarantor's successor's business judgment), determine that such obligation cannot be avoided by the use of reasonable measures available to the Issuer or such successor or the Guarantor or such successor. For the avoidance of doubt, reasonable measures do not include a change in the terms of the Notes or a substitution of the Issuer or guarantor.

No redemption of Notes shall be made pursuant to this provision unless the Issuer or such successor shall deliver to the Fiscal and Paying Agent a certificate, signed by an Authorized Signatory, stating such redemption is authorized or permitted, and that all conditions precedent to such redemption have been satisfied, pursuant to the terms of such Notes and the terms of the Fiscal and Paying Agency Agreement.

Notice of intention to redeem Notes pursuant to this Tax Redemption section will be given not earlier than 60 nor later than 30 days prior to the date on which the Issuer or the Guarantor (or the Issuer's successor or Guarantor's successor) would become obligated to pay such Additional Amounts were a payment in respect of the Notes of the applicable series then due with notice given to the Fiscal and Paying Agent at least five (5) Business Days prior to when notice is sent to holders.

Provision of Financial Information; Reports

The Guarantor will furnish to the holders of the Notes, within the later of (i) 180 days after the end of each of its fiscal years and (ii) the outside date contemplated by Section 76 of Regulation 909 under the PBA, the consolidated financial statements of the Guarantor for such year and copies of the annual report that the Guarantor makes publicly available; it being agreed and understood that the posting of such financial statements on the Guarantor's website will satisfy the requirement under this covenant to furnish such statements to the holders of the Notes. In addition, the Issuer and the Guarantor will agree that, for so long as any Notes remain Outstanding, the Issuer and the Guarantor will make available to holders of the Notes and prospective purchasers thereof, upon request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for the Issuer and the Guarantor.

Holding in the Issuer

At all times the Guarantor will hold, directly or indirectly, all of the outstanding units of OMERS Finance Trust.

Default, remedies and waiver of default

You will have special rights if an Event of Default with respect to your Note occurs and is continuing, as described later in this subsection.

Events of Default

The following is a summary of events of default with respect to each series of the Notes:

- (1) default in the payment of any interest on the Notes of such series when it becomes due and payable, whether at scheduled maturity, upon acceleration or otherwise, and continuance of such default for a period of 30 days;

- (2) default in the payment of the principal of the Notes of such series when it becomes due and payable, whether at scheduled maturity, upon acceleration or otherwise;
- (3) default in the performance, or breach, of any of the Issuer's or the Guarantor's covenants or warranties in the Fiscal and Paying Agency Agreement, the Notes of such series or the Guarantee (other than a covenant or warranty a default in the performance of which or the breach of which is specifically dealt with elsewhere in the Fiscal and Paying Agency Agreement, the Notes of such series or the Guarantee, as applicable), and continuance of such default or breach for a period of 60 days after receipt by the Issuer or the Guarantor, of written notice to the Issuer or the Guarantor, specifying such default or breach, by the holders of at least 25% in principal amount of all Outstanding Notes of such series; *provided* that in the case of a default in the provision described under "Provision of Financial Information; Reports," such period of continuance of such default will be 90 days after receipt of such written notice;
- (4) the obligations of the Guarantor under the Guarantee cease to constitute the legal, valid and binding obligations of the Guarantor, or the Guarantee ceases to be in full force and effect, or the Guarantor will have contested the validity of the Guarantee;
- (5) the entry of a decree or order by a court having jurisdiction adjudging the Issuer or the Guarantor bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of in respect of the Issuer or the Guarantor under the BIA, the CCAA or any other applicable insolvency law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or similar official) of the Issuer or of any substantial part of the Issuer's property, or of the Guarantor or of any substantial part of its property, or ordering the winding up or liquidation of the Issuer's or the Guarantor's affairs, and any such decree or order remains undismissed or unstayed for a period of 60 consecutive days;
- (6) the institution by the Issuer or the Guarantor of proceedings to be adjudicated bankrupt or insolvent, or the consent by the Issuer or the Guarantor, as the case may be, to the institution of bankruptcy or insolvency proceedings against the Issuer or the Guarantor, as the case may be, or the filing by the Issuer or the Guarantor of a petition or answer or consent seeking reorganization or relief under the BIA, the CCAA or any other applicable insolvency law, or the consent by the Issuer or the Guarantor, as the case may be, to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Issuer or of any substantial part of the Issuer's property, or the Guarantor or of any substantial part of its property, as the case may be, or the making by the Issuer or the Guarantor of an assignment for the benefit of creditors, or the admission by the Issuer or the Guarantor in writing of an inability to pay the Issuer's debts or the Guarantor's obligations, as the case may be, generally as they become due;
- (7) the entry of a winding up order of the Primary Plan under the PBA or any other applicable legislation and any such order remains undismissed or unstayed for a period of 60 consecutive days; or
- (8) the institution of winding up proceedings of the Primary Plan under the PBA or any other applicable legislation.

The Issuer will promptly notify, and provide copies of such notice to, the Fiscal and Paying Agent of the occurrence of any event of default. The Fiscal and Paying Agent shall not be charged with knowledge of any default or event of default unless a responsible officer of the Fiscal and Paying Agent receives written notice of such event at the corporate trust office, and such notice references the applicable series of Notes and the Fiscal and Paying Agency Agreement. The Fiscal and Paying Agent will promptly deliver such copies of the notice to the holders of the Notes of such series unless the event of default shall have been cured or waived before the giving of such notice.

Remedies If an Event of Default Occurs

If an Event of Default under the Notes of a series has occurred and is continuing, except in the case of an Event of Default specified in clauses (4) through (8) above, the holders of not less than 25% in principal amount of the Notes of such series may, by written notice to the Issuer and the Guarantor at the specified office of the Fiscal and Paying

Agent, declare the entire principal amount, and accrued but unpaid interest of all the Notes of such series to be due and immediately payable. This is called a “declaration of acceleration of maturity.” Upon the occurrence of an Event of Default specified in clauses (4) through (8) above, relating to the Guarantee, bankruptcy, insolvency and similar events or the winding up of the Primary Plan, the principal and all unpaid interest on the Notes of the applicable series will automatically become payable.

A declaration of acceleration of maturity may be cancelled by the holders of at least a majority in principal amount of the Notes of the applicable series prior to the entry of judgment or decree for the payment of the money due has been entered by a court of competent jurisdiction if:

- the Issuer has paid or deposited with the Fiscal and Paying Agent a sum sufficient to pay:
 - all overdue interest on all Notes of such series;
 - the principal of on any Notes of such series which have become due otherwise than by that declaration of acceleration of maturity and any interest thereon at the rate or rates prescribed therefor in the Notes;
 - interest upon overdue interest at the rate or rates prescribed therefor in the Notes of such series, to the extent that payment of that interest is lawful; and
 - all sums paid or advanced by the Fiscal and Paying Agent under the terms of the Fiscal and Paying Agency Agreement and the compensation, expenses, disbursements and advances of the Fiscal and Paying Agent and its agents and counsel as agreed among the Issuer, the Guarantor and the Fiscal and Paying Agent; and
- all Events of Default with respect to the Notes of such series, other than the non-payment of the principal of, and interest on, Notes which have become due solely by that declaration of acceleration of maturity, are no longer continuing.

Indirect holders should consult their banks or brokers for information on how to give notice or to make or cancel a declaration of acceleration of maturity.

The Fiscal and Paying Agent will not act as a fiduciary for the holders of the Notes and will have no responsibility for the enforcement of remedies following an Event of Default.

See also the section titled “Risks Relating to the Notes — In the event that the Issuer Trustee or the Guarantor becomes subject to bankruptcy or insolvency proceedings, your rights may be impaired.”

Waiver of Default

If a Default or an Event of Default has occurred, other than an Event of Default specified in clause (1) or clause (2) above, the holders of Notes of the applicable series, by adopting an Extraordinary Resolution, may waive the Default or Event of Default for all Notes of such series. An Extraordinary Resolution means a resolution:

- (i) approved by the holders of Notes representing not less than 66⅔% of the principal amount of Notes of such series represented and voted at a meeting of holders of Notes properly convened and held in accordance with the provisions of the Fiscal and Paying Agency Agreement at which holders of Notes of such series representing not less than 50% of the Outstanding principal amount of the Notes of such series were present in person or by proxy; or
- (ii) approved by a resolution in writing signed by holders of Notes of such series representing not less than 66⅔% of the Outstanding principal amount of the Notes of such series.

Defeasance and Covenant Defeasance

The Fiscal and Paying Agency Agreement and the Notes provide that, at the Issuer's option, each of the Issuer and the Guarantor will be discharged from any and all of its obligations in respect of the Outstanding Notes of a series and the Guarantee upon irrevocable deposit with the Fiscal and Paying Agent, by the Issuer, in trust, of money and/or U.S. government securities which will provide money in an amount sufficient in the opinion of a nationally recognized firm of independent chartered professional accountants, to pay the principal of (and each installment of interest, if any, on) the Outstanding Notes of such series (hereinafter referred to as a "defeasance") (except with respect to the authentication, transfer, exchange or replacement of the Notes or the maintenance of a place of payment and certain other obligations set forth in the Fiscal and Paying Agency Agreement or the Notes of such series). Such trust may only be established if among other things:

- the Issuer has delivered to the Fiscal and Paying Agent an opinion of counsel in the United States stating that (i) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of the Fiscal and Paying Agency Agreement, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that the holders of the Outstanding Notes of such series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;
- the Issuer has delivered to the Fiscal and Paying Agent an opinion of counsel in Canada or a ruling from the Canada Revenue Agency (or successor agency) to the effect that the holders of the Outstanding Notes of such series will not recognize income, gain or loss for Canadian federal or provincial income tax purposes as a result of such defeasance and will be subject to Canadian federal or provincial income tax on the same amounts, in the same manner and at the same times as would have been the case had such defeasance not occurred;
- the Issuer has delivered to the Fiscal and Paying Agent an opinion of counsel in New York and a certificate signed by one of its Authorized Signatories that such defeasance is authorized and permitted pursuant to the terms of the Notes of such series and the Fiscal and Paying Agency Agreement and that all conditions precedent to defeasance have been satisfied;
- no event of default or event that, with the passing of time or the giving of notice, or both, shall constitute an event of default shall have occurred and be continuing on the date of such deposit; and
- neither the Issuer nor the Guarantor is an "insolvent person" within the meaning of the BIA on the date of such deposit or at any time during the period ending on the 91st day following such deposit.

The defeasance option may be exercised notwithstanding the prior exercise of the covenant defeasance option described in the following paragraph if the conditions described in the preceding sentence at the time the defeasance option is exercised are met.

The Fiscal and Paying Agency Agreement and the Notes will provide that, at the Issuer's option, unless and until the defeasance option described in the preceding paragraph has been exercised, the Issuer and the Guarantor may omit to comply with the "Consolidation, Amalgamation, Merger and Sale of Assets" covenant and certain other covenants and such omission shall not be deemed to be an event of default under the Fiscal and Paying Agency Agreement and the Outstanding Notes of a series upon irrevocable deposit with the Fiscal and Paying Agent, in trust, of money and/or U.S. government securities which will provide funds in an amount sufficient in the opinion of a nationally recognized firm of independent chartered professional accountants to pay the principal of (and each installment of interest, if any, on) the Outstanding Notes of such series (hereinafter referred to as "covenant defeasance"). If the Issuer exercises the covenant defeasance option, the obligations under the Notes of such series and the Fiscal and Paying Agency Agreement other than with respect to such defeased covenants and the events of default other than with respect to such defeased covenants shall remain in full force and effect. Such trust may only be established if, among other things:

- the Issuer has delivered to the Fiscal and Paying Agent an opinion of counsel in the United States to the effect that the holders of the Outstanding Notes of such series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;
- the Issuer has delivered to the Fiscal and Paying Agent an opinion of counsel in Canada or a ruling from the Canada Revenue Agency (or successor agency) to the effect that the holders of the Outstanding Notes of such series will not recognize income, gain or loss for Canadian federal or provincial income or other tax purposes as a result of such covenant defeasance and will be subject to Canadian federal or provincial income and other tax on the same amounts, in the same manner and at the same times as would have been the case had such covenant defeasance not occurred;
- the Issuer has delivered to the Fiscal and Paying Agent an opinion of counsel in New York and a certificate signed by one of its Authorized Signatories that such defeasance is authorized and permitted pursuant to the terms of the Notes of such series and the Fiscal and Paying Agency Agreement and that all conditions precedent to defeasance have been satisfied;
- no event of default or event that, with the passing of time or the giving of notice, or both, shall constitute an event of default shall have occurred and be continuing on the date of such deposit; and
- neither the Issuer nor the Guarantor is an “insolvent person” within the meaning of the BIA on the date of such deposit or at any time during the period ending on the 91st day following such deposit.

Modification of the Fiscal and Paying Agency Agreement and waiver of covenants

The Fiscal and Paying Agency Agreement contains provisions for convening meetings of the holders of Notes to consider matters affecting their interests. There are three types of changes, as listed below, that the Issuer and the Guarantor can make to the Fiscal and Paying Agency Agreement and the Notes and the Guarantee, and these changes may have U.S. federal tax consequences and/or Canadian tax consequences for holders.

Changes requiring approval by holders pursuant to a Special Resolution

Certain changes to the Fiscal and Paying Agency Agreement can only be made with the written consent or the affirmative vote or approval of a special supermajority of holders of Notes of a series pursuant to a Special Resolution (which we define below). Certain changes to the Notes of a series can only be made with the written consent or the affirmative vote or approval of a special supermajority of holders of Notes of such series pursuant to a Special Resolution. In the absence of an appropriate Special Resolution, the Issuer and the Guarantor may not with respect to Notes of the applicable series:

- change the due date for the payment of principal of or any installment of interest on any Note;
- reduce the principal amount of any Note, the portion of any principal amount that is payable upon acceleration of the stated maturity of the Note after a default, or the interest rate;
- permit redemption of a Note if not previously permitted;
- change the currency of any payment on a Note;
- change the Issuer’s or Guarantor’s obligation to pay additional amounts;
- shorten the period during which redemption of the Notes is not permitted or permit redemption during a period not previously permitted;

- change the place of payment on a Note;
- impair a holder's right to sue for payment of any amount due on its Notes;
- reduce the percentage of principal amount of the Notes Outstanding of such series necessary to modify, amend or supplement the Notes or to waive past defaults or future compliance;
- reduce the percentage of principal amount of the Notes Outstanding of such series required to adopt a resolution or the required quorum at any meeting of holders of Notes at which a resolution is adopted; or
- change any provision in a Note with respect to redemption at the holders' option in any manner adverse to the interests of any holder of the Notes.

A Special Resolution means a resolution:

- (i) approved by the holders of Notes of the applicable series representing not less than 75% of the principal amount of Notes represented and voted at a meeting of holders of Notes properly convened and held in accordance with the provisions of the Fiscal and Paying Agency Agreement at which holders of Notes of such series representing not less than 75% of the Outstanding principal amount of the Notes of such series were present in person or by proxy; or
- (ii) approved by a resolution in writing signed by holders of Notes of the applicable series representing not less than 75% of the Outstanding principal amount of the Notes of such series.

Changes not requiring approval

A second type of change to the Fiscal and Paying Agency Agreement and the Notes does not require any approval by holders. These changes are limited to the following:

- for the purpose of adding to our covenants for the benefit of any holders of any Notes;
- for the purpose of surrendering any right or power conferred upon the Issuer or the Guarantor in any Note or the Guarantee;
- for the purpose of evidencing the succession of another person or entity to the Issuer or the Guarantor and the assumption by any such successor of the Issuer's or the Guarantor's covenants and obligations in any Notes or the Fiscal and Paying Agency Agreement;
- for the purpose of curing any ambiguity in, or of curing, correcting or supplementing any defective provision of, any Note or the Fiscal and Paying Agency Agreement;
- to evidence and provide for the acceptance of appointment under the Fiscal and Paying Agency Agreement by a successor Fiscal and Paying Agent; or
- for the purpose of amending any Note or the Fiscal and Paying Agency Agreement in any other manner which the Issuer and the Fiscal and Paying Agent may determine, provided that such amendment shall not be inconsistent with the Notes and shall not adversely affect the interest of any holder of any Note.

Changes requiring approval by holders pursuant to an Extraordinary Resolution

With respect to the Notes of a series, any other change to the Fiscal and Paying Agency Agreement and the Notes of such series would require approval by the holders of Notes of such series pursuant to an Extraordinary Resolution, as described above under “—Waiver of Default.”

The Issuer will be entitled to set any day as a record date for determining which holders of book-entry Notes are entitled to make, take or give requests, demands, authorizations, directions, notices, consents, waivers or other action, or to vote on actions, authorized or permitted by the Fiscal and Paying Agency Agreement. In addition, record dates for any book-entry Note may be set in accordance with procedures established by the depositary from time to time. Therefore, record dates for book-entry Notes may differ from those for definitive Notes. Book-entry and other indirect owners should consult their banks or brokers for information on how approval may be granted or denied if the Issuer seeks to change the Fiscal and Paying Agency Agreement or any Notes or request a waiver.

Governing Law

The Fiscal and Paying Agency Agreement, the Notes and the Guarantee are governed by and construed in accordance with the laws of the State of New York.

Enforceability of Judgments

The Issuer is a trust established under the laws of Ontario. The Guarantor is a corporation without share capital continued under the OMERS Act and is the administrator of the OMERS Pension Plans and trustee of the pension funds.

The directors and executive officers of the Issuer Trustee and the Guarantor reside in Canada. As a result, it may not be possible for investors to effect service of process within the United States or in any other jurisdiction outside Canada upon the Issuer Trustee, the Guarantor or such persons or to enforce against them in courts of any jurisdiction outside Canada judgments predicated upon the civil liability provisions of the federal or state securities laws of the United States. In addition, it may be difficult for investors to enforce, in Canadian courts or in original actions or actions for enforcement of judgments obtained in courts of jurisdictions outside of Canada, among other things, civil liabilities predicated upon the federal and state securities laws of the United States.

The Issuer and the Guarantor have been advised by their Canadian counsel that a judgment of a United States court predicated solely upon civil liability under such laws would probably be enforceable in Canada if the United States court in which the judgment was obtained has a basis for jurisdiction in the matter that was recognized by a Canadian court for such purposes. The Issuer and the Guarantor have also been advised by such counsel, however, that there is substantial doubt whether an original action could be brought successfully in Canada predicated solely upon such civil liabilities.

BOOK-ENTRY, DELIVERY AND FORM

The Global Notes

The Notes will be issued in the form of registered Notes in global form, without interest coupons, in minimum denominations of US\$250,000 and in integral multiples of US\$1,000 in excess thereof, as follows:

- Notes sold to “Qualified Institutional Buyers” under Rule 144A (“Qualified Institutional Buyers”) who are also “qualified purchasers” under the Investment Company Act (“Qualified Purchasers”) (“Restricted Notes”) initially will be represented by one or more global notes (the “Restricted Global Notes”); and
- Notes sold in offshore transactions to non-U.S. Persons in reliance on Regulation S (“Regulation S Notes”) initially will be represented by one or more global notes (the “Regulation S Global Notes” and, together with the Restricted Global Notes, the “Global Notes”).

Upon issuance, the Global Notes will be deposited with the Fiscal and Paying Agent as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in the Global Notes will be limited to persons who have accounts with DTC (“DTC participants”) or persons who hold interests through DTC participants including Euroclear and Clearstream. The Issuer expects that under procedures established by DTC:

- upon deposit of the Global Notes with DTC’s custodian, DTC will credit portions of the principal amount of the Global Notes to accounts of the DTC participants designated by the initial purchasers; and
- ownership of beneficial interests in the Global Notes will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants or persons who hold interests through DTC participants (with respect to other owners of beneficial interests in the Global Notes).

Such accounts initially will be designated by or on behalf of the initial purchasers. Beneficial interests in the Regulation S Global Notes will initially be credited within DTC to DTC participants who act as depositaries for Euroclear and Clearstream, respectively, on behalf of the owners of such interests. Beneficial interests in the Global Notes may not be exchanged for Notes in physical, certificated form except in the limited circumstances described below.

The Global Notes and beneficial interests in the Global Notes will be subject to restrictions on transfer and will bear restrictive legends as described under “Transfer Restrictions.”

Exchanges Among the Global Notes

During the 40-day period following the later of the commencement of the offering and the date the Notes are issued (the “Distribution Compliance Period”), beneficial interests in the Regulation S Global Notes may be transferred only to non-U.S. persons under Regulation S or Qualified Institutional Buyers who are also Qualified Purchasers under the Investment Company Act. After the expiration of the Distribution Compliance Period, transfers of beneficial interests in Regulation S Global Notes will not be subject to such restrictions.

Beneficial interests in one Global Note for Notes of a series may generally be exchanged for interests in another Global Note for Notes of the same series. Depending on which Notes are being exchanged, the Fiscal and Paying Agency Agreement or the Notes may require that the seller provide certain written certifications in the form provided in the Fiscal and Paying Agency Agreement.

A beneficial interest in a Global Note that is transferred to a person who takes delivery through another Global Note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other Global Note.

Book-Entry Procedures for the Global Notes

All interests in the Global Notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. None of the Issuer, the initial purchasers or the Fiscal and Paying Agent is responsible for those operations or procedures.

DTC has advised the Issuer that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a “banking organization” within the meaning of the New York Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC’s participants include securities brokers and dealers, including the initial purchasers; banks and trust companies; clearing corporations and other organizations. Indirect access to DTC’s system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC’s nominee is the registered owner of a Global Note, that nominee will be considered the sole owner or holder of the Notes represented by that Global Note for all purposes under the Fiscal and Paying Agency Agreement and such Notes (except with respect to matters under the heading “Additional Amounts”). Except as provided below, owners of beneficial interests in a Global Note:

- will not be entitled to have Notes represented by the Global Note registered in their names;
- will not receive or be entitled to receive physical, certificated Notes; and
- will not be considered the owners or holders of the Notes under the Fiscal and Paying Agency Agreement or such Notes for any purpose (except with respect to matters under the heading “Additional Amounts”), including with respect to the giving of any direction, instruction or approval to the Fiscal and Paying Agent under the Fiscal and Paying Agency Agreement or such Notes.

As a result, each investor who owns a beneficial interest in a Global Note must rely on the procedures of DTC to exercise any rights of a holder of such Notes under the Fiscal and Paying Agency Agreement or such Notes (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant or indirect participant through which the investor owns its interest).

Payments of principal and interest with respect to the Notes represented by a Global Note will be made on behalf of the Issuer by the Fiscal and Paying Agent or other paying agent to DTC’s nominee as the registered holder of the Global Note. Neither the Issuer nor the Fiscal and Paying Agent will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to, or payments made on account of, those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. If the laws of a jurisdiction require that certain persons take physical delivery of securities in definitive form, the ability to transfer beneficial interests in a Global Note to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person holding a beneficial interest in a Global Note to pledge its interest to a person or entity that does not participate in the DTC system, or otherwise take actions in respect of its interest, may be affected by the lack of a physical security. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers within a single Global Note between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a Global Note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest within a single Global Note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a Global Note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the Global Notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither the Issuer nor the Fiscal and Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Notes

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related Notes only if:

- DTC notifies the Issuer at any time that it is unwilling or unable to continue as depositary for the Global Notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days;
- The Issuer, at its option, notifies the Fiscal and Paying Agent that it elects to cause the issuance of certificated notes; or
- events of default under the Fiscal and Paying Agency Agreement or such Notes should occur and be continuing.

TRANSFER RESTRICTIONS

The Notes and the related Guarantee have not been registered for offer or sale under the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. Accordingly, the Notes and the related Guarantee will be offered and sold only (A) to persons reasonably believed to be qualified institutional buyers in accordance with Rule 144A who are also qualified purchasers as defined in Section 2(a)(51) under the Investment Company Act and (B) in transactions outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (“Regulation S”).

Each purchaser of Notes and the related Guarantee in a transaction relying upon the exemption provided by Rule 144A will be deemed to have acknowledged, represented to and agreed with the Issuer, the Guarantor and the initial purchasers as follows:

(a) It is (i) a “qualified institutional buyer” within the meaning of Rule 144A (a “Qualified Institutional Buyer”), (ii) acquiring the Notes for its own account or for the account of a Qualified Institutional Buyer and (iii) aware, and each beneficial owner of the Notes has been advised, that the sale of the Notes and the related Guarantee to it is being made in reliance on Rule 144A.

(b) It (i) is also a “qualified purchaser” within the meaning of Section 2(a)(51) under the Investment Company Act (a “Qualified Purchaser”) that is not (A) a broker-dealer that owns and invests on a discretionary basis less than US\$25 million in securities of unaffiliated issuers or (B) a participant-directed employee plan, such as a 401(k) plan, (ii) is acquiring the Notes for its own account or for the account of a Qualified Institutional Buyer that is also a Qualified Purchaser, (iii) is not formed for the purpose of investing in the Issuer, (iv) will, and each account for which it is purchasing will, hold and transfer at least the minimum denomination of Notes of the applicable series and (v) understands that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositaries.

(c) It understands and acknowledges that the Notes and the related Guarantee have not been registered under the Securities Act or any other applicable securities laws, are being offered for sale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A, and may not be offered, sold or otherwise transferred except in compliance with registration requirements of the Securities Act and any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and, in each case, in compliance with the conditions for transfer set forth in the paragraphs below.

(d) It is not an “affiliate” (as defined in Rule 144) of the Issuer or the Guarantor or a person acting on behalf of the Issuer, the Guarantor or any such affiliate. It is a Qualified Institutional Buyer who is also a Qualified Purchaser and is aware that any sale of Notes to it will be made in reliance on Rule 144A, and the purchase of the Notes will be for its own account or the account of another Qualified Institutional Buyer who is also a Qualified Purchaser.

(e) It understands that the Notes and the related Guarantee may not be reoffered, resold, pledged or otherwise transferred except (A) (i) to a person who it reasonably believes is a Qualified Institutional Buyer who is also a Qualified Purchaser in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction in compliance with Rule 903 or Rule 904 of Regulation S, (iii) pursuant to any other exemption from registration under the Securities Act so long as only to a person who it reasonably believes is a Qualified Institutional Buyer who is also a Qualified Purchaser or (iv) pursuant to an effective registration statement under the Securities Act, and (B) in accordance with all applicable securities laws (including, but not limited to, the Investment Company Act).

(f) It understands and acknowledges that the Notes of the applicable series (or any interest therein) may be purchased, sold, pledged or otherwise transferred only in minimum principal amounts of US\$250,000 and integral multiples of US\$1,000 in excess thereof.

(g) It acknowledges that the Notes sold in reliance upon Rule 144A will bear a legend substantially to the following effect for the life of such Notes:

“THE NOTES EVIDENCED HEREBY, AND THE RELATED GUARANTEE, MAY BE PURCHASED AND TRANSFERRED ONLY IN MINIMUM PRINCIPAL AMOUNTS OF US\$250,000 AND INTEGRAL MULTIPLES OF US\$1,000 IN EXCESS THEREOF.

NEITHER THE NOTES EVIDENCED HEREBY NOR THE RELATED GUARANTEE HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). THE NOTES EVIDENCED HEREBY, AND THE RELATED GUARANTEE, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) TO A PERSON WHO THE SELLER REASONABLY BELIEVES (I) IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (A “QUALIFIED INSTITUTIONAL BUYER”) WHO IS ALSO A QUALIFIED PURCHASER AS DEFINED IN SECTION 2(A)(51) UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”) (A “QUALIFIED PURCHASER”) ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE OTHER QUALIFIED INSTITUTIONAL BUYERS WHO ARE ALSO QUALIFIED PURCHASERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN US\$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS, (III) IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN, (IV) IS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER, AND (V) UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES, (B) IN AN OFFSHORE TRANSACTION TO A NON-U.S. PERSON COMPLYING WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (C) PURSUANT TO ANY OTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT SO LONG AS ONLY TO A PERSON WHO IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WHO IS ALSO A QUALIFIED PURCHASER OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS (INCLUDING, BUT NOT LIMITED TO, THE INVESTMENT COMPANY ACT) OF ALL APPLICABLE JURISDICTIONS. THE HOLDER HEREOF, BY ACQUIRING THIS NOTE AND THE RELATED GUARANTEE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT IT WILL NOTIFY ANY TRANSFEREE OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE FISCAL AND PAYING AGENT OR ANY INTERMEDIARY, THE ISSUER HAS THE RIGHT UNDER THE FISCAL AND PAYING AGENCY AGREEMENT TO COMPEL ANY BENEFICIAL OWNER THAT IS A U.S. PERSON AND IS NOT A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER OR THAT HAS NOT ACQUIRED ITS INTEREST IN THE NOTES IN ACCORDANCE WITH THE TERMS OF THE FISCAL AND PAYING AGENCY AGREEMENT TO SELL ITS INTEREST IN THE NOTES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER OF AN INTEREST IN THE NOTES TO A U.S. PERSON WHO IS NOT A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER.

NEITHER THE ISSUER NOR THE GUARANTOR HAS BEEN OR WILL BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

BY ACQUIRING THIS NOTE (OR INTEREST THEREIN), EACH PURCHASER AND TRANSFEREE (AND ITS FIDUCIARY, IF APPLICABLE) IS DEEMED TO REPRESENT AND WARRANT THAT EITHER (A) IT IS NOT ACQUIRING OR HOLDING THIS NOTE WITH THE ASSETS OF (1) AN “EMPLOYEE BENEFIT PLAN” (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”)) THAT IS SUBJECT TO TITLE I OF ERISA, (2) A “PLAN” AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), (3) A GOVERNMENTAL, CHURCH OR OTHER PLAN SUBJECT TO APPLICABLE LAW THAT IS SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF ERISA OR SECTION 4975

OF THE CODE (“SIMILAR LAW”), OR (4) ANY ENTITY DEEMED TO HOLD “PLAN ASSETS” OF ANY OF THE FOREGOING BY REASON OF AN EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN SUCH ENTITY, OR (B) (1) THE ACQUISITION AND HOLDING OF THIS NOTE, THROUGHOUT THE PERIOD THAT SUCH PURCHASER OR TRANSFEREE HOLDS THIS NOTE, WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR RESULT IN A VIOLATION OF SIMILAR LAW, AND (2) AT THE TIME OF ACQUISITION, THIS NOTE IS RATED INVESTMENT GRADE BY A NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION IN THE UNITED STATES.”

(h) If it is a Section 3(c)(1) or Section 3(c)(7) investment company and was formed on or before April 30, 1996, it has received the necessary consent from its beneficial owners as required by the Investment Company Act.

(i) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes and the related Guarantee.

(j) It acknowledges that the Fiscal and Paying Agent will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to the Issuer that the restrictions set forth therein have been complied with.

(k) It understands that the Issuer has the right under the Fiscal and Paying Agency Agreement to compel any beneficial owner who is a U.S. person that is not both a Qualified Institutional Buyer and a Qualified Purchaser and that has not acquired its interest in the Notes in accordance with the terms of the Fiscal and Paying Agency Agreement to sell its interest in the Notes, or may sell such interest on behalf of such owner. The Issuer has the right to refuse to honor a transfer of an interest in the Notes to a U.S. person who is not a Qualified Institutional Buyer and a Qualified Purchaser.

(l) It (and its fiduciary, if applicable) represents and warrants that either (A) it is not acquiring or holding any Note with the assets of (1) an “employee benefit plan” (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”)) that is subject to Title I of ERISA, (2) a “plan” as defined in and subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), (3) a governmental, church or other plan subject to applicable law that is similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or Section 4975 of the Code (“Similar Law”), or (4) any entity deemed to hold “plan assets” of any of the foregoing by reason of an employee benefit plan’s or plan’s investment in such entity (each of the foregoing, a “Plan”), or (B) (1) the acquisition and holding of such Note by it, throughout the period that it holds such Note, will not give rise to a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or result in a violation of Similar Law, and (2) at the time of acquisition, such Note is rated investment grade by a nationally recognized statistical rating organization in the United States.

(m) It acknowledges that the Issuer, the Guarantor, the initial purchasers, the Fiscal and Paying Agent, the transfer agent and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements and agrees that if any of the acknowledgments, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the initial purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such investor account.

Each purchaser of Notes and the related Guarantee in a transaction made in reliance on Regulation S will be deemed to have acknowledged, represented to and agreed with the Issuer, the Guarantor and the initial purchasers as follows:

(a) It understands and acknowledges that the sale of the Notes and the related Guarantee to it is being made pursuant to and in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act and it is, or at the time such Notes are purchased, will be, the beneficial owner of such Notes and (A) it is not a U.S. person and is located outside the United States (within the meaning of Regulation S), and (B) it is not an affiliate of the Issuer, the Guarantor or a person acting on behalf of the Issuer, the Guarantor or any such affiliate.

(b) It understands and acknowledges that the Notes and the related Guarantee have not been and will not be registered under the Securities Act and, during the distribution compliance period (defined as (i) any time during the distribution and (ii) otherwise until 40 days after the later of April 19, 2022, and the issuance of the Notes), may not be offered, sold, pledged or otherwise transferred except (A) (i) in an offshore transaction in compliance with Rule 903 or Rule 904 of Regulation S, (ii) to a person who it reasonably believes is a Qualified Institutional Buyer who is also a Qualified Purchaser in a transaction meeting the requirements of Rule 144A, (iii) pursuant to any other exemption from registration under the Securities Act or (iv) pursuant to an effective registration statement under the Securities Act, and (B) in accordance with all applicable securities laws (including, but not limited to, the Investment Company Act).

(c) It understands and acknowledges that the Notes of the applicable series (or any interest therein) may be purchased, sold, pledged or otherwise transferred only in minimum principal amounts of US\$250,000 and integral multiples of US\$1,000 in excess thereof.

(d) Each purchaser acknowledges that the Notes sold in reliance upon Regulation S will bear a legend substantially to the following effect:

“THE NOTES EVIDENCED HEREBY, AND THE RELATED GUARANTEE, MAY BE PURCHASED AND TRANSFERRED ONLY IN MINIMUM PRINCIPAL AMOUNTS OF US\$250,000 AND INTEGRAL MULTIPLES OF US\$1,000 IN EXCESS THEREOF.

NEITHER THE NOTES EVIDENCED HEREBY NOR THE RELATED GUARANTEE HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). AT ANY TIME DURING THE DISTRIBUTION AND PRIOR TO THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (1) THE DATE ON WHICH THESE NOTES WERE FIRST OFFERED AND (2) THE DATE OF ISSUANCE OF THESE NOTES, THE NOTES EVIDENCED HEREBY, WITH THE RELATED GUARANTEE, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT (A) TO A PERSON WHO THE SELLER REASONABLY BELIEVES (I) IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (A “QUALIFIED INSTITUTIONAL BUYER”) WHO IS ALSO A QUALIFIED PURCHASER AS DEFINED IN SECTION 2(A)(51) UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”) (A “QUALIFIED PURCHASER”) ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE OTHER QUALIFIED INSTITUTIONAL BUYERS WHO ARE ALSO QUALIFIED PURCHASERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN US\$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS, (III) IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN, (IV) IS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER, AND (V) UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES, (B) PURSUANT TO ANY OTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS (INCLUDING, BUT NOT LIMITED TO, THE INVESTMENT COMPANY ACT) OF ALL APPLICABLE JURISDICTIONS. THE HOLDER HEREOF, BY ACQUIRING THIS NOTE AND THE RELATED GUARANTEE, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT IT WILL NOTIFY ANY TRANSFEREE OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

NEITHER THE ISSUER NOR THE GUARANTOR HAS BEEN OR WILL BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

BY ACQUIRING THIS NOTE (OR INTEREST THEREIN), EACH PURCHASER AND TRANSFEREE (AND ITS FIDUCIARY, IF APPLICABLE) IS DEEMED TO REPRESENT AND WARRANT THAT

EITHER (A) IT IS NOT ACQUIRING OR HOLDING THIS NOTE WITH THE ASSETS OF (1) AN “EMPLOYEE BENEFIT PLAN” (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”)) THAT IS SUBJECT TO TITLE I OF ERISA, (2) A “PLAN” AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), (3) A GOVERNMENTAL, CHURCH OR PLAN SUBJECT TO APPLICABLE LAW THAT IS SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE (“SIMILAR LAW”), OR (4) ANY ENTITY DEEMED TO HOLD “PLAN ASSETS” OF ANY OF THE FOREGOING BY REASON OF AN EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN SUCH ENTITY, OR (B) (1) THE ACQUISITION AND HOLDING OF THIS NOTE, THROUGHOUT THE PERIOD THAT SUCH PURCHASER OR TRANSFEREE HOLDS THIS NOTE, WILL NOT GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR RESULT IN A VIOLATION OF SIMILAR LAW, AND (2) AT THE TIME OF ACQUISITION, THIS NOTE IS RATED INVESTMENT GRADE BY A NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION IN THE UNITED STATES.”

(e) It agrees that it will give to each person to whom it transfers the Notes and the related Guarantee notice of any restrictions on transfer of such Notes and the related Guarantee.

(f) It acknowledges that the Fiscal and Paying Agent will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to the Issuer and the Fiscal and Paying Agent that the restrictions set forth therein have been complied with.

(g) It acknowledges that the Issuer, the Guarantor, the initial purchasers, the Fiscal and Paying Agent, the transfer agent and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes and the related Guarantee are no longer accurate, it shall promptly notify the initial purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such investor account.

(h) It (and its fiduciary, if applicable) represents and warrants that either (A) it is not acquiring or holding any Note with the assets of a Plan, or (B) (1) the acquisition and holding of such Note by it, throughout the period that it holds such Note, will not give rise to a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or result in a violation of Similar Law, and (2) at the time of acquisition, such Note is rated investment grade by a nationally recognized statistical rating organization in the United States.

Additional Representations of Purchasers in Canada

The distribution of Notes in Canada is being made on a private placement basis. By purchasing Notes and accepting a purchase confirmation in respect thereof, a purchaser in Canada is agreeing with and representing to the Issuer and initial purchasers named herein and any dealer or agent participating in the trade (such initial purchasers and any dealer or agent collectively referred to herein as “agents”) that as at the closing of the offering of Notes:

(a) it is resident in one of the provinces of Canada (the “Private Placement Provinces”) and is entitled under applicable securities laws to purchase the Notes without the benefit of a prospectus qualified under those securities laws;

(b) it is basing its investment decision solely on this Offering Memorandum and not on any other information concerning the Issuer or the offering of Notes and it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Notes;

(c) it has been independently advised as to restrictions with respect to trading in the Notes imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made

to it by or on behalf of the Issuer or any agent with respect thereto, acknowledges that it is aware of the characteristics of the Notes, the risks relating to an investment therein and of the fact that it may not be able to resell the Notes except in accordance with limited exemptions under applicable securities legislation and regulatory policy until expiry of the applicable restricted period and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Notes may bear a legend indicating that the resale of such Notes is restricted; the purchaser further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it and has reviewed and acknowledges the terms referred to below under the heading “Resale Restrictions in Canada;” and the purchaser further acknowledges that if it resells the Notes in compliance with applicable law it will give notice to the subsequent transferee during the restricted period noted under the heading “Resale Restrictions in Canada” of such restrictions;

(d) it (i) is an “accredited investor” (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators (“NI 45-106”) or Section 73.3(1) of the *Securities Act* (Ontario), as applicable) that is not an individual, unless such individual is also a “permitted client” (as such term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* of the Canadian Securities Administrators (“NI 31-103”)); (ii) is either (A) purchasing the Notes as principal, (B) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation of a jurisdiction of Canada (other than a trust company or trust corporation registered solely under the laws of the Province of Prince Edward Island) or a foreign jurisdiction acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be, or (C) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or foreign jurisdiction; (iii) was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of “accredited investor” in NI 45-106; and (iv) will, if requested by the Issuer or the dealer, provide evidence of the basis of its above representations;

(e) the purchaser is either purchasing the Notes from or through a person or company (i) registered as an investment dealer or exempt market dealer (that is not relying on the international dealer exemption found in NI 31-103) under the securities legislation of the Private Placement Province in which it resides or (ii) relying on the international dealer exemption found in NI 31-103 in which case, the purchaser is a “permitted client” as defined in NI 31-103, or as otherwise interpreted and applied by the Canadian Securities Administrators; and

(f) where required by applicable securities laws, regulations or rules, such purchasers will execute, deliver and file such reports, undertakings and other documents relating to the purchase of the Notes by the purchaser as may be required by such laws, regulations or rules, or assist the Issuer and the agents, as applicable, in obtaining and filing such reports, undertakings and other documents or provide to the agents or the Issuer such information about the purchasers as may be required by such laws, regulations or rules. Furthermore, by purchasing the Notes, the purchaser acknowledges that it may be required to certify as to its status as an “accredited investor” or “permitted client” and that such information and other information that the purchaser may have provided to any dealer involved in the trade of the Notes may be required to be delivered by such dealer to the Issuer under the terms of the Distribution Agreement. By purchasing the Notes, the purchaser consents to the disclosure of such information.

In addition, each individual purchaser of Notes resident in one of the Private Placement Provinces who receives a purchase confirmation, by such purchaser’s receipt thereof, will be deemed to have represented to the Issuer and the agents that the purchaser:

(a) has been notified by the Issuer that:

(i) there will be a delivery to the securities regulatory authority or regulator of personal information pertaining to any individual purchasers of the Notes, including its name and other specified information such as the number of Notes it has purchased, (the “information”) that may be required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-106, which Form 45-106F1 the Issuer is required to file under NI 45-106;

(ii) the information is being collected by the securities regulatory authority or regulator under the authority granted in securities legislation;

(iii) such information may become available to the public in accordance with the requirements of applicable securities and freedom of information laws;

(iv) the information is being collected for the purposes of the administration and enforcement of the securities legislation of the applicable province where such individual is a resident; and

(v) the purchaser may contact the following public official in the applicable province with respect to questions about the regulator's indirect collection of such information at the following address and telephone number:

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia
V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information:
FOI Inquiries

Nova Scotia Securities Commission

Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625
Public official contact regarding indirect collection of information: Executive Director

Alberta Securities Commission

Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082
Public official contact regarding indirect collection of information:
FOIP Coordinator

Ontario Securities Commission

20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593- 8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

The Manitoba Securities Commission

500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2561
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330
Public official contact regarding indirect collection of information:
Director

Prince Edward Island Securities Office

95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

**Financial and Consumer Services
Commission (New Brunswick)**

85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca
Public official contact regarding indirect
collection of information:
Chief Executive Officer and Privacy Officer

**Government of Newfoundland and
Labrador Financial Services Regulation
Division**

P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and
Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187
Public official contact regarding indirect
collection of information:
Superintendent of Securities

Autorité des marchés financiers

800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes
only)
Facsimile: (514) 864-6381 (For privacy requests
only)
Email: financementdesocietes@lautorite.qc.ca
(For corporate finance issuers);
fonds_dinvestissement@lautorite.qc.ca
(For investment fund issuers)
Public official contact regarding indirect
collection of information: Secrétaire générale

**Financial and Consumer Affairs Authority of
Saskatchewan**

Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5842
Facsimile: (306) 787-5899
Public official contact regarding indirect
collection of information: Director

(b) and has authorized the indirect collection of the information by the securities regulatory authority or regulator.

Upon receipt of this Offering Memorandum, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Notes described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *En recevant le présent document, chaque acquéreur confirme par les présentes qu'il a expressément demandé que tous les documents qui attestent la vente des débiteures décrites dans les présentes ou qui s'y rapportent de quelque manière que ce soit (y compris, plus particulièrement, une confirmation d'achat ou un avis) soient rédigés en anglais seulement.*

Resale Restrictions in Canada

The distribution of the Notes in the Private Placement Provinces is being made on a private placement basis and is therefore exempt from the requirement that the Issuer prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Notes in Canada must be made: (a) through an appropriately registered dealer or pursuant to an exemption from the dealer registration requirements of applicable provincial securities laws; and (b) in accordance with, or pursuant to an exemption from, the prospectus requirements of applicable provincial securities laws. These resale restrictions may in some circumstances apply to resales made outside of Canada. Purchasers are advised to seek independent legal advice prior to any resale of the Notes.

In the Province of Manitoba, purchasers of Notes may not resell such securities unless such further sale is made:

- (a) with the prior written consent of the Manitoba Securities Commission (the “MSC”);
- (b) not earlier than twelve (12) months plus a day after the date on which the purchaser acquired such Notes;
- (c) after the Issuer has filed a prospectus with the MSC with respect to the Notes and has obtained a receipt therefor; or
- (d) pursuant to and in compliance with an exemption from the (i) dealer registration requirements contained in applicable Manitoba securities laws, and (ii) prospectus requirements contained in applicable Manitoba securities laws or in a transaction that is not subject to such prospectus requirements.

Each purchaser of Notes acknowledges that the certificate representing the Notes will contain a legend reflecting the foregoing resale restriction, substantially in the form set out below or that pursuant to this document it has received notice that:

“EXCEPT IN THE PROVINCE OF MANITOBA, IN ACCORDANCE WITH NATIONAL INSTRUMENT 45-102 RESALE OF SECURITIES, UNLESS OTHERWISE PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE ON WHICH THE SECURITY IS ISSUED, AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

IN THE PROVINCE OF MANITOBA, UNLESS OTHERWISE PERMITTED UNDER APPLICABLE CANADIAN SECURITIES LAWS OR WITH THE PRIOR WRITTEN CONSENT OF THE APPLICABLE REGULATORS, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS TWELVE MONTHS AND A DAY AFTER THE DATE THE PURCHASER ACQUIRED THE SECURITY.”

Neither the Issuer nor the Guarantor is a reporting issuer in the Province of Ontario or any other jurisdiction in Canada and neither has any current intention of becoming so. Purchasers are advised that the Issuer currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Notes to the public in any province or territory of Canada in connection with any offering of Notes under this Offering Memorandum.

There is currently no secondary market for the Notes. There can be no assurance that secondary markets will develop or, if a secondary markets do develop, that they will provide holders of the Notes with liquidity for their investment or that it will continue for the life of the Notes. Accordingly, purchasers of the Notes may be required to bear the financial risk of investing in the Notes until they mature.

CANADIAN FEDERAL INCOME TAXATION

Certain Canadian Federal Income Tax Considerations

The following summary describes the principal Canadian federal income tax considerations generally applicable under the Tax Act to an investor who acquires Notes as beneficial owner pursuant to this Offering Memorandum, including entitlement to all payments thereunder, and who, for purposes of the Tax Act and at all relevant times, deals at arm's length with the Issuer and the Guarantor, is not affiliated with the Issuer or the Guarantor, and holds the Notes as capital property (a "Holder"). Generally, the Notes will be capital property to a Holder provided that the Holder does not acquire or hold the Notes in the course of carrying on a business of buying and selling securities or as part of an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Notes as capital property may, in certain circumstances, be entitled to treat their Notes and any other "Canadian security" (as defined in the Tax Act) owned by them in the taxation year of the election and all subsequent taxation years as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

This summary is not applicable to an investor: (i) that is a "financial institution" (as defined in the Tax Act for purposes of the "mark-to-market property" and "specified debt obligation" rules); (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act); (iii) that reports its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian dollars; or (iv) that enters into a "derivative forward agreement" as defined in the Tax Act in respect of the Notes. Any such investors should consult their own tax advisors with respect to an investment in the Notes. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of the Notes.

This summary is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Offering Memorandum (the "Tax Proposals"), and an understanding of the current administrative policies and practices of the Canada Revenue Agency (the "CRA") published in writing by the CRA prior to the date of this Offering Memorandum. There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies and practices, whether by legislative, administrative or judicial action, nor does it take into account any other federal, provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Notes. Moreover, the income and other tax consequences of acquiring, holding or disposing of the Notes will vary depending on the Holder's particular circumstances, including the province or territory, or provinces or territories, in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Notes based on their particular circumstances. This summary does not address any tax considerations applicable to persons other than Holders and such persons should consult their own tax advisors regarding the consequences of acquiring, holding and disposing of Notes under the Tax Act and in any jurisdiction in which they may be subject to tax.

Currency Conversion

Since the Notes are denominated in U.S. dollars, all amounts relating to the acquisition, holding or disposition of the Notes must be converted into Canadian dollars based on exchange rates determined in accordance with the Tax Act on the date such amounts first arose. The amount of interest or other amounts required to be included in computing the income of, and capital gains or capital losses realized by, a Holder may be affected by fluctuations in the U.S. dollar relative to the Canadian dollar.

Taxation of Holders Resident in Canada

The following portion of this summary is applicable to a Holder who, for the purposes of the Tax Act and at all relevant times, is resident, or is deemed to be resident, in Canada (a “Resident Holder”).

Interest on Notes

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest or amount that is considered for the purposes of the Tax Act to be interest on the Notes that accrues or is deemed to accrue to such Resident Holder to the end of the particular taxation year or that becomes receivable or is received by the Resident Holder before the end of that taxation year, including a redemption or repayment at maturity, except to the extent that such interest or amount was included in computing the Resident Holder’s income for a preceding taxation year.

Any other Resident Holder, including an individual, will be required to include in computing its income for a taxation year any amount that is received or receivable by the Resident Holder as interest on the Notes in the taxation year (depending upon the method regularly followed by the Resident Holder in computing income), including a redemption or repayment at maturity, except to the extent that such amount was included in the Resident Holder’s income for a preceding taxation year.

To the extent that the principal amount of a Note exceeds the amount for which it is issued, the excess (the “discount”) may be required to be included in computing a Resident Holder’s income either (i) in each taxation year in which all or a portion of such amount accrues (in circumstances where the discount is or is deemed to be interest); or (ii) in the taxation year in which the discount is received or receivable by the Resident Holder. Resident Holders should consult their tax advisors as to the tax treatment of a discount.

A Resident Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including amounts in respect of interest.

Disposition of Notes

On a disposition or deemed disposition of a Note (including a redemption or repayment at maturity), a Resident Holder will generally be required to include in income the amount of interest (including any amount considered to accrue as interest) that has accrued, or deemed to have accrued, on the Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Resident Holder’s income for the taxation year or a preceding taxation year.

Any premium paid by the Issuer to a Resident Holder on the redemption of a Note will generally be deemed to be interest received by the Resident Holder at the time of the payment to the extent that it can reasonably be considered to relate to, and does not exceed the value at that time of, the interest that would have been paid or payable by the Issuer on the Note for a taxation year of the Issuer ending after the time of the payment. Such interest will be required to be included in computing the Resident Holder’s income in the manner described above.

A disposition or deemed disposition by a Resident Holder of a Note will generally result in the Resident Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any amount required to be included in the Resident Holder’s income as interest or otherwise, exceed (or are exceeded by) the aggregate of the Resident Holder’s adjusted cost base thereof immediately before the disposition or deemed disposition and any reasonable costs of disposition.

One-half of any capital gain (a “taxable capital gain”) generally must be included in the Resident Holder’s income for the taxation year of the disposition, and one-half of any capital loss (an “allowable capital loss”) realized in a taxation year must be deducted from taxable capital gains realized in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be deducted from net taxable capital gains realized in the three preceding taxation years or any subsequent taxation year, subject to detailed rules contained in the Tax Act in this

regard. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

A Resident Holder that is a “Canadian-controlled private corporation” may be liable to pay an additional refundable tax on certain investment income, including amounts in respect of taxable capital gains.

Taxation of Holders Not Resident in Canada

The following portion of this summary is generally applicable to a Holder who, for purposes of the Tax Act and any applicable tax treaty and at all relevant times (i) is not, and is not deemed to be, resident in Canada, (ii) deals at arm’s length with any transferee resident (or deemed to be resident) in Canada to whom the Holder disposes of Notes, (iii) does not use or hold, and is not deemed to use or hold, the Notes in a business carried on in Canada, (iv) is not a person who is an “authorized foreign bank” or who carries on an insurance business in Canada and elsewhere, and (v) is not, and deals at arm’s length with each person who is, a specified beneficiary (as defined in subsection 18(5) of the Tax Act for purposes of the thin capitalization rules) of the Issuer (a “Non-Resident Holder”). This summary assumes that no interest paid on the Notes will be in respect of a debt or other obligation to pay an amount to a person with whom the Issuer does not deal at arm’s length for purposes of the Tax Act and that the Issuer will not make any designation under subsection 18(5.4) of the Tax Act in respect of any interest paid or credited by the Issuer on the Notes.

Amounts paid or credited, or deemed to be paid or credited, as, on account or in lieu of payment of, or in satisfaction of, the principal of the Notes or premium, discount or interest on the Notes by the Issuer to a Non-Resident Holder, including in respect of a redemption of the Notes, will not be subject to Canadian withholding tax.

Generally, no other taxes on income (including taxable capital gains) will be payable under the Tax Act by a Non-Resident Holder in respect of the ownership or disposition of the Notes.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the Notes by U.S. Holders, as defined below, is based upon the Code, its legislative history, existing and proposed Treasury regulations promulgated under the Code, rulings and decisions now in effect, all of which are subject to change, including changes in effective dates and other retroactive changes, or possible differing interpretations. It deals only with Notes held as capital assets within the meaning of Section 1221 of the Code and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, partnerships or other flow-through entities for U.S. tax purposes, tax-exempt entities or persons holding the Notes in a tax-deferred or tax-advantaged account, dealers in securities, traders in securities that elect to mark to market, persons subject to the alternative minimum tax, entities classified as partnerships, persons holding Notes as a hedge against currency risks, as a position in a “straddle” or as part of a “hedging,” “conversion” or other “integrated” transaction for tax purposes, a person that purchases or sells Notes as part of a wash sale for tax purposes, or U.S. Holders whose functional currency is not the U.S. dollar. It only deals with holders that purchase the Notes upon initial offering at the “issue price” (as defined below). This discussion does not address the effects of any applicable state, local or non-U.S. tax laws, the potential application of the Medicare tax on investment income or the consequences to taxpayers subject to special tax accounting rules under Section 451(b) of the Code.

If an entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Thus, persons who are partners in a partnership holding the Notes should consult their own tax advisors. Moreover, all persons considering the purchase of the Notes should consult their own tax advisors concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

If you are considering the purchase of Notes, you should consult your tax adviser with regard to the application of the U.S. federal tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

As used in this Offering Memorandum, the term “U.S. Holder” means a beneficial owner of a Note that is for U.S. federal income tax purposes: (i) a citizen or resident of the United States; (ii) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. Certain trusts not described in clause (iv) above in existence on August 20, 1996 that have elected to be treated as a United States person will also be U.S. Holders for purposes of the following discussion.

Payments of Interest. Interest paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes, provided that the interest is “qualified stated interest.” “Qualified stated interest” is stated interest unconditionally payable (other than in debt instruments of the Issuer) at least annually during the entire term of the Note and equal to the outstanding principal balance of the Note multiplied by a single fixed rate of interest. Interest income earned by a U.S. Holder with respect to a Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the U.S. Holder’s foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisers about the application of such rules to them in their particular circumstances.

Sale, Exchange, Redemption, or Other Taxable Disposition. Upon the sale, exchange, redemption or other taxable disposition of the Notes, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other taxable disposition (other than amounts attributable to accrued but unpaid stated interest, which amounts generally will be taxable as ordinary interest income to the extent not previously included in gross income) and the holder’s adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis in a Note generally will equal the acquisition cost of the Note decreased by the amount of any payment received

from the Company on the Note other than a payment of qualified stated interest. Any such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if, at the time of its sale, exchange, retirement or other taxable disposition, the Note has been held for more than one year. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential tax rates in respect of long-term capital gains. The deductibility of capital losses is subject to limitations under the Code. Such gain or loss generally will be sourced within the United States for U.S. foreign tax credit purposes.

Characterization of the 2052 Notes. As described under “Description of Notes—Optional Redemption of the 2052 Notes,” U.S. Holders of the 2052 Notes may be entitled to a premium on the 2052 Notes if such notes are redeemed earlier than six months prior to the maturity date of the 2052 Notes. The Issuer intends to take the position that this contingency should not cause the 2052 Notes to be treated as contingent payment debt instruments for U.S. federal income tax purposes. The Issuer’s determination that the 2052 Notes should not be treated as contingent payment debt instruments is binding on a U.S. Holder unless such U.S. Holder discloses its contrary position in the manner required by the applicable Treasury Regulations. Assuming such position is respected, a U.S. Holder would be required to include in income the amount of any such redemption at the time the payment is received or accrued in accordance with such U.S. Holder’s method of accounting for U.S. federal income tax purposes. If the IRS successfully challenged this position, and the 2052 Notes were treated as contingent payment debt instruments, U.S. Holders could be required to accrue interest income at a rate higher than their yield to maturity, and to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange, retirement or redemption of such a 2052 Note. The foregoing disclosure assumes that the 2052 Notes will not be considered contingent payment debt instruments. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the 2052 Notes of the contingent payment debt instrument rules and the consequences thereof.

Specified Foreign Financial Assets. Certain owners of “specified foreign financial assets” with an aggregate value in excess of US\$50,000 (and in some circumstances, a higher threshold), will generally be required to file an information report on IRS Form 8938 with respect to such assets with their U.S. federal tax returns. “Specified foreign financial assets” include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. Such reporting requirement may also apply to certain non-individual holders. Holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Notes.

Information Reporting and Backup Withholding. In general, payments of interest and principal on the Notes and proceeds from a sale, exchange, redemption or other taxable disposition of the Notes may be subject to information reporting to the IRS and U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on an IRS Form W-9 (or successor form). U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder’s U.S. federal income tax liability, and a U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

CERTAIN CONSIDERATIONS FOR ERISA AND OTHER U.S. BENEFIT PLANS

Subject to the following discussion, the Notes may be acquired with the assets of an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, a “plan” as defined in and subject to Section 4975 of the Code or an entity deemed to hold plan assets of the foregoing (each, a “Benefit Plan Investor”), as well as by governmental plans (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA), or other plans, and entities deemed to hold plan assets of the foregoing (collectively, with Benefit Plan Investors, referred to as “Plans”). Section 406 of ERISA and Section 4975 of the Code prohibit Benefit Plan Investors from engaging in certain transactions with persons that are “parties in interest” under ERISA or “disqualified persons” under the Code with respect to such Benefit Plan Investor. A violation of these “prohibited transaction” rules may result in an excise tax or other penalties and liabilities under ERISA and the Code for such persons or the fiduciaries of such Benefit Plan Investor. In addition, Title I of ERISA requires fiduciaries of a Benefit Plan Investor subject to ERISA to make investments that are prudent, diversified and in accordance with the governing plan documents. Governmental plans are not subject to the fiduciary and prohibited transaction provisions of ERISA or Section 4975 of the Code. However, such plans may be subject to similar restrictions under applicable Similar Law. Governmental and certain church plans are also subject to the prohibited transaction rules in Section 503(b) of the Code.

Certain transactions involving the Issuer might be deemed to constitute prohibited transactions under ERISA and the Code with respect to a Benefit Plan Investor that acquired Notes if assets of the Issuer were deemed to be assets of the Benefit Plan Investor. Under a regulation issued by the U.S. Department of Labor, as modified by Section 3(42) of ERISA (the “Regulation”), the assets of the Issuer would be treated as plan assets of a Benefit Plan Investor for the purposes of ERISA and the Code only if the Benefit Plan Investor acquired an “equity interest” in the Issuer and none of the exceptions to plan assets contained in the Regulation were applicable. An equity interest is defined under the Regulation as an interest other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on the subject, it is anticipated that, at the time of their issuance, the Notes should be treated as indebtedness of the Issuer without substantial equity features for purposes of the Regulation. This determination is based upon the traditional debt features of the Notes, including the reasonable expectation of purchasers of Notes that the Notes will be repaid when due, traditional default remedies, as well as on the absence of conversion rights, warrants and other typical equity features. The debt treatment of the Notes for ERISA purposes could change subsequent to their issuance if the Issuer incurs losses. In the event of a withdrawal or downgrade to below investment grade of the rating of the Notes, the subsequent acquisition of the Notes or interest therein by a Benefit Plan Investor or a Plan that is subject to Similar Law is prohibited.

However, without regard to whether the Notes are treated as an equity interest in the Issuer for purposes of the Regulation, the acquisition or holding of Notes by or on behalf of a Benefit Plan Investor could be considered to give rise to a prohibited transaction if the Issuer, the Guarantor, the Agents, or any of their affiliates is or becomes a party in interest or a disqualified person with respect to such Benefit Plan Investor. Certain exemptions from the prohibited transaction rules could be applicable to the acquisition and holding of the Notes by a Benefit Plan Investor depending on the type and circumstances of the plan fiduciary making the decision to acquire such Notes and the relationship of the party in interest or disqualified person to the Benefit Plan Investor. Included among these exemptions are: Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between a Benefit Plan Investor and persons who are parties in interest or disqualified persons solely by reason of providing services to the Benefit Plan Investor or being affiliated with such service providers; Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by “in-house asset managers;” PTCE 95-60, regarding investments by insurance company general accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 90-1, regarding investments by insurance company pooled separate accounts; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided by these exemptions might or might not cover all acts which might be construed as prohibited transactions. There can be no assurance that any of these, or any other exemption, will be available with respect to any particular transaction involving the Notes, and prospective purchasers that are Benefit Plan Investors should consult with their legal advisors regarding the applicability of any such exemption.

The Issuer, the Agents, and their respective affiliates (the “Transaction Parties”) may receive fees as a result of a Benefit Plan Investor’s or other plan’s acquisition of the Notes. Accordingly, none of the Transaction Parties are undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any of the Notes by any Benefit Plan Investor or other Plan.

By acquiring a Note (or interest therein), each purchaser and transferee (and its fiduciary, if applicable) is deemed to represent and warrant that either (i) it is not acquiring or holding the Note (or interest therein) with the assets of a Plan; or (ii) (a) the acquisition and holding of the Note (or interest therein) will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or result in a violation of Similar Law and (b) at the time of acquisition, the Note is rated investment grade by a nationally recognized statistical rating organization in the United States.

A Plan fiduciary considering the acquisition of Notes should consult its legal advisors regarding the matters discussed above and other applicable legal requirements. None of the Transaction Parties will act as a fiduciary to any plan with respect to the plan's decision to invest in the Notes.

ELIGIBILITY FOR INVESTMENT IN CANADA

The Notes to be issued by the Issuer, if acquired on the date hereof, if issued as part of a single issue of debt of at least C\$25 million, and if such Notes have an investment grade rating with certain rating agencies prescribed under the Tax Act (including S&P, Moody's, DBRS and Fitch), would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("RRSP"), a registered retirement income fund ("RRIF"), a registered education savings plan ("RESP"), a registered disability savings plan ("RDSP"), a tax-free savings account ("TFSA") and a deferred profit sharing plan ("DPSP") (other than a DPSP to which contributions are made by the Issuer or an employer that does not deal at arm's length with the Issuer for purposes of the Tax Act).

Notwithstanding the foregoing, if the Notes are "prohibited investments" (as defined in section 207.01 of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA, the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Notes will not be a "prohibited investment" on the date hereof provided the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as the case may be, deals at arm's length with the Issuer for purposes of the Tax Act and does not have a significant interest (within the meaning of subsection 207.01(4) of the Tax Act) in the Issuer. Prospective purchasers who intend to hold Notes in a TFSA, RRSP, RRIF, RDSP or RESP are advised to consult their own tax advisors.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated April 11, 2022, the initial purchasers named below, for whom HSBC Bank plc, RBC Capital Markets, LLC, Scotia Capital (USA) Inc. and TD Securities (USA) LLC are acting as representatives (the “Representatives”), have severally agreed to purchase, and the Issuer has agreed to sell to them the following principal amount of Notes:

Initial Purchasers	Principal Amount of 2032 Notes	Principal Amount of 2052 Notes
HSBC Bank plc	US\$127,500,000	US\$106,250,000
RBC Capital Markets, LLC	127,500,000	106,250,000
Scotia Capital (USA) Inc.	127,500,000	106,250,000
TD Securities (USA) LLC	127,500,000	106,250,000
BMO Capital Markets Corp.	30,000,000	25,000,000
CIBC World Markets Corp.	30,000,000	25,000,000
National Bank of Canada Financial Inc.	30,000,000	25,000,000
Total	US\$600,000,000	US\$500,000,000

The initial purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer’s certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The initial purchasers are obligated to purchase all the Notes if they purchase any of the Notes. The purchase agreement also provides that if an initial purchaser defaults, the purchase commitments of the non-defaulting initial purchasers may also be increased or the offering may be terminated.

The Issuer has agreed to indemnify the several initial purchasers against certain liabilities, including liabilities under the Securities Act.

The Issuer has been advised that the initial purchasers propose to resell the Notes at the applicable offering prices set forth on the cover page of this Offering Memorandum to “qualified institutional buyers” (as defined in Rule 144A) in reliance on Rule 144A who are also “qualified purchasers” (as defined in Section 2(a)(51) under the Investment Company Act) and outside the United States to non-U.S. persons in reliance on Regulation S. See “Transfer Restrictions.” After the initial offering, the prices at which the Notes are offered may be changed at any time without notice.

No Registration

Neither the Issuer nor the Guarantor will be registered as investment companies under the Investment Company Act and the Notes and the related Guarantee have not been and will not be registered under the Securities Act or any U.S. federal or state securities laws. Accordingly, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See “Transfer Restrictions.”

Accordingly, in connection with sales outside the United States, each initial purchaser has agreed that, except as permitted by the purchase agreement and set forth under “Transfer Restrictions,” it will not offer, sell or deliver the Notes and the related Guarantee within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time, and (ii) otherwise until 40 days after the later of April 19, 2022, and the issuance of the Notes and it will have sent to each dealer to which it sells Notes a related Guarantee during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after April 19, 2022, and the issuance of the Notes, an offer or sale of Notes and the related Guarantee within the United States by a dealer (whether or not it participated in the offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than to a Qualified Institutional Buyer who is also a Qualified Purchaser and in accordance with Rule 144A.

New Issue of Notes

Each of the 2032 Notes and the 2052 Notes constitute a new class of securities with no established trading market. The Issuer and the initial purchasers cannot assure you that the prices at which the Notes will sell in the market after the offering will not be lower than the initial offering price or that active trading markets for any Notes will develop and continue after the offering. The initial purchasers have advised us that they currently intend to make a market in each of the 2032 Notes and the 2052 Notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to any Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, the Issuer and the initial purchasers cannot assure you as to the liquidity of or the trading markets for the Notes.

No Sales of Similar Notes

The Issuer and the Guarantor have agreed in the purchase agreement that, without the prior written consent of the Representatives, they will not during the period beginning on April 11, 2022, and continuing to and including April 19, 2022, offer, sell, pledge, contract to sell or otherwise dispose of or transfer, or announce the offering of, or file any registration statement under the Securities Act in respect of, any debt securities of the Issuer or the Guarantor or warrants to purchase debt securities of the Issuer and the Guarantor (other than the sale of the Notes in the offering and the sale of commercial paper issued by Issuer and guaranteed by the Guarantor under its U.S. and Canadian commercial paper programs).

Stabilization

In connection with the offering of the Notes, RBC Capital Markets, LLC (the “Stabilizing Manager”) (or persons acting on its behalf), may over-allot Notes or effect transactions with a view to supporting the market price of each series of Notes during the stabilization period at a level higher than that which might otherwise prevail. However, stabilization action may not necessarily occur. Any stabilizing action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes, and 60 days after the date of allotment of the Notes. Any stabilization action or over allotment must be conducted by the Stabilizing Manager (or persons acting on its behalf) in accordance with all applicable laws and rules.

The initial purchasers also may impose a penalty bid. This occurs when a particular initial purchaser repays to the initial purchasers a portion of the underwriting discount received by it because the Representatives or their affiliates have repurchased Notes sold by or for the account of such initial purchaser in stabilizing or short covering transactions.

Any of these activities, as well as other purchases by the initial purchasers for their own accounts, may have the effect of preventing or delaying a decline in the market price of Notes of the applicable series. They may also cause the price of such series of Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

Settlement

The Issuer expects that delivery of the Notes will be made to investors on or about April 19, 2022, which will be the fifth business day following April 11, 2022 (such settlement being referred to as “T+5”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the day of pricing or within the next two business days after pricing will be required, by virtue of the fact that the Notes initially settle in T+5, to

specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes before their delivery should consult their advisors.

Other Relationships

The initial purchasers and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial and ratings advisory, investment management, investment research, principal investment, hedging, lending, financing and brokerage activities. The initial purchasers and certain of their affiliates have, from time to time, performed, and may in the future perform, various commercial and investment banking and financial and ratings advisory services for the Guarantor, the Issuer and their affiliates, for which they received or may in the future receive customary fees, commissions and expenses.

In addition, in the ordinary course of their business activities, the initial purchasers and certain of their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Guarantor or their affiliates. Certain of the initial purchasers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The initial purchasers and certain of their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Certain of the initial purchasers are wholly-owned subsidiaries of Canadian banks (the "Banks") that are lenders to the Issuer or an entity related to the Issuer. As a result of the relationship between the initial purchasers, such Banks and the Issuer, the Issuer may be considered a "Connected Issuer" of such Agents for the purposes of Canadian Securities law. The decision to make the offering of Notes was made by the Issuer alone and the determination of the terms of the offering was made by negotiation between the Issuer and the initial purchasers, without the involvement of the Banks. Neither the initial purchasers nor the Banks will receive any proceeds of, or other benefits in the connection with, the offering other than, in the case of the initial purchasers, a fee as set out in the Purchase Agreement.

Selling Restrictions

Prohibition of Sales to EEA Retail Investors

Each initial purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Memorandum to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

European Economic Area

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the

purposes of the Prospectus Regulation. The expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended).

United Kingdom

Prohibition of Sales to UK Retail Investors

Each initial purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

This Offering Memorandum has been prepared on the basis that any offer of Notes in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. This Offering Memorandum is not a prospectus for the purposes of the UK Prospectus Regulation. The expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA.

Each initial purchaser has represented and agreed that:

- a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (as amended, the “FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in the Grand Duchy of Luxembourg

This Offering Memorandum has not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale in the Grand Duchy of Luxembourg. Accordingly, the Notes may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other offering circular, prospectus, form of application, advertisement or other material related to such offer may be distributed, or otherwise be made available in or from, or published in, the Grand Duchy of Luxembourg, except in circumstances which do not constitute an offer of securities to the public, subject to the prospectus requirements, in accordance with the Luxembourg law of 16 July 2019 on prospectuses for securities.

Notice to Prospective Investors in Switzerland

This Offering Memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the Notes will not be listed on the SIX Swiss Exchange. Therefore, this Offering Memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the Notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Notice to Prospective Investors in Hong Kong

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) or an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” in Hong Kong within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the “Financial Instruments and Exchange Law”) and each initial purchaser has agreed that it will not offer or sell the Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Korea

The Notes may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the Financial Investment Services and Capital Markets Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder. The Notes have not been registered with the Financial Services Commission of Korea for public offering in Korea. Furthermore, the Notes may not be re-sold to Korean residents unless the purchaser of the Notes complies with all applicable regulatory requirements (including but not limited to government approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with their purchase.

Notice to Prospective Investors in the People’s Republic of China

The information in this document does not constitute a public offer of the Notes, whether by way of sale or subscription, in the People’s Republic of China (excluding for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Notes may not be offered or sold directly or indirectly in the People’s Republic of China to legal or natural persons other than directly to “qualified domestic institutional investors.”

Notice to Prospective Investors in Singapore

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any

person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or to any person where such transfer arises from an offer pursuant to Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ("ASIC"), in relation to the offering. This Offering Memorandum does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the Notes may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the Notes without disclosure to investors under Chapter 6D of the Corporations Act.

The Notes applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring Notes must observe such Australian on-sale restrictions.

This Offering Memorandum contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this Offering Memorandum is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in the United Arab Emirates

The offering of the Notes has not been approved or licensed by the UAE Central Bank, the UAE Securities and Commodities Authority ("SCA"), the Dubai Financial Services Authority ("DFSA") or any other relevant licensing authorities in the UAE, and the Notes may not be offered to the public in the UAE (including the DIFC). This Offering Memorandum is being issued to a limited number of institutional and individual investors:

(a) who meet the criteria of a "Qualified Investor" as defined in the SCA board of Directors Decision No. 3 R.M. of 2017 (but excluding subparagraph 1(d) in the "Qualified Investor" definition relating to natural persons);

(b) upon their request and confirmation that they understand that the Notes have not been approved or licensed by or registered with the UAE Central Bank, the SCA, DFSA or any other relevant licensing authorities or governmental agencies in the UAE; and

(c) upon their confirmation that they understand that this Offering Memorandum must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose.

Notice to Prospective Investors in Taiwan

The notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the notes in Taiwan.

RIGHTS OF ACTION FOR DAMAGES OR RESCISSION IN CANADA

Securities legislation in certain of the provinces of Canada provides purchasers in Canada, in addition to any other rights they may have at law, with a remedy for rescission or damages where an offering memorandum or any amendment to it, and in some cases, advertising and sales literature used in connection therewith, contains a misrepresentation. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the applicable provisions of the securities legislation of their province, as applicable, for the particulars of these rights or consult with a legal adviser. The following is a summary of the rights of rescission or rights to damages available to purchasers of Notes in certain of the provinces of Canada.

Rights for Purchasers in Ontario

Section 5.2 of OSC Rule 45-501 – *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this Offering Memorandum, is delivered to an investor to whom securities are distributed in reliance upon the “accredited investor” prospectus exemption in Section 73.3 of the *Securities Act* (Ontario), the right of action referred to in Section 130.1 of the *Securities Act* (Ontario) (“Section 130.1”) is applicable, unless the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

Section 130.1 provides such investors who purchase securities offered by an offering memorandum with a statutory right of action against the issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a “misrepresentation.” “Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading or false in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this Offering Memorandum is delivered to a prospective purchaser of Notes in connection with a trade made in reliance on Section 73.3 of the *Securities Act* (Ontario), and this document contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Issuer for damages or, while still the owner of Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser gives notice to the Issuer, not more than 180 days after the date of the transaction that gave rise to the cause of action, that the purchaser is exercising such right; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Issuer will not be liable for a misrepresentation if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation.

In an action for damages, the Issuer will not be liable for all or any portion of the damages that the Issuer proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Notes were offered.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (Ontario) and the regulations and rules made under it, and prospective purchasers should refer to the complete text of those provisions.

Rights for Purchasers in Saskatchewan

Section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the “Saskatchewan Act”) provides that where an offering memorandum (such as this Offering Memorandum) or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

- (a) the issuer or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and
- (e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it will have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;
- (d) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

- (a) the offering memorandum or any amendment to it was sent or delivered without the person’s or company’s knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or
- (b) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert,

that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in Section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold by a vendor who is trading in Saskatchewan in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Financial and Consumer Affairs Authority of Saskatchewan.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of:
 - (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
 - (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Nova Scotia

The right of action for rescission or damages described herein is conferred by Section 138 of the *Securities Act* (Nova Scotia). Section 138 provides, in the relevant part, that in the event that this Offering Memorandum, together with any amendments hereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (a “misrepresentation”), a purchaser of Notes is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the seller of such Notes, the directors of the seller and the persons who have signed the Offering Memorandum or, alternatively, while still the owner of the Notes, may elect instead to exercise a statutory right of rescission against the seller, in which case the purchaser will have no right of action for damages against the seller, the directors of the seller or the persons who have signed the Offering Memorandum, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date payment was made for the Notes (or after the date on which initial payment was made for the Notes where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation;

(c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Notes resulting from the misrepresentation; and

(d) in no case will the amount recoverable in any action exceed the price at which the Notes were offered to the purchaser.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

This summary is subject to the express provisions of the *Securities Act* (Nova Scotia) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in New Brunswick

Section 2.1 of New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 of the *Securities Act* (New Brunswick) (“Section 150”) apply to information relating to an offering memorandum, such as this Offering Memorandum, that is provided to a purchaser of securities in connection with a distribution made in reliance on the “accredited investor” prospectus exemption in Section 2.3 of NI 45-106. Section 150 provides investors who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the *Securities Act* (New Brunswick) with a statutory right of action against the issuer of securities for rescission or damages in the event that an offering memorandum provided to the purchaser contains a “misrepresentation.” “Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this Offering Memorandum is delivered to a prospective purchaser of Notes in connection with a trade made in reliance on Section 2.3 of NI 45-106, and this document contains a misrepresentation, a purchaser who purchases the securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Issuer for damages or, while still the owner of Notes, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right

of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences an action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

The defendant will not be liable for a misrepresentation if it proves that the purchaser purchased the Notes with knowledge of the misrepresentation.

In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon.

In no case will the amount recoverable for the misrepresentation exceed the price at which the Notes were offered.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the *Securities Act* (New Brunswick) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island). Section 112 provides, that in the event that this Offering Memorandum contains a “misrepresentation,” a purchaser who purchased the Notes during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the issuer, the selling security holder on whose behalf the distribution is made, every director of the issuer at the date of the Offering Memorandum, and every person who signed the Offering Memorandum. Alternatively, the purchaser while still the owner of the Notes may elect to exercise a statutory right of action for rescission against the issuer, or the selling security holder on whose behalf the distribution is made. “Misrepresentation” means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the *Securities Act* (Prince Edward Island), or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission;

- (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action; or
- (ii) three years after the date of the transaction giving rise to the cause of action or whichever period expires first;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person (other than the issuer and selling security holder) will be liable if the person proves that the Offering Memorandum was sent to the purchaser without the person’s knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;

(e) the person, on becoming aware of the misrepresentation in the Offering Memorandum, had withdrawn the person’s consent to the Offering Memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or

(f) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

- (I) there had been a misrepresentation; or (II) the relevant part of the Offering Memorandum;
- i) did not fairly represent the report, statement or opinion of the expert, or
- ii) was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which the Notes were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of the Notes as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the *Securities Act* (Prince Edward Island) and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

Rights for Purchasers in Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the “Manitoba Act”), where this Offering Memorandum, or any amendment to this Offering Memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser who purchases Notes offered by this Offering Memorandum or any amendment to this Offering Memorandum is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defences described in the Manitoba Act, has:

- (a) a right of action for damages against:
 - (i) the Issuer;
 - (ii) every director of the Issuer at the date of this Offering Memorandum or any amendment to this Offering Memorandum; and
 - (iii) every person or company who signed this Offering Memorandum or any amendment to this Offering Memorandum; and
- (b) a right of rescission against the Issuer; provided that:
- (c) no person or company is liable if the person or company proves that the purchaser purchased the Notes with knowledge of the misrepresentation;
- (d) in an action for damages, the defendant is not liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the Notes resulting from the misrepresentation relied on; and
- (e) in no case will the amount recovered exceed the price at which the Notes were offered to the public.

Where a purchaser elects to exercise a right of rescission against the Issuer, the purchaser will have no right of action for damages against the Issuer or against a person or company referred to in (a)(ii) or (iii) above.

No person or company is liable:

(a) if the person or company proves that this Offering Memorandum or any amendment to this Offering Memorandum was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was so sent;

(b) if the person or company proves that after becoming aware of any misrepresentation in this Offering Memorandum or any amendment to this Offering Memorandum, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Issuer of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this Offering Memorandum or of any amendment to this Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or (ii) the relevant part of this Offering Memorandum or of the amendment to this Offering Memorandum:

(I) did not fairly represent the report, opinion or statement of the expert; or

(II) was not a fair copy of or extract from the report, opinion or statement of the expert; or

(d) with respect to any part of this Offering Memorandum or of the amendment to this Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

(i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

(ii) two years after the date of the transaction that gave rise to the cause of action.

In an action for damages, the Issuer will not be liable for all or any part of the damages that the Issuer proves do not represent the depreciation in value of the Notes as a result of the misrepresentation relied upon.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective investors should refer to the complete text of those provisions.

General

The foregoing summaries are subject to the express provisions of the applicable securities law of each jurisdiction, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

The rights of action described in this Offering Memorandum are in addition to and without derogation from any other right or remedy that the purchaser may have at law.

LEGAL MATTERS

The Issuer and the Guarantor are represented by Mayer Brown LLP, special U.S. counsel, and McCarthy Tétrault LLP, special Canadian counsel. The initial purchasers are represented by Sullivan & Cromwell LLP with respect to U.S. legal matters and Stikeman Elliott (London) LLP with respect to Canadian legal matters.

INDEPENDENT AUDITORS

The Audited Consolidated Financial Statements of the Guarantor as at and for the years ended December 31, 2021 and 2020, and as at and for the years ended December 31, 2020 and 2019 included in this Offering Memorandum have been audited by PricewaterhouseCoopers LLP, Toronto, Canada, Chartered Professional Accountants, Licensed Public Accountants, as stated in their reports appearing herein.

ACTUARIES' OPINION

Towers Watson Canada Inc. was retained by the Guarantor to perform actuarial valuations of the going concern liabilities of the OMERS Pension Plans as at December 31, 2021 and 2020 for inclusion in the Audited Consolidated Financial Statements, as stated in their actuaries' opinions appearing herein.

LISTING AND GENERAL INFORMATION

Listing

The Issuer and the Guarantor accept responsibility for the information contained in this Offering Memorandum. To the best of the Issuer's and the Guarantor's knowledge (each having taken all reasonable care to ensure that such is the case) the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information. The Luxembourg Stock Exchange takes no responsibility for the contents of this Offering Memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Memorandum.

Guarantor's Incorporation

The Guarantor is a corporation without share capital that was continued on June 30, 2006 pursuant to the OMERS Act. The Guarantor was incorporated in Canada, its place of registration is Ontario, Canada, and its registration number is 000122610.

Issuer's Formation

The Issuer is a trust established under the laws of the Province of Ontario on May 8, 2009.

Issuer's LEI code

The Issuer's legal entity identifier is 529900M039WCPES03P17.

Significant change

Except as disclosed in this Offering Memorandum, there has been no material adverse change in the financial or trading position or prospects of the Guarantor or the Issuer, which has occurred since December 31, 2021, the date of our latest audited consolidated financial statements included in this Offering Memorandum. Except as disclosed in this Offering Memorandum, there has been no significant change in the financial or trading position of the Guarantor or the Issuer, which has occurred since December 31, 2021.

Documents on display

For as long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF, copies of the following documents will be available, free of charge, during customary business hours on any working day at the registered office of the Issuer:

- this Offering Memorandum;
- the constitutional documents of the Issuer Trustee and the Guarantor;
- the Trust Agreement of the Issuer;
- the Fiscal and Paying Agency Agreement, the forms of Global Notes, the Notes in definitive form and the Guarantee; and
- any audited and unaudited consolidated financial statements of the Guarantor once they have been published.

Prescription

Except as otherwise required by applicable law, claims by holders of Notes in respect of principal and interest must be made to the Fiscal and Paying Agent if made within two years of such principal or interest becoming due and payable. Any funds deposited with the Fiscal and Paying Agent in trust for the payment of principal or interest remaining unclaimed for two years after such principal or interest has become due and payable shall be paid to the Issuer pursuant to the Fiscal and Paying Agency Agreement; and the holder of a Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment of such amounts and all liability of the Fiscal and Paying Agent with respect to such trust funds shall thereupon cease.

Clearing Information

The Notes have been accepted for clearance through DTC, and its direct and indirect participants, including Euroclear and Clearstream. The relevant trading information is set forth in the following table:

For the 2032 Notes:

	Rule 144A Global Note(s)	Regulation S Global Note(s)
CUSIP	682142 AG9	C68012 AF7
ISIN.....	US682142AG97	USC68012AF72

For the 2052 Notes:

	Rule 144A Global Note(s)	Regulation S Global Note(s)
CUSIP	682142 AH7	C68012 AG5
ISIN.....	US682142AH70	USC68012AG55

Consents and Authorizations

As of April 1, 2022, the Issuer and the Guarantor have obtained all necessary consents, approvals and authorizations in connection with the issue and performance of the Notes and the issue and performance of the related Guarantee.

Financial Statements of the Issuer

The Issuer does not publish audited, stand-alone financial statements. The Guarantor's audited consolidated financial statements are prepared in Canadian dollars and the Guarantor's and Issuer's fiscal year ends on December 31 of each year. The Issuer is fully consolidated in the consolidated financial statements of the Guarantor.

Notices

All notices to the registered holders of Notes will be mailed or delivered to such holders at their addresses indicated in records maintained by the Fiscal and Paying Agent and, as long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, published on the website of the Luxembourg Stock Exchange at www.bourse.lu.

INDEX TO ANNEXES

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ANNEX B: 2021 Management’s Discussion and Analysis	B-1
ANNEX C: 2020 Annual Audited Consolidated Financial Statements	C-1
ANNEX D: 2020 Management’s Discussion and Analysis.....	D-1

ANNEX A: 2021 Annual Audited Consolidated Financial Statements

RESPONSIBILITIES OF MANAGEMENT, ACTUARY AND THE INDEPENDENT AUDITOR

The consolidated financial statements of OMERS Administration Corporation (AC) have been prepared by AC Management (Management) and approved by the Board of AC (AC Board). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for pension plans.

Management is responsible for designing, implementing and maintaining adequate systems of internal controls over financial reporting to enable the preparation and fair presentation of the consolidated financial statements, including amounts based on estimates and judgment. In this regard, Management is responsible for establishing policies and procedures that pertain to the maintenance of accounting systems and records, the authorization of receipts and disbursements, the safeguarding of assets and for reporting financial information. In addition, our internal audit team reviews AC's systems of internal control over financial reporting and disclosure to determine whether these controls are appropriate and operating effectively.

The AC Board is responsible for approving the annual consolidated financial statements. The Audit & Actuarial Committee, which is comprised of directors who are not officers or employees of AC, assists the AC Board in executing this responsibility. The Audit & Actuarial Committee meets regularly with Management and with the internal and independent external auditors to review the scope, timing and outcomes of their respective audits, as well as to review any internal control or financial reporting matters, and their resolution. The Audit & Actuarial Committee reviews the annual consolidated financial statements and recommends them to the AC Board for approval.

The external actuary is appointed by the AC Board. It is the external actuary's responsibility to carry out annual valuations of the accrued pension obligations of the OMERS Pension Plans in accordance with accepted actuarial practice and to report thereon to the AC Board. The results of the external actuary's valuation are set out in the Actuarial Opinion. In performing the valuation, the external actuary values the benefits provided under the OMERS Pension Plans using appropriate assumptions about future economic conditions (such as inflation, salary increases and investment returns) and demographic factors (such as mortality, termination rates and retirement ages). These assumptions take into account the circumstances of AC and its active, deferred and retired members.

The independent external auditor, PricewaterhouseCoopers LLP, is appointed by the AC Board. It is the external auditor's responsibility to report to the AC Board whether in their opinion the consolidated financial statements for the years ended December 31, 2021 and 2020 present fairly in all material respects the financial position, the changes in net assets available for benefits and changes in pension obligations in accordance with Canadian accounting standards for pension plans. The external auditor has full and unrestricted access to Management and the Audit & Actuarial Committee to discuss any findings arising from their audit related to the integrity of financial reporting and the adequacy of internal control systems on which they rely for the purposes of their audit. The auditor's report outlines the scope of their examination and opinion.

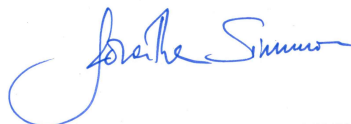
Based on my knowledge, the Annual Report does not contain any untrue statement of a material fact, or omit to state a material fact that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by this Annual Report.

Based on my knowledge, the annual consolidated financial statements, together with the other financial information included in this Annual Report, present fairly in all material respects the financial position, changes in net assets available for benefits and changes in pension obligations of AC as of the date and for the periods presented in this Annual Report.



E.M. Blake Hutcheson

President and Chief Executive Officer
Toronto, Ontario
February 28, 2022



Jonathan Simmons, FCPA, FCA

Chief Financial and Strategy Officer

ACTUARIAL OPINION

We conducted actuarial valuations as at December 31, 2021 of the OMERS Primary Pension Plan (the Primary Plan) and the Retirement Compensation Arrangement for the OMERS Primary Pension Plan (the RCA) administered by OMERS Administration Corporation (AC). The purpose of the valuations is to fairly present the actuarial funded status of the Primary Plan and the RCA as at December 31, 2021, for inclusion in this Annual Report in accordance with Section 4600 of Part IV of the Chartered Professional Accountants of Canada (CPA Canada) Handbook.

The results of the actuarial valuation of the Primary Plan disclosed total going concern actuarial liabilities of \$120,796 million in respect of benefits accrued for service to December 31, 2021 (comprising \$119,342 million with respect to the defined benefit component and \$1,454 million with respect to the AVC component). The actuarial value of net assets at that date were \$117,665 million (comprising \$116,211 million with respect to the defined benefit component and \$1,454 million with respect to the AVC component), indicating a going concern actuarial deficit of \$3,131 million.

The actuarial liability in respect of RCA benefits accrued for service to December 31, 2021, net of the RCA assets, was \$952 million. The RCA is not fully pre-funded. The funding of the RCA is managed on a modified pay-as-you go basis and monitored to ensure that the fund will have sufficient assets to provide for the projected benefit payments over the 20-year period following each valuation date.

The actuarial valuations of the Primary Plan and the RCA as at December 31, 2021 were conducted using the Projected Benefit Method Prorated on Services, and membership data as at October 31, 2021 and financial information as at December 31, 2021 supplied by AC.

We reviewed the data for reasonableness and consistency with the data provided in prior years. In our opinion,

- the membership data are sufficient and reliable for the purpose of the valuations;
- the assumptions adopted were set with reference to the Primary Plan's and RCA's funding policies and are appropriate for the purpose of the valuations;
- the methods employed in the valuations are appropriate for the purpose of the valuations; and
- the valuations have been completed in accordance with our understanding of the requirements of the CPA Canada Handbook Section 4600.

The future experience of the Primary Plan and the RCA may differ from the actuarial assumptions, resulting in gains or losses which will be revealed in future valuations.

The valuations were prepared and our opinions are given in accordance with accepted actuarial practice in Canada.

Respectfully submitted,
Towers Watson Canada Inc.



Philip A. Morse
Fellow, Canadian Institute of Actuaries
Toronto, Ontario
February 28, 2022



Janis Cooper
Fellow, Canadian Institute of Actuaries



Independent auditor's report

To the Board of OMERS Administration Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of OMERS Administration Corporation and its subsidiaries (together, AC) as at December 31, 2021 and 2020, and the changes in its net assets available for benefits and changes in its pension obligations for the years then ended in accordance with Canadian accounting standards for pension plans.

What we have audited

AC's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of changes in net assets available for benefits for the years then ended;
- the consolidated statements of changes in pension obligations for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of AC in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing AC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate AC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing AC's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,



as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 AC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within AC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

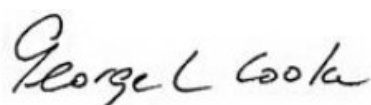
Toronto, Ontario
February 28, 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

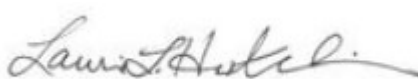
As at December 31, (in millions of Canadian dollars)	2021	2020
Net Assets Available for Benefits		
Assets		
Investments (note 3)	\$ 136,112	\$ 119,611
Investment-related assets (note 3)	1,177	2,189
Contributions receivable		
From employers	174	174
From members	174	174
Other assets	253	352
Total Assets	137,890	122,500
Liabilities		
Investment-related liabilities (notes 3 and 4)	12,850	13,185
Amounts payable under contractual agreements (note 5)	3,771	3,401
Other liabilities	350	339
Total Liabilities	16,971	16,925
Net Assets Available for Benefits	\$ 120,919	\$ 105,575
Accrued Pension Obligation and Surplus (Deficit)		
Primary Plan (note 6)		
Defined Benefit component		
Accrued pension obligation	\$ 119,342	\$ 111,820
Surplus (Deficit)		
Funding (deficit) surplus	(3,131)	(3,211)
Actuarial value adjustment to net assets available for benefits	3,062	(4,444)
	(69)	(7,655)
Additional Voluntary Contributions component	1,454	1,235
Accrued Pension Obligation and Surplus (Deficit) of the Primary Plan	120,727	105,400
Retirement Compensation Arrangement (note 7)		
Accrued pension obligation	1,144	1,152
(Deficit) Surplus	(952)	(977)
Accrued Pension Obligation and Surplus (Deficit) of the Retirement Compensation Arrangement	192	175
Accrued Pension Obligation and Surplus (Deficit)	\$ 120,919	\$ 105,575

The accompanying notes are an integral part of these Consolidated Financial Statements.

These Consolidated Financial Statements were approved by the Board of Directors on February 28, 2022.
Signed on behalf of the Board of OMERS Administration Corporation



George Cooke
AC Board Chair



Laurie L. Hutchinson
AC Audit & Actuarial Committee Chair

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31, (in millions of Canadian dollars)	2021	2020
Changes Due to Investment Activities		
Net investment income (loss) (note 8)	\$ 16,437	\$ (3,001)
Total Changes Due to Investment Activities	16,437	(3,001)
Changes Due to Pension Activities		
Contributions (note 10)	4,528	4,415
Benefits paid (note 11)	(5,516)	(5,125)
Pension administrative expenses (note 12)	(105)	(94)
Total Changes Due to Pension Activities	(1,093)	(804)
Total Increase (Decrease)	15,344	(3,805)
Net Assets Available for Benefits, Beginning of Year	105,575	109,380
Net Assets Available for Benefits, End of Year	\$ 120,919	\$ 105,575

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN PENSION OBLIGATIONS

For the year ended December 31, (in millions of Canadian dollars)	2021	2020
OMERS Primary Pension Plan (note 6)		
Defined Benefit Component		
Accrued pension obligation, beginning of year	\$ 111,820	\$ 106,443
Interest accrued on benefits	6,496	6,239
Benefits accrued	3,843	3,642
Benefits paid	(5,428)	(5,046)
Experience losses (gains)	898	(401)
Changes in actuarial assumptions and methods		
Reduction of the discount rate	1,713	804
Others	—	139
Accrued Pension Obligation, End of Year	119,342	111,820
Additional Voluntary Contributions Component		
Additional Voluntary Contributions obligation, beginning of year	1,235	1,244
Contributions	82	78
Withdrawals	(55)	(53)
Attributed net investment income (loss)	192	(34)
Additional Voluntary Contributions Obligation, End of Year	1,454	1,235
Retirement Compensation Arrangement (note 7)		
Accrued pension obligation, beginning of year	\$ 1,152	\$ 928
Interest accrued on benefits	36	29
Benefits accrued	44	27
Benefits paid	(33)	(26)
Experience (gains) losses	(65)	(22)
Changes in actuarial assumptions and methods		
Reduction of the discount rate	10	—
Others	—	216
Accrued Pension Obligation, End of Year	\$ 1,144	\$ 1,152

The accompanying notes are an integral part of these Consolidated Financial Statements.

(Amounts in millions of Canadian dollars except where otherwise noted)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

Description of Plans Administered By OMERS Administration Corporation

OMERS Administration Corporation (AC) is a corporation without share capital, continued under the Ontario Municipal Employees Retirement System Act, 2006 (OMERS Act). AC is the administrator of the OMERS pension plans (OMERS Pension Plans) as defined in the OMERS Act and is trustee of the pension funds. The OMERS Pension Plans comprise the OMERS Primary Pension Plan (Primary Plan), the Retirement Compensation Arrangement for the OMERS Primary Pension Plan (RCA) and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan). As trustee of the Primary Plan's fund, AC holds legal title to the pension fund assets; the trust beneficiaries are Primary Plan members, and in certain circumstances, their spouses or dependents. AC is responsible for administering the OMERS Pension Plans in accordance, as applicable, with the Pension Benefits Act (Ontario) (PBA), the Income Tax Act (Canada) (ITA) and the OMERS Act. OMERS Sponsors Corporation (SC) is the sponsor of the OMERS Pension Plans under the OMERS Act.

The assets of any of the OMERS Pension Plans cannot be used to fund the pension obligations of any of the other OMERS Pension Plans.

OMERS Primary Pension Plan

The Primary Plan is a multi-employer, jointly sponsored pension plan, created in 1962 by an act of the Ontario Legislature, whose members are mainly employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff. The Primary Plan is governed by the OMERS Act, the PBA, the ITA and other applicable legislation. It is registered with the Financial Services Regulatory Authority of Ontario (FSRA) and with the Canada Revenue Agency (CRA) under Registration #0345983.

The benefit provisions and other terms of the Primary Plan are set out in the Primary Plan text. The Primary Plan consists of both the defined benefit component and the Additional Voluntary Contribution (AVC) component.

In June 2020, SC approved five changes to the Primary Plan. These changes take effect on two different dates and do not materially impact the current year's accrued pension obligation.

1. The following three changes were effective June 24, 2020:
 - i. Extending the deadline to complete a leave purchase by one year for members who return from a leave of absence in 2020 or 2021, to December 31, 2022 or 2023, respectively;
 - ii. Reducing or eliminating the 36-month employment requirement for purchases of periods of reduced pay, subject to changes to the Income Tax Regulations; and
 - iii. Allowing members to purchase credited service for periods of absence due to temporary layoffs that were initiated in 2020 or 2021. The service can be purchased at two times contributions.

2. The following two changes will be effective January 1, 2023:
 - iv. Removing the current eligibility requirement for non-full-time employees to join the Primary Plan, so that all non-full-time employees may elect to join the Primary Plan at any time.
 - v. Providing the option to the SC Board, based on its annual assessment of the Primary Plan's health and viability, to reduce future inflation increases on benefits earned after December 31, 2022 (shared risk indexing). This change does not affect benefits earned before that date.

In November 2021, SC approved the extension of two of the temporary changes made in 2020, given the global health pandemic created by the spread of COVID-19 (the Pandemic) is ongoing. These changes, described below, will be effective January 1, 2022 and do not materially impact the current year's accrued pension obligation:

- i. Extending the deadline to complete a leave purchase by one year for members who return from a leave of absence in 2022 to December 31, 2024; and
- ii. Allowing members to purchase credited service for periods of absence due to a temporary layoff that is initiated in 2022. The service can be purchased at two times contributions.

Attributes of the defined benefit component of the Primary Plan include:

- **Funding:** The defined benefit component of the Primary Plan is funded by equal contributions from participating employers and members, and by the investment earnings of the Primary Plan assets. AC determines the regulatory minimum and maximum funding requirements in accordance with the PBA and the ITA. SC sets actual contribution rates.
- **Pensions:** The defined benefit component of the Primary Plan is designed to provide lifetime defined benefit pensions, and its funding requirements are determined on a long-term basis. These pensions are calculated as a percentage of the member's annual earnings averaged over the highest 60 consecutive months, multiplied by years of credited service.
- **Normal Retirement Age:** The normal retirement age (NRA) is 65 years for all Primary Plan members, except for police officers and firefighters, who generally have a normal retirement age of 60 years. Effective January 1, 2021, an OMERS employer can elect to provide NRA 60 benefits to all or a class of paramedics. For unionized employees, access to NRA 60 benefits are subject to negotiation between employer and unions.
- **Death Benefits:** Benefits are payable upon the death of a member to a surviving spouse, eligible dependent children, a designated beneficiary, or to the member's estate. Depending on eligibility requirements, the benefits may be paid in the form of a survivor pension, lump sum payment or both.
- **Escalation of Pensions:** Inflation protection increases pensions each year, based on the increase in the average of the Canadian Consumer Price Index (CPI) for the preceding 12-month period ending in October compared to the average CPI for the same period of the previous year, as follows:
 - Benefits earned on or before December 31, 2022 receive full inflation protection, up to a maximum annual increase of 6%. Any excess is carried forward so it can be used in later years if and when CPI increases by less than 6%.
 - Benefits earned on or after January 1, 2023 are subject to shared risk indexing, meaning that the level of inflation protection will depend on SC's annual assessment of the financial health of the OMERS Plan, and may be less than the full inflation protection.
- **Disability Pensions:** A disability pension is available at any age to an active member who becomes totally disabled as defined by the Primary Plan. The pension is calculated using a member's years of credited service and the average annual earnings during the member's highest 60 consecutive months of earnings consistent with a normal retirement pension. Generally, disability pensions continue until normal retirement.
- **Income Taxes:** The Primary Plan is a registered pension plan as defined in the ITA and is not subject to income taxes for contributions received or investment income earned. The operations of certain entities holding private equity, infrastructure, private credit or real estate investments may be taxable.

The AVC component of the Primary Plan permits members to make additional voluntary contributions on which the member earns the annual net investment return of the Primary Plan. The liability of the Primary Plan, with respect to the AVC component, is equal to members' AVC contributions plus (if positive) or minus (if negative) the prorated, full-year net investment rate of return earned by the defined benefit component of the Primary Plan over the period of time that the AVC contributions had been invested.

Retirement Compensation Arrangement for the OMERS Primary Pension Plan

The RCA provides pension benefits for Primary Plan members with earnings exceeding the amount that generates the maximum pension allowed by the ITA with respect to service after 1991. It is a separate trust arrangement and is not governed by the PBA and is not a registered pension plan under the ITA. The RCA is governed by the OMERS Act, the ITA and other applicable legislation. It is funded on a modified pay-as-you-go basis by equal contributions from participating employers and from active members and by the investment earnings of the RCA fund.

Current and future contributions are determined annually to ensure that the existing RCA fund and future investment earnings are expected to be sufficient to pay projected benefits and expenses over the 20-year period following each actuarial valuation date. The RCA net assets available for benefits are invested and accounted for separately from the Primary Plan and the Supplemental Plan, and the accrued pension obligation of the RCA is valued separately from the Primary Plan and the Supplemental Plan accrued pension obligations. Expenses of the RCA are paid from the cash flows of the RCA fund.

OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics

The Supplemental Plan offers optional benefits for members of the police sector, firefighters and paramedics. It became effective on July 1, 2008, pursuant to the requirements of the OMERS Act. The benefit provisions and other terms of the Supplemental Plan are set out in the Supplemental Plan text. The Supplemental Plan is registered with FSRA and with the CRA under Registration #1175892.

Until March 31, 2024, unless the Supplemental Plan has sufficient funds based on the portion of contributions allocated for administrative expenses, any administrative costs of the Supplemental Plan are funded through a startup grant from the Province of Ontario.

Participation in the Supplemental Plan is effective only upon agreement between employee groups and their employer. As at December 31, 2021 and December 31, 2020, no such agreement existed and hence the Supplemental Plan had no assets, no liabilities and no members.

NOTE 2

Summary of Significant Accounting Policies

Basis of Presentation

AC follows the requirements of the Chartered Professional Accountants of Canada (CPA Canada) Handbook Section 4600 – Pension Plans (Section 4600), which is the basis for Canadian accounting standards for pension plans. AC's recognition and measurement of assets and liabilities are consistent with the requirements of Section 4600. For accounting policies that do not relate to its investment portfolio or pension obligations, AC follows the requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These Consolidated Financial Statements include the financial position, changes in net assets available for benefits and changes in pension obligations of AC and of the OMERS Pension Plans. They also provide disclosures required by regulation 909 under the PBA.

Certain comparative figures have been revised to conform to the current year's presentation as set out in Note 8 - *Net Investment Income (Loss)*.

Use of Estimates and Judgments

Preparing these Consolidated Financial Statements requires AC Management (Management) to make estimates, judgments and assumptions that affect the reported values of assets and liabilities, income and expenses, accrued pension obligations and related disclosures. Actual results could differ from these estimates. Areas of significant accounting estimates and judgment include the valuation of real estate, infrastructure, private equity, private debt investments, derivatives and pension obligations. The Pandemic continues to heighten uncertainty related to estimates and assumptions used in the determination of fair values of certain investment assets. In all cases, Management's estimates are sensitive to key assumptions and drivers that are subject to material change, and Management continues to monitor developments in these inputs.

Investments and Valuations

Investment transactions are recorded when the risks and rewards of ownership are transferred. Purchases and sales of publicly traded investments are recorded as of the trade date.

Investments are stated at fair value. 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. It is best evidenced by a quoted closing market price in an active market, if one exists; where such pricing is not available, fair value is estimated using observable market inputs such as interest rates, quoted prices of comparable securities or unobservable inputs such as Management assumptions or contractual terms. The determination of fair value is based on market conditions at a specific point in time and may not reflect future fair values.

Fair values are determined as follows:

- (i) Short-term deposits are recorded at amortized cost, which together with accrued interest income, approximates fair value.
- (ii) Inflation-linked bonds, nominal bonds and debentures are valued at year-end quoted market prices, where available, based on quotes from industry standard sources. Public equities are valued using quoted market exchange prices.

- (iii) For investments whose quoted market prices are not available, such as mortgages and private debt, values are estimated using discounted cash flows based on current market yields for comparable securities, independent asset appraisals and financial analysis.
- (iv) Investments with externally-managed hedge funds, whose individual securities valuations are not available to AC, are recorded based on the values provided by the fund manager, after Management evaluates these for reasonability.
- (v) The fair value of derivatives, including swaps, futures, options, credit default swaps and forward contracts, are determined using quoted market prices, where available, or discounted cash flows using current market yields, where quoted market prices are not available.
- (vi) Investments in private equity, infrastructure and real estate assets, held either directly or through limited partnership arrangements, generally do not have a publicly-available market price. For such investments, the completion of a recent purchase or sale of an identical or similar investment is often the most objective determination of fair value. While not exact, valuation procedures are able to provide estimates or identify likely ranges that a reasonable counterparty would pay for such assets.

Management values private investments as follows:

- a) For investments that have reasonably predictable future revenue streams or that derive their value based on property or commodity values, the valuation is derived by:
 - discounting projected future cash flows by using discount rates and, where appropriate, terminal capitalization rates that reflect the risk inherent in the projected cash flows. Discount rates, terminal capitalization rates, and projected cash flows are based on internal assumptions and external inputs; and/or
 - assessing the valuation against the value of comparable publicly listed investments, where applicable.
- b) For non-operating and start-up directly-held private investments, the value is held at cost until there is evidence to support a change in valuation.
- c) For a private fund investment, where AC's ability to access information on underlying individual fund investments is restricted, such as under the terms of a limited partnership agreement, the investment's value is equal to the value provided by the fund's general partner unless there is a specific and objectively verifiable reason to vary from the value provided.

For each significant private investment, Management engages accredited, independent external valuation experts, to assess the reasonableness of the investment's valuation, at least once every three years.

Derivative Financial Instruments

Derivative financial instruments are financial contracts, the value of which are derived from changes in prices of underlying assets or indices. Derivative transactions are conducted in over-the-counter markets directly between two counterparties or are cleared through clearinghouses, or on regulated exchange markets. AC uses derivative financial instruments to manage the Primary Plan's asset mix and to assist in managing the exposure to market risk by increasing or decreasing foreign currency, interest rates, credit or price risk, without directly purchasing or selling the underlying assets or currencies.

The fair value of derivative contracts are presented in the Consolidated Statement of Financial Position. These fair values represent the cost of replacing all outstanding contracts under current market conditions. Contracts with a positive fair value are recorded as derivative assets in Investment-Related Assets, and contracts with a negative fair value are recorded as derivative liabilities in Investment-Related Liabilities. Management nets both legs of a swap contract into one unit of measurement.

Net Investment Income (Loss)

Investment income (loss) includes accrued interest, dividends and real estate rental income. Realized gains and losses on the disposal of investments and unrealized gains and losses in the fair value of investments are recognized in net investment income.

Investment income is recognized as interest and real estate rental income is earned, as dividends or distributions are declared, as investments are disposed of and as estimates of fair values change.

Transaction and Pursuit Costs

Transaction and pursuit costs, which include broker commissions, legal and other professional fees incurred as a part of the due diligence of a potential or completed transaction, are expensed to Total Investment Income (Loss) in Note 8 – *Net Investment Income (Loss)* as incurred.

External Manager Fees

The base fees payable to external managers for managing certain of AC's investment portfolios are recognized in Investment Management Services as incurred in Note 12 - *Pension Administrative and Investment Management Expenses*. Performance fees, which are contractually due to external managers for superior investment returns, and fees for pooled funds, where AC's investment return from the fund is net of fees, are expensed directly to Investment Income as incurred in Note 8 - *Net Investment Income (Loss)*.

Investment Liabilities

Investment liabilities include commercial paper, term notes, and other debt obligations with recourse to AC. These obligations are issued by OMERS Finance Trust (an entity whose beneficiaries are subsidiaries of AC) (OFT), and by entities in which AC has invested. Investment liabilities also include the obligations in respect of securities sold short and securities sold under repurchase agreements. For securities sold under repurchase agreements, AC sells securities and simultaneously agrees to buy them back at a specified price at a future date.

Investment liabilities are financial instruments and are stated at fair value. The fair value of investment liabilities is estimated using discounted cash flows based on current market yields, except for items that are short-term in nature, for which cost plus accrued interest approximates fair value. AC's own credit risk is considered when estimating the fair value of investment liabilities.

Liabilities incurred by entities in which AC has invested are netted against investment assets, even when the investment is in an entity over which AC has effective control or can exercise significant influence, except for those liabilities which have recourse to AC.

Pending Trades

Pending trades include accrued receivables and payables from unsettled transactions.

The fair values of amounts due and amounts payable from pending trades approximate their carrying amounts due to their short-term nature.

Foreign Currency Translation

Certain Investment assets and liabilities are denominated in foreign currencies. The fair values of such investment assets and liabilities are translated into Canadian dollars at the year-end foreign exchange rate. Unrealized foreign exchange gains and losses arising from this translation are included in Net Gain (Loss) on Investment Assets and Liabilities in Note 8 – *Net Investment Income (Loss)*. When an investment denominated in a foreign currency is sold, the realized foreign exchange gain or loss is also recognized in Net Gain (Loss) on Investment Assets and Liabilities in Note 8, based on the foreign exchange rate at the settlement date.

Accrued Pension Obligation

The value of the accrued pension obligation of the Primary Plan's defined benefit component is based on an actuarial valuation prepared by an independent firm of actuaries. The accrued pension obligation is measured using the Projected Benefit Method Prorated on Services, in accordance with accepted actuarial practice in Canada using actuarial assumptions and methods adopted by AC for the purpose of establishing the long-term funding requirements of the Primary Plan. The actuarial valuation included in the Consolidated Financial Statements is consistent with the valuation used for funding purposes.

The AVC obligation represents the Primary Plan's liability in respect of the AVC component of the Primary Plan and equals members' AVC contributions plus or minus the net investment rate of return earned by the defined benefit component of the Primary Plan over the period of time that the AVC contributions have been invested.

The valuation methodology used to estimate the accrued pension obligation of the RCA is developed on a basis consistent with the accrued pension obligation of the Primary Plan's defined benefit component, while recognizing the difference in the tax treatment of the plans' assets.

The AVC obligation and the accrued pension obligation of the RCA are separate from the accrued pension obligation of the Primary Plan's defined benefit component.

Actuarial Value of Net Assets and Actuarial Value Adjustment

The actuarial value of net assets for the Primary Plan is used to assess the funded position of the Primary Plan, including the determination of minimum contributions required by law. The actuarial value adjustment to the fair value of net assets is the cumulative amount of unrecognized net investment returns. In each year, a new balance is added equal to the net investment return above or below the actuarial smoothing rate in effect for that year; this amount is then recognized over a five-year period. The actuarial smoothing rate applied to net investment returns recognized in years prior to 2021 is the nominal discount rate in effect at the end of the previous year. The actuarial smoothing rate applied to net investment returns recognized in years beginning 2021 is the estimated future long-term median market rate of return. The fair value of net assets available for benefits is adjusted by the actuarial value adjustment to arrive at the actuarial value of net assets. The actuarial value adjustment is constrained to no more than 15% of the fair value of net assets.

Surplus (Deficit)

For presentation in the financial statements, the surplus (deficit) of the Primary Plan is based on the difference between the fair value of the Primary Plan's net assets available for benefits and the Primary Plan's accrued pension obligation. For funding purposes, the Primary Plan's surplus (deficit) is based on the difference between the Primary Plan's actuarial value of net assets and the Primary Plan's accrued pension obligation.

For presentation in the financial statements, the surplus (deficit) of the RCA is based on the difference between the fair value of RCA net assets available for benefits and the RCA's accrued pension obligation.

Contributions

Contributions from employers and active members are recorded on an accrual basis. Service purchases including leaves of absence, conversion of normal retirement age and transfers from other pension plans are recorded, and service is credited, when the purchase amount is received. Contributions for AVCs are recorded as received.

Benefits

Benefit payments are recorded as they become due. Commuted value payments and transfers to other pension plans are recorded in the period in which AC is notified of the request. Accrued benefits for active members are recorded as part of the accrued pension obligation.

Administrative Expenses

Administrative expenses are incurred for direct pension administration, direct investment management and corporate services. Administrative expenses are recorded on an accrual basis. Direct pension administration expenses include expenses to provide direct services to OMERS Pension Plans members and employers. Direct investment management expenses include expenses for managing OMERS Pension Plans investments. Corporate services expenses primarily include corporate information systems, accounting, risk management, human resources, legal and other governance expenses incurred to support either the pension administration or the investment management functions. These are allocated between pensions administration or investment management expenses based on an estimate of the use of resources.

New Accounting Pronouncements In Effect on January 1, 2021

In recent years, global regulators have prioritized the reform and replacement of benchmark interest rates such as USD LIBOR, GBP LIBOR and other interbank offered rates with Alternative Reference Rates (ARRs). The Pound Sterling, Euro, Japanese Yen and Swiss Franc LIBOR ceased to be representative on December 31, 2021 and most USD LIBOR tenors will cease to be representative on June 30, 2023. With this reform, the IASB issued amendments to IFRS 9 – Financial Instruments, IFRS 7 – Financial Instruments: Disclosures and IAS 39 – Financial Instruments: Recognition and Measurement to address the financial reporting impacts.

Management has concluded that the transitions to ARR with firm cessation dates do not have a significant impact on the measurement or disclosure of balances presented in the Consolidated Financial Statements. AC will continue to assess the impact of these reforms and transitions on its operations.

All other accounting pronouncements in effect during 2021 have been determined to have no significant impact on the Consolidated Financial Statements.

NOTE 3

A. Investments by Fair Value and Cost

Investments and investment-related assets and liabilities by fair value and cost by asset class are as follows:

As at December 31,	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Fixed Income				
Inflation-linked bonds	\$ 2,957	\$ 2,674	\$ 2,514	\$ 2,363
Canadian nominal bonds and debentures	6,781	6,781	2,660	2,583
Non-Canadian nominal bonds and debentures	1,734	1,821	1,520	1,571
Private debt and mortgages	9,393	9,645	10,059	10,361
Total Fixed Income	20,865	20,921	16,753	16,878
Equities				
Public Equity				
Canadian public equities	3,857	3,216	4,851	4,728
Non-Canadian public equities	14,840	12,380	10,735	9,206
Total Public Equity	18,697	15,596	15,586	13,934
Private Equity ⁽ⁱ⁾				
Canadian private equities ⁽ⁱⁱ⁾	2,724	2,564	2,434	2,726
Non-Canadian private equities	22,641	18,922	18,377	17,270
Total Private Equity	25,365	21,486	20,811	19,996
Total Equities	44,062	37,082	36,397	33,930
Real Assets				
Infrastructure investments	29,691	28,856	28,678	27,197
Real Estate investments	23,604	20,644	18,316	16,886
Total Real Assets	53,295	49,500	46,994	44,083
Short-Term Instruments				
Cash and short-term deposits ⁽ⁱⁱⁱ⁾	17,890	17,890	19,467	19,468
Total Investments	136,112	125,393	119,611	114,359
Investment-Related Assets				
Investment receivables	286	286	339	339
Deferred assets, prepaid and other	55	54	54	82
Derivatives	740	213	1,609	469
Pending trades	96	97	187	187
Total Investment-Related Assets	1,177	650	2,189	1,077
Investment-Related Liabilities				
Investment liabilities (note 4)	(12,264)	(12,448)	(12,348)	(12,268)
Derivatives	(529)	(90)	(658)	(339)
Pending trades	(57)	(57)	(179)	(179)
Total Investment-Related Liabilities	(12,850)	(12,595)	(13,185)	(12,786)
Net Investment Assets	\$ 124,439	\$ 113,448	\$ 108,615	\$ 102,650

(i) Includes venture capital investments of \$1,931 (December 31, 2020: \$1,102).

(ii) There were no resource properties held as at December 31, 2021 and December 31, 2020.

(iii) Includes restricted cash of \$287 (December 31, 2020: \$121).

B. Investment Fair Value Hierarchy

Investment assets and liabilities are measured at fair value based on inputs from one or more levels of a fair value hierarchy as follows:

Level 1

Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities traded in active markets. Level 1 primarily includes publicly listed equity investments and cash.

Level 2

Fair value is based on valuation methods that make use of inputs, other than quoted prices included in Level 1, that are observable by market participants either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models. Level 2 primarily includes short-term deposits, debt securities and derivative contracts not traded on a public exchange, public fund investments and investment-related liabilities, including debt and securities sold under repurchase agreements.

Level 3

Fair value is based on valuation methods whose significant inputs are based on unobservable market data. Level 3 primarily includes private market investments such as real estate, infrastructure, private equity, mortgages and private debt.

(a) Net investment assets are categorized into the fair value hierarchy as follows:

As at December 31,					2021
		Level 1	Level 2	Level 3	Total
Fixed Income	\$	—	\$ 11,472	\$ 9,393	\$ 20,865
Public Equity		18,202	271	224	18,697
Private Equity		—	32	25,333	25,365
Infrastructure		—	—	29,691	29,691
Real Estate		—	—	23,604	23,604
Short-Term Instruments		2,253	15,637	—	17,890
Investment-Related Assets		8	1,169	—	1,177
Investment-Related Liabilities		(95)	(12,755)	—	(12,850)
Net Investment Assets	\$	20,368	\$ 15,826	\$ 88,245	\$ 124,439
As at December 31,					2020
		Level 1	Level 2	Level 3	Total
Fixed Income	\$	—	\$ 6,694	\$ 10,059	\$ 16,753
Public Equity		15,310	43	233	15,586
Private Equity		113	955	19,743	20,811
Infrastructure		—	—	28,678	28,678
Real Estate		—	—	18,316	18,316
Short-Term Instruments		1,171	18,296	—	19,467
Investment-Related Assets		21	2,168	—	2,189
Investment-Related Liabilities		(89)	(13,096)	—	(13,185)
Net Investment Assets	\$	16,526	\$ 15,060	\$ 77,029	\$ 108,615

(b) The following table presents the changes in Level 3 investments for the year ended December 31, 2021:

	Fair Value Dec 31, 2020	Included in Total Investment Income (Loss) ⁽ⁱ⁾	Transfers In ⁽ⁱⁱ⁾	Transfers Out ⁽ⁱⁱ⁾	Purchases	Sales and Return of Capital ⁽ⁱⁱⁱ⁾	Fair Value Dec 31, 2021	Unrealized Gains (Losses) Attributable to Investments in the Year ^{(i) (iv)}
Fixed Income	\$ 10,059	\$ 461	\$ —	\$ —	\$ 3,179	\$ (4,306)	\$ 9,393	\$ 5
Public Equity	233	10	—	—	—	(19)	224	(4)
Private Equity	19,743	4,751	—	(359)	4,052	(2,854)	25,333	3,368
Infrastructure	28,678	1,886	—	—	2,544	(3,417)	29,691	149
Real Estate	18,316	2,352	63	—	5,259	(2,386)	23,604	1,403
Total	\$ 77,029	\$ 9,460	\$ 63	\$ (359)	\$ 15,034	\$ (12,982)	\$ 88,245	\$ 4,921

The following table presents the changes in Level 3 investments for the year ended December 31, 2020:

	Fair Value Dec 31, 2019	Included in Total Investment Income (Loss) ⁽ⁱ⁾	Transfers In ^(v)	Transfers Out ^(v)	Purchases	Sales and Return of Capital ⁽ⁱⁱⁱ⁾	Fair Value Dec 31, 2020	Unrealized Gains (Losses) Attributable to Investments in the Year ^{(i) (iv)}
Fixed Income	\$ 8,446	\$ 191	\$ 50	\$ —	\$ 2,949	\$ (1,577)	\$ 10,059	\$ (388)
Public Equity	—	(10)	—	—	248	(5)	233	(13)
Private Equity	21,388	(700)	—	(7)	2,117	(3,055)	19,743	(1,271)
Infrastructure	25,292	2,606	—	—	4,726	(3,946)	28,678	437
Real Estate	20,497	(1,729)	—	—	2,906	(3,358)	18,316	(2,457)
Total	\$ 75,623	\$ 358	\$ 50	\$ (7)	\$ 12,946	\$ (11,941)	\$ 77,029	\$ (3,692)

(i) Excludes the impact of foreign currency hedging activities.

(ii) Transfers out of Private Equity include an investment transferred into Real Estate and private investments that became publicly traded where additional valuation inputs are applied.

(iii) Includes realized foreign exchange gains and losses.

(iv) Unrealized Gains (Losses) Attributable to Investments in the Year separately identifies unrealized gains (losses) that are also included in Included in Total Investment Income (Loss).

(v) Transfers into Level 3 were primarily due to lack of market observable inputs used to determine fair value. Transfers out of Level 3 into Level 1 were due to a private investment becoming publicly traded.

(c) Fair Value Assumptions and Sensitivity

Level 3 investment assets and liabilities are valued using models whose significant inputs are based on unobservable market data. The significant valuation input for private credit and infrastructure investments is the discount rate. Significant valuation inputs for real estate investments are the discount rate and the terminal capitalization rate. The discount rate is composed of two elements: a risk-free rate, which is the return that would be expected from a secure, liquid, virtually risk-free investment, such as a high quality government bond; plus a risk premium. The risk premium is estimated from, where observable, implied values of similar publicly traded investments or sales of similar investments or similar assets. If such information is not available, the risk premium is estimated at a level that compensates for the incremental amount of risk associated with a particular investment. The selected discount rates and terminal capitalization rates are chosen to be consistent with the risk inherent in the stream of cash flows to which they are applied.

Private equity valuation inputs include earnings before interest, taxes, depreciation and amortization (EBITDA) multiples. All else being equal, higher multiples equate to higher fair values, and vice versa.

The following table presents the sensitivity of Level 3 investments' valuations to reasonably possible alternative assumptions for asset categories where such reasonably possible alternative assumptions would change the fair value significantly. These sensitivities are hypothetical and should be used with caution. The impact to the valuation from such changes to the significant input has been calculated independently of the impact of changes in other key variables. In actual experience, a change in the significant input may be the result of changes in a number of underlying assumptions which could amplify or reduce the impact on the valuation.

As at December 31,			2021		2020
	Significant Inputs	Range of Inputs	Change in Significant Inputs	Change in Net Investment Assets	Change in Net Investment Assets
Private credit	Discount rate	1.09% - 18.3% (2020: 1.2% - 16.4%)	+/- 25 bps \$	-/+50 \$	-/+ 50
Private equity	Multiple ¹	5.0X - 21.0X (2020: 5.5X - 19.7X)	+/- 0.50x	+/-730	+/- 630
Infrastructure investments	Discount rate	7.0% - 15.8% (2020: 6.5% - 15.8%)	+/- 25 bps	-/+ 1,245	-/+ 1,220
Real estate investments	Discount rate	4.5% - 10.5% (2020: 4.7% - 10.5%)	+/- 25 bps	-/+ 730	-/+ 590
Real estate investments	Terminal capitalization rate	3.1% - 8.5% (2020: 3.1% - 8.5%)	+/-25 bps	-/+1,370	-/+ 1,110

¹Primarily reflects EBITDA or revenue multiple.

The above sensitivity analysis excludes fund investments totaling \$7,070 (December 31, 2020: \$6,144) for which AC does not have access to the underlying investment information. For those investments, fair values are equal to the values provided by the fund's general partner, unless there is a specific and objectively verifiable reason to vary from the value provided.

C. Significant Investments

Investments with either a fair value or cost exceeding one per cent of the fair value or cost, respectively of total net investment assets are as follows:

As at December 31,			2021		2020		
	Number of Investments	Fair Value	Cost	Number of Investments	Fair Value	Cost	
Public Investments	3	\$ 5,848	\$ 5,226	1	\$ 2,083	\$ 1,351	
Private Investments	15	\$ 22,891	\$ 19,343	11	\$ 14,675	\$ 13,490	
Total	18	\$ 28,739	\$ 24,569	12	\$ 16,758	\$ 14,841	

Public investments in the table above include an interest in an integrated logistics company and fixed income investments.

Private investments in the table above include:

- ownership interests in Ares AO Middle Market Credit LP Fund, Associated British Ports, Bruce Power, Ellevio, Leeward Renewable Energy, Lifelabs, London City Airport, ONCOR, Premise Health, Puget Energy, Scotia Gas Networks and Turnpoint Services;
- fixed income investment in Allied World Assurance Holdings Limited; and
- real estate ownership interests in IDI Logistics and Yorkdale Shopping Centre.

The effective date of the most recent valuation for the above listed investments was December 31, 2021.

D. Derivative Financial Instruments

The following table summarizes AC's derivative portfolio. Notional amounts represent economic exposure, and are the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. These notional amounts are used to determine the gains (losses) and fair values of the derivative contracts; they are not recorded as assets or liabilities on the Consolidated Statement of Financial Position. Notional amounts do not necessarily represent the amount of potential market risk or credit risk arising from derivatives.

As at December 31,	2021						2020		
	Fair Value			Fair Value					
	Notional Value	Assets	Liabilities	Notional Value	Assets	Liabilities			
Fixed Income									
Interest Rate Contracts									
Swaps	\$ 645	\$ 6	\$ (1)	\$ 325	\$ 6	\$ —			
Swaptions									
- written	—	—	—	—	—	—			
- purchased	—	—	—	637	—	—			
Futures	753	—	—	2,856	1	—			
		6	(1)		7	—			
Credit Default Contracts									
Swaps	10,816	1	—	1,697	—	—			
Swaptions									
- written	632	—	—	3,376	—	(3)			
- purchased	632	1	—	3,376	9	—			
		2	—		9	(3)			
		8	(1)		16	(3)			
Equities									
Equity Contracts									
Swaps	15,343	414	(137)	17,794	580	(195)			
Futures	3,484	3	(9)	3,533	13	(7)			
Options									
- written	5,089	—	(75)	13,448	—	(164)			
- purchased	7,743	195	—	15,552	224	—			
		612	(221)		817	(366)			
Commodity Contracts									
Futures	1,548	5	(15)	1,584	7	(6)			
		5	(15)		7	(6)			
		617	(236)		824	(372)			
Foreign Exchange Contracts									
Forwards	37,308	115	(292)	42,958	750	(235)			
Options									
- written	—	—	—	3,389	—	(48)			
- purchased	—	—	—	5,354	19	—			
		115	(292)		769	(283)			
Total		\$ 740	\$ (529)		\$ 1,609	\$ (658)			

E. Investment Risk

AC's primary long-term investment risk is that the value of its assets and its capacity to generate cash is insufficient to meet pension obligations. AC's future pension obligations are the basis for establishing its long-term investment objectives, combined with an assessment of associated risks.

The AC Board of Directors (the Board), through its Investment Committee, determines the acceptable level of investment risk to be taken. This Committee reviews and recommends the long-term asset mix to the Board for approval. Primary accountability for managing risk, within the Board's authorized parameters, is delegated by the Board to the Chief Executive Officer, who further delegates the responsibility to business leaders. The Chief Risk Officer is responsible for implementing the Board-approved risk management mandate, including the development of associated policies and limits, and providing independent enterprise-wide oversight of business activities. Accountability for managing investment risks remains with the business units and functions responsible for making investment decisions.

AC's investments are diversified among major asset classes. Investment teams execute specific strategies designed to achieve return objectives that reflect both the opportunity and the risk associated with those asset classes. The methods and factors used in the measurement or assessment of investment risk are reviewed on an ongoing basis.

The Pandemic, and the resulting economic conditions, may materially impact AC's investment portfolio, AC's counterparties' ability to service their loan obligations and AC's sources of liquidity. AC continues to monitor the risks arising from the Pandemic.

AC manages market, credit and liquidity risk as follows:

a) Market Risk

Market risk is the risk that the fair value of an investment is impacted by changes in market prices such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and other price risks. For derivative instruments, market risk arises from potential adverse changes in the value of derivative instruments as a result of changes in the underlying market variables. These underlying market variables may include the absolute and relative levels of interest rates, foreign exchange rates, equity prices, commodity prices, bond prices, and their implied volatilities.

To address market risk, investment teams employ tactics and strategies designed to measure, manage and monitor the risks and ensure the risks taken are commensurate with their expected returns. The investment teams monitor key market risk metrics such as volatility, drawdown, interest rate sensitivity, duration, credit spread risk, credit ratings, and foreign exchange exposures to assess the sensitivity of the total portfolio to each type of market risk. Actions will be taken to adjust portfolio exposures if risk sensitivities exceed the desired level or contradict the investment team's market view. At the security level, the investment teams develop fundamental or quantitative models to help assess the fair value of each security. When the observed price significantly deviates from a security's fair value, the portfolio manager may take action to reduce or increase position sizes.

(i) Foreign Exchange Rates

AC pays pensions in Canadian dollars and manages a highly diversified portfolio of long-term investments, some of which are denominated in foreign currencies. AC assumes certain foreign exchange risks, measuring and considering them in the context of overall portfolio objectives, alongside other investment related risks discussed elsewhere. AC centrally manages the strategy for foreign currency, liquidity and leverage. Net investment assets by currency, after the impact of currency hedging, are as follows:

As at December 31,			2021		2020	
			Fair Value By Currency		Fair Value By Currency	
Currency	Net Exposure	% of Total	Net Exposure		% of Total	
United States Dollar	\$ 31,114	25 %	\$ 18,040		17 %	
British Pound Sterling	5,988	5	4,328		4	
Euro	3,529	3	196		—	
Hong Kong Dollar	2,860	2	2,869		3	
Indian Rupee	2,428	2	1,801		2	
Australian Dollar	1,829	1	1,112		1	
Chinese Yuan	1,049	1	1,292		1	
All Other	3,101	3	1,538		1	
Total Foreign Currency Exposure	51,898	42	31,176		29	
Canadian Dollar	72,541	58	77,439		71	
Total	\$ 124,439	100 %	\$ 108,615		100 %	

Foreign Currency Sensitivity

After giving effect to the impact of hedging and holding constant all other variables and underlying values, a five per cent increase or decrease in the value of the Canadian dollar against major foreign currencies would result in an approximate \$2,593 (December 31, 2020: \$1,559) decrease or increase in AC's net assets as shown below:

As at December 31,			2021		2020	
			Change in		Change in	
Currency	Change in value of Canadian Dollar		Unrealized Gain/Loss		Unrealized Gain/Loss	
United States Dollar	+/- 5%		\$ -/+ 1,556		\$ -/+ 902	
British Pound Sterling	+/- 5%		-/+ 299		-/+ 216	
Euro	+/- 5%		-/+ 176		-/+ 10	
Hong Kong Dollar	+/- 5%		-/+ 143		-/+ 143	
Indian Rupee	+/- 5%		-/+ 121		-/+ 90	
Australian Dollar	+/- 5%		-/+ 91		-/+ 56	
Chinese Yuan	+/- 5%		-/+ 52		-/+ 65	
All Other	+/- 5%		-/+ 155		-/+ 77	
Total			\$ -/+ 2,593		\$ -/+ 1,559	

(ii) Interest Rate Risk

AC's primary exposure to interest rate changes in its net investment assets relates primarily to capital deployed in fixed income products, which include bonds and debentures, private debt and mortgages, as well as a variety of indirectly managed interest-bearing investments in private portfolios and interest rate swaps. Investments with fixed rates of interest will decrease in market value as interest rates rise, and vice versa.

Sensitivity to changes in interest rates

AC's exposure to a one per cent increase (decrease) in interest rate, with all other variables held constant, would result in an approximate decrease (increase) in the value of directly managed fixed income investments and interest rate swaps net of term note liabilities of \$351 (December 31, 2020: \$246). This would be recognized as a change in unrealized loss (gain).

(iii) Price Risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting similar financial instruments traded in the market.

AC invests in publicly-traded equities to achieve capital gains, income through dividends, or both over time. These investments are exposed to price risk and volatility. Investments in publicly-traded equities are actively managed with due regard for risk and return objectives through countries-, sectors- and entity-specific analyses as well as through diversification.

AC's investment in publicly-traded equities is achieved through both physical holdings and derivative exposures. A ten per cent increase (decrease) in the value of these public equities would result in an approximate increase (decrease) in public equity exposures and an unrealized gain (loss) of \$3,644 (December 31, 2020: \$3,401).

AC's investments in private equity, infrastructure, real estate, private debt and mortgages are also subject to price risk. Values are impacted by a number of variables as described in Note 3B - *Investment Fair Value Hierarchy*.

AC is also subject to price risk through changes in credit spreads on its fixed income investments and term note liabilities. A 50 basis point increase (decrease) in the credit spreads of these interest bearing instruments would result in an approximate net decrease (increase) in the value of fixed income investments and term note liabilities, and a net unrealized loss (gain) of \$221 (December 31, 2020: \$162).

b) Credit Risk

Credit risk is defined as the financial loss that results from the failure of a counterparty to honour its contractual obligations. AC is subject to credit risk primarily in connection with issuers or guarantors of securities, debtors, structured securities, derivatives, repurchase agreements and securities lending counterparties. Credit risk for uncleared over-the-counter (OTC) derivatives is mitigated through the exchange or posting of margin. Credit risk for cleared OTC derivative contracts and futures contracts is typically minimal, as the counterparty is an exchange or central clearing counterparty which is designed for reducing counterparty risk and improving financial system stability. For these trades initial margin is posted and margin receivables and payables are settled daily.

To manage counterparty credit risk, AC:

- requires collateral from its counterparties in certain circumstances, as outlined in contractual arrangements;
- limits how much exposure it has with individual counterparties;
- regularly performs financial analysis of its counterparties, which includes reference to credit rating agencies and other relevant external sources. AC only trades OTC derivatives with high quality counterparties;
- if no rating is available from selected reputable credit rating agencies for credit investments, Management estimates ratings using an internal rating process; and
- enters into enforceable master netting agreements.

(i) Credit Quality

The credit ratings for fixed income and short-term instruments is set out in the table below:

As at December 31,						2021
	Sovereign Governments	Provincial Governments	Corporate	Total	% of Total	
AAA	\$ 6,631	\$ —	\$ —	6,631	17 %	
AA	4,057	383	13,940	18,380	47	
A	—	233	1,226	1,459	4	
BBB	474	—	3,316	3,790	10	
Below BBB	—	—	6,857	6,857	18	
Unrated	—	—	1,638	1,638	4	
Total	\$ 11,162	\$ 616	\$ 26,977	\$ 38,755	100 %	

As at December 31,						2020
	Sovereign Governments	Provincial Governments	Corporate	Total	% of Total	
AAA	\$ 3,020	\$ —	\$ —	3,020	8 %	
AA	5,514	377	13,954	19,845	55	
A	—	227	381	608	2	
BBB	508	—	2,865	3,373	9	
Below BBB	38	—	6,451	6,489	18	
Unrated	—	—	2,885	2,885	8	
Total	\$ 9,080	\$ 604	\$ 26,536	\$ 36,220	100 %	

Unrated securities in the table above relate to private mortgages with a weighted average loan-to-value ratio at the time of issuance of no greater than 75%.

(ii) Margin, Right of Netting and Offset

AC is a counterparty to financial instruments that are subject to margin, netting and offset arrangements.

For margin arrangements, generally, AC pledges and receives collateral consisting of securities and in some cases cash, in the ordinary course of managing net investments. AC has enforceable contractual rights to realize upon collateral and to set-off against amounts owing under financial contracts following a counterparty default or other termination right. Additional collateral is exchanged if the value of the collateral falls below a predetermined level, based on the value of the underlying transaction(s) or interest, and the value of the collateral posted. Specifically:

- In the case of OTC derivatives, variation margin collateral is collected from and provided to counterparties according to the Credit Support Annex (CSA), which forms part of International Swaps and Derivatives Association (ISDA) Master Agreements. Initial margin collateral is pledged or provided to and from counterparties, as required by ISDA initial margin credit support or collateral transfer documentation (IM CSA). Initial margin collateral is held by third party custodians in segregated accounts.
- In the case of prime brokerage and securities borrowing, collateral is exchanged to the full extent of the liability with the counterparty, with a party required to pledge marketable securities or cash of higher value as collateral than the securities borrowed. AC does not recognize any securities borrowed as its investment assets or derecognize any securities lent because the risks and rewards of borrowed securities remain with the counterparties.
- In the case of repurchase transactions, under Global Master Repurchase Agreements (GMRA), AC sells securities and simultaneously incurs an obligation to buy back equivalent securities in the future. Collateral is exchanged between the counterparties based on the current value of the securities sold under the repurchase agreements.

AC enters into enforceable master netting agreements, such as ISDA Master Agreements, GMRA and securities lending agreements. Under these agreements, following a counterparty's event of default, bankruptcy or other early termination event, AC is entitled to liquidate transactions under each of the above derivative, repurchase and securities lending arrangements and to net amounts payable under all transactions under that agreement. Master netting agreements might include contractual rights of set-off, enforceable following the occurrence of an event of default or other termination event, that might allow, in certain circumstances, AC or its counterparty to set-off amounts owing under one agreement against amounts owed under another agreement, on a counterparty by counterparty basis. In the Consolidated Statement of Financial Position, financial instruments are not offset, as a party's rights of offset across agreements are conditional.

Certain financial transactions, such as derivative transactions, involve a legally enforceable right to offset the recognized amounts and to settle payments on a net basis, or to realize upon an asset and a liability simultaneously. Financial assets and liabilities that are offset are reported as a net amount in the Consolidated Financial Statements.

AC may not be permitted to net and set-off upon the default of a clearer in respect of exchange traded derivatives and cleared OTC derivatives. In the Consolidated Statement of Financial Position, financial instruments are not offset where the rights of offset are conditional.

In the following table, the net amount presents the effect of the amounts that do not qualify for offsetting but which are subject to conditional netting arrangements or similar arrangements, including ISDA Master Agreements, GMRA, security lending agreements and any related rights to financial collateral:

As at December 31,							2021
	Gross amounts of recognized Financial Instruments	Less amounts offset in Consolidated Financial Statements	Net amounts presented in Consolidated Financial Statements	Related amounts not set off in the Consolidated Statement of Financial Position		Net amount	
				Amounts subject to netting arrangements	Financial collateral (received) pledged		
Financial Assets							
Derivative assets	\$ 740	\$ —	\$ 740	\$ (410)	\$ (188)	\$ 142	
Total Financial Assets	\$ 740	\$ —	\$ 740	\$ (410)	\$ (188)	\$ 142	
Financial Liabilities							
Derivative liabilities	\$ (529)	\$ —	\$ (529)	\$ 410	\$ 81	\$ (38)	
Securities borrowing	(862)	—	(862)	—	862	—	
Repurchase agreements	(152)	—	(152)	—	152	—	
Total Financial Liabilities	\$ (1,543)	\$ —	\$ (1,543)	\$ 410	\$ 1,095	\$ (38)	
As at December 31,							2020
	Gross amounts of recognized Financial Instruments	Less amounts offset in Consolidated Financial Statements	Net amounts presented in Consolidated Financial Statements	Related amounts not set off in the Consolidated Statement of Financial Position		Net amount	
				Amounts subject to netting arrangements	Financial collateral (received) pledged		
Financial Assets							
Derivative assets	\$ 1,609	\$ —	\$ 1,609	\$ (671)	\$ (514)	\$ 424	
Total Financial Assets	\$ 1,609	\$ —	\$ 1,609	\$ (671)	\$ (514)	\$ 424	
Financial Liabilities							
Derivative liabilities	\$ (658)	\$ —	\$ (658)	\$ 671	\$ —	\$ 13	
Securities borrowing	(480)	—	(480)	—	1,080	600	
Total Financial Liabilities	\$ (1,138)	\$ —	\$ (1,138)	\$ 671	\$ 1,080	\$ 613	

c) Liquidity Risk

Liquidity risk is the risk that AC will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering a financial asset. AC may use repurchase agreements, derivative contracts, securities lending and securities borrowing arrangements to gain exposure to equities, fixed income, credit, commodities and currency. Using these instruments increases AC's collateral requirements and liquidity risk.

AC has developed forward-looking liquidity risk and cash flow models to periodically assess its liquidity position. AC also maintains a portfolio of highly marketable assets that could be sold or funded on a secured basis to generate liquidity. AC's principal liquidity needs include meeting its pension obligations, funding investment acquisitions, meeting collateral demands related to its use of derivatives, and funding investment management and pension administration expenses.

As of December 31, 2021, AC maintained \$25,137 of available liquid assets (December 31, 2020: \$22,794). Available liquid assets include cash and short term deposits, inflation-linked bonds and government securities.

(i) Terms to Maturity

The term to maturity of AC's derivative and non-derivative liabilities based on fair value is as follows:

As at December 31,	2021				2020			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Debt (undiscounted principal and interest (re)payments) ⁽ⁱ⁾	\$ 2,060	\$ 6,642	\$ 2,325	\$ 11,027	\$ 3,021	\$ 6,091	\$ 2,402	\$ 11,514
Securities sold short	72	278	512	862	217	36	227	480
Securities sold under repurchase agreements	152	—	—	152	—	—	—	—
Payables and other liabilities	619	—	—	619	647	—	—	647
Interest rate contracts	1	—	—	1	—	—	—	—
Credit default contracts	—	—	—	—	3	—	—	3
Equity contracts	221	—	—	221	366	—	—	366
Commodity contracts	15	—	—	15	6	—	—	6
Foreign exchange contracts	292	—	—	292	257	26	—	283
Total	\$ 3,432	\$ 6,920	\$ 2,837	\$ 13,189	\$ 4,517	\$ 6,153	\$ 2,629	\$ 13,299

(i) Includes commercial paper which is due within 1 year of \$1,201 (December 31, 2020: \$2,570).

Other liabilities included in the Consolidated Statement of Financial Position of \$350 (December 31, 2020: \$339) are due within 1 year.

The term to maturity of AC's derivative liabilities based on notional value is as follows:

December 31,	2021				2020			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Interest rate contracts	\$ 126	\$ —	\$ —	\$ 126	\$ 52	\$ —	\$ —	\$ 52
Credit default contracts	632	—	—	632	3,376	—	—	3,376
Equity contracts	11,955	—	—	11,955	20,057	—	—	20,057
Commodity contracts	950	—	—	950	626	—	—	626
Foreign exchange contracts	20,060	—	—	20,060	16,645	1,035	—	17,680
Total	\$ 33,723	\$ —	\$ —	\$ 33,723	\$ 40,756	\$ 1,035	\$ —	\$ 41,791

(ii) Commercial paper

OFT is authorized to issue up to an equivalent of \$5,000 (December 31, 2020: \$5,000) in commercial paper, which is unconditionally and irrevocably guaranteed by AC. As directed by the Investment Risk Policy, total debt with recourse to AC cannot exceed 10 per cent of total Net Investment Assets (gross of debt with recourse to AC). Commercial paper of \$1,201 was issued as at December 31, 2021 (December 31, 2020: \$2,570).

Commercial paper generally has short-term maturities, and the requirement to repay this debt at maturity increases liquidity risk. OFT manages this risk by maintaining a high credit rating and by maintaining an undrawn \$3,750 (December 31, 2020: \$3,750) revolving credit facility with a syndicate of well-capitalized banks to backstop the commercial paper program and to use for other general corporate purposes.

NOTE 4

Investment Liabilities

AC's investment liabilities are as follows:

As at December 31,	2021	2020
Debt	\$ 10,631	\$ 11,221
Securities sold short	862	480
Securities sold under repurchase agreements	152	—
Payables and other liabilities	619	647
Total	\$ 12,264	\$ 12,348

Total debt with recourse to AC is comprised of the following:

As at December 31,	2021			2020		
	Fair Value	Cost	Weighted Average Interest Rate	Fair Value	Cost	Weighted Average Interest Rate
Real Estate						
Credit facilities	\$ 450	\$ 450	0.90 %	\$ 546	\$ 546	1.03 %
Infrastructure						
Secured debt	1,070	1,019	1.43	1,101	998	1.47
OMERS Finance Trust						
Commercial paper ⁽ⁱ⁾	1,201	1,201	0.23	2,570	2,570	0.23
Term notes	7,904	8,120	1.54	7,004	6,855	1.62
Credit facility ⁽ⁱⁱ⁾	6	6	0.50	—	—	—
Total	\$ 10,631	\$ 10,796	1.36 %	\$ 11,221	\$ 10,969	1.26 %

(i) Commercial paper outstanding has maturities from January 5, 2022 to March 29, 2022 with interest rates ranging from 0.13% to 0.30%.

(ii) EUR €225 revolving credit facility expires on September 27, 2023 with an interest rate of EURIBOR + 0.50%. At December 31, 2021, EUR €3.9 was drawn (December 31, 2020: nil).

OFT is authorized to issue term notes, which are unconditionally and irrevocably guaranteed by AC. As at December 31, 2021, term notes totaling \$7,904 are outstanding (December 31, 2020: \$7,004) and details are shown in the table below:

Issuance	Currency	Principal Amount	Maturity	Coupon
April 14, 2020	USD	1,000	April 14, 2023	1.125%
May 2, 2019	USD	1,250	May 2, 2024	2.500%
May 13, 2020	EUR	1,000	May 13, 2025	0.450%
March 26, 2021	USD	1,000	March 26, 2026	1.100%
April 21, 2020	CAD	1,250	April 21, 2027	1.550%
May 14, 2019	CAD	1,000	May 14, 2029	2.600%

NOTE 5

Amounts Payable Under Contractual Agreements

Amounts payable under contractual agreements are comprised of two balances:

- (i) AC invests funds on behalf of The Board of Trustees of Ryerson University and the Transit Windsor Fund (collectively, the Administered Funds) under contractual agreements and may recover expenses for administering such funds. These Administered Funds are adjusted for income (loss) based on their proportionate share of the Primary Plan's net investment income. The Administered Funds have no set maturity date. These funds would become payable within one year of receipt of notice by AC in accordance with the terms of each of the management and custodial agreements between, among others, AC and the Administered Funds.
- (ii) Through its subsidiary OMERS Investment Management Inc., AC established investment arrangements (OMERS Return Agreements) that provide eligible clients with access to the performance of all or parts of the annual investment return of the Primary Plan. The amounts due under the OMERS Return Agreements are adjusted for income (loss) based on an investment return equal to part of the Primary Plan's return. The term to maturity for the amounts due is greater than five years.

Amounts payable under contractual agreements are comprised of the following:

As at December 31,		2021	2020
Administered Funds	\$	1,742	\$ 1,517
OMERS Return Agreements		2,029	1,884
Amounts payable under contractual agreements	\$	3,771	\$ 3,401

NOTE 6

OMERS Primary Pension Plan

A summary of the financial statements of the Primary Plan is as follows:

Statement of Financial Position

As at December 31,	2021	2020
Net Assets Available for Benefits	\$ 120,727	\$ 105,400
Accrued Pension Obligation and Surplus (Deficit)		
Defined benefit component		
Accrued pension obligation	\$ 119,342	\$ 111,820
Surplus (Deficit)		
Funding (deficit) surplus	(3,131)	(3,211)
Actuarial value adjustment of net assets	3,062	(4,444)
	(69)	(7,655)
Additional Voluntary Contributions component obligation	1,454	1,235
Total Primary Plan Accrued Pension Obligation and Surplus (Deficit)	\$ 120,727	\$ 105,400

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,	2021	2020
Statement of Changes in Net Assets		
Net investment income (loss)	\$ 16,415	\$ (3,012)
Contributions	4,499	4,386
Benefits	(5,483)	(5,099)
Pension administrative expenses	(104)	(93)
Total Increase (Decrease)	15,327	(3,818)
Net Assets Available for Benefits, Beginning of Year	105,400	109,218
Net Assets Available for Benefits, End of Year	\$ 120,727	\$ 105,400

Accrued Pension Obligation of the Defined Benefit Component

The accrued pension obligation is the actuarial present value of pension obligations of the Primary Plan in respect of benefits accrued to date for all active and inactive members. This obligation is measured using the same actuarial assumptions and methods as are used for determining the Primary Plan's minimum funding requirements as set out under the PBA. As the experience of the Primary Plan unfolds, and as underlying conditions change over time, the actual value of accrued benefits payable in the future could be materially different from the recorded actuarial present value.

AC used the Projected Benefit Method Prorated on Services for the actuarial valuation and Towers Watson Canada Inc. performed the actuarial valuation. Under the PBA, an actuarial valuation report prepared by an independent external actuarial firm must be filed with FSRA at least once every three years. A Primary Plan valuation report was last filed for the December 31, 2020 year-end.

The following are the primary economic actuarial assumptions used in the actuarial valuation of the Primary Plan as at December 31:

Actuarial Assumptions	2021	2020
Assumed rate of inflation	2.00 %	2.00 %
Real discount rate	3.75	3.85
Nominal discount rate	5.75 %	5.85 %

Demographic assumptions are also used to estimate when future benefits are payable to members and beneficiaries, including assumptions about mortality rates, termination rates and patterns of early retirement. Each of these assumptions is updated periodically, based on a detailed review of the experience of the Primary Plan and on expectations for future trends. AC's external actuaries have provided their opinion that assumptions adopted are appropriate for valuing the Primary Plan's accrued pension obligation.

The retirement assumption is based on an age-based scale and reflects a possibility of retirement after normal retirement age. The mortality assumption is based on Primary Plan experience and includes a projection for longevity improvements in the future.

The assumed real rates of increases of pensionable earnings (i.e., increase in excess of the assumed inflation rate) were last updated in 2018 to reflect recent experience of the Primary Plan and current expectations for future years. They are as follows:

	2021				2020			
	NRA60 ⁽ⁱ⁾		NRA65 ⁽ⁱ⁾		NRA60 ⁽ⁱ⁾		NRA65 ⁽ⁱ⁾	
	Before 2023	After 2022	Before 2023	After 2022	Before 2023	After 2022	Before 2023	After 2022
Assumed real rate of pensionable earnings increases (weighted average of a table of age-related increases)	1.8%	1.9%	1.1%	1.2%	1.8%	1.9%	1.1%	1.2%
Rate of pensionable earnings increases (assumed rate of inflation plus real rate of pensionable earnings increases)	3.8%	3.9%	3.1%	3.2%	3.8%	3.9%	3.1%	3.2%

(i) Members with a Normal Retirement Age of 60 and 65 years of age respectively.

The following table provides the sensitivity of the accrued pension obligation to (i) changes in the real discount rate, and to (ii) changes in the assumed real rate of pensionable earnings increases. A 50 basis point change in the following assumptions (with no change in other assumptions) would have the following approximate effects on the accrued pension obligation:

As at December 31,	2021	2020
Real discount rate		
Decrease in assumption	\$ 9,200	\$ 8,600
Increase in assumption	(8,100)	(7,600)
Real rate of pensionable earnings increases		
Decrease in assumption	(2,000)	(1,800)
Increase in assumption	2,100	2,000

The accrued pension obligation as at December 31, 2021 takes account of known changes in the Primary Plan membership up to October 31, 2021, actual inflationary increases to pension payments and deferred pension payments to be implemented as at January 1, 2022, and estimated pensionable earnings and credited service accruals in 2021.

The Primary Plan's financial position is summarized as follows:

As of December 31,	2021	2020
Primary Plan fair value of net assets available for benefits	\$ 120,727	\$ 105,400
Less: Additional Voluntary Contribution net assets	1,454	1,235
Defined benefit net assets available for benefits	119,273	104,165
Less: Actuarial value adjustment	3,062	(4,444)
Actuarial value of net assets available for benefits	116,211	108,609
Less: Defined Benefit accrued pension obligation	119,342	111,820
Funding (deficit) surplus of actuarial value of net assets available for benefits over accrued pension obligation	(3,131)	(3,211)
Actuarial value adjustment	3,062	(4,444)
(Deficit) Surplus of net assets available for benefits over accrued pension obligation	\$ (69)	\$ (7,655)

Actuarial Value of Net Assets of the Defined Benefit Component

The change in the actuarial value adjustment is as follows:

For the year ended December 31,	2021	2020
Expected interest on beginning actuarial value adjustment ⁽ⁱ⁾	\$ (301)	\$ 291
Current year returns in excess of (below) the actuarial smoothing rate not recognized in the year ⁽ⁱ⁾	7,358	(7,460)
Prior years' returns (above) below the actuarial smoothing rate recognized in the year	449	(2,203)
Increase (Decrease) in actuarial value adjustment	7,506	(9,372)
Actuarial value adjustment, beginning of year	(4,444)	4,928
Actuarial value adjustment, end of year	\$ 3,062	\$ (4,444)

(i) Based on the actuarial smoothing rate in effect during the year of 6.78% (2020: 5.90%).

The unrecognized net investment returns are presented in the table below by the initial year they were earned and by the years in which they are expected to be recognized from 2022 through 2025. These amounts accrete annually at the actuarial smoothing rate for 2022, which is 6.63%.

Initial Year Earned	Actuarial Smoothing Rate in Effect for the Year	Actuarial Value Adjustment as at	Unrecognized Investment Returns to be Recognized in					Actuarial Value Adjustment as at
		Dec. 31, 2021	2022	2023	2024	2025	Dec. 31, 2020	
2017	6.20 %	\$ —	\$ —	\$ —	\$ —	\$ —	1,048	
2018	6.00 %	(830)	(886)	—	—	—	(1,555)	
2019	6.00 %	2,508	1,337	1,426	—	—	3,523	
2020	5.90 %	(5,974)	(2,123)	(2,264)	(2,414)	—	(7,460)	
2021	6.78 %	7,358	1,962	2,091	2,230	2,378	—	
	\$	3,062	\$ 290	\$ 1,253	\$ (184)	\$ 2,378	\$ (4,444)	

Starting from its December 31, 2021 determination, the actuarial value adjustment is constrained to no more than 15% of the fair value of net assets for the Primary Plan. As at December 31, 2021 this constraint had no impact on the actuarial value adjustment.

NOTE 7

Retirement Compensation Arrangement

As the RCA is not a registered pension plan, a 50 per cent refundable tax is levied on all contributions made to the RCA as well as on investment income received and net realized investment gains. This is applicable to retirement compensation arrangements under the ITA. The refundable tax earns no investment income for the RCA; it is refunded on the basis of one dollar for every two dollars of realized losses or benefits paid out.

The pension benefits provided by the RCA are not fully funded but are funded on a modified pay-as-you-go basis in order to minimize the impact of the 50 per cent refundable tax. Contributions to the RCA are based on the top-tier Primary Plan contribution rates applied to contributory earnings over a defined earnings threshold, which was (in dollars) \$180,505 for 2021 (2020: \$168,317). The defined earnings threshold is actively managed and monitored in such a way that current and future contributions to the RCA, together with the existing RCA fund balance and future investment earnings, are expected to be sufficient to provide for projected benefit payments and expenses over the 20-year period following each annual valuation date. Benefits in excess of the maximum amounts payable from the Primary Plan as allowed by the ITA are paid from the RCA.

A summary of the financial statements for the RCA is as follows:

Statement of Financial Position

As at December 31,	2021		2020	
Net Assets Available for Benefits	\$	192	\$	175
Accrued Pension Obligation and Surplus (Deficit)				
Accrued pension obligation	\$	1,144	\$	1,152
(Deficit) Surplus		(952)		(977)
Accrued Pension Obligation and Surplus (Deficit)	\$	192	\$	175

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,	2021		2020	
Net investment income	\$	22	\$	11
Contributions		29		29
Benefits		(33)		(26)
Administrative expenses		(1)		(1)
Total Increase		17		13
Net assets available for benefits, beginning of year		175		162
Net assets available for benefits, end of year	\$	192	\$	175

The accrued pension obligation of the RCA incorporates distinct actuarial assumptions for pensionable earnings increases, mortality rates and retirement rates reflecting the recent experience of its membership and future expectations. The nominal discount rate used for the RCA as at December 31, 2021 is 3.10% (December 31, 2020: 3.15%), which reflects the expected long-term return on the long-term asset mix of the RCA, including the effect of the 50 per cent refundable tax.

The assumed real rate of increases of pensionable earnings (i.e., increase in excess of the assumed inflation rate) were last updated in 2020 and are as follows:

	2021				2020			
	NRA60 ⁽ⁱ⁾		NRA65 ⁽ⁱ⁾		NRA60 ⁽ⁱ⁾		NRA65 ⁽ⁱ⁾	
	Before 2023	After 2022	Before 2023	After 2022	Before 2023	After 2022	Before 2023	After 2022
Assumed real rate of pensionable earnings increases (weighted average of a table of age-related increases)	2.5%	2.6%	1.6%	1.7%	2.5%	2.6%	1.6%	1.7%
Rate of pensionable earnings increases (assumed rate of inflation plus real rate of pensionable earnings increases)	4.5%	4.6%	3.6%	3.7%	4.5%	4.6%	3.6%	3.7%

(i) Normal Retirement Age of 60 and 65 years of age respectively.

A 50 basis point change in the following assumptions (with no change in other assumptions) would have the following approximate effect on the accrued pension obligation:

As at December 31,	2021		2020	
Discount rate before reflecting the 50 per cent refundable tax				
Decrease in assumption	\$	54	\$	56
Increase in assumption		(50)		(52)
Real rate of pensionable earnings increases				
Decrease in assumption		(79)		(97)
Increase in assumption		199		276

NOTE 8

Net Investment Income (Loss)

The OMERS Pension Plans' investment income (loss) by asset class is as follows:

For the year ended December 31,

2021

	Investment Income ⁽ⁱⁱ⁾	Net Gain (Loss) on Investment Assets and Liabilities ⁽ⁱⁱⁱ⁾	Total Investment Income (Loss) ⁽ⁱ⁾	Investment Management Expenses (note 12)	Net Investment Income (Loss)
Fixed Income					
Inflation-linked bonds	\$ 19	\$ 107	\$ 126	\$ (12)	\$ 114
Nominal bonds and debentures	148	(147)	1	(14)	(13)
Private debt and mortgages	551	(107)	444	(83)	361
Total Fixed Income	718	(147)	571	(109)	462
Equities					
Canadian public equities	210	768	978		
Non-Canadian public equities	201	1,247	1,448		
Total public equities	411	2,015	2,426	(109)	2,317
Canadian private equities	257	515	772		
Non-Canadian private equities	434	3,448	3,882		
Total private equities	691	3,963	4,654	(307)	4,347
Total Equities	1,102	5,978	7,080	(416)	6,664
Real Assets					
Infrastructure	1,695	243	1,938	(106)	1,832
Real estate ^(iv)	773	1,516	2,289	(20)	2,269
Total Real Assets	2,468	1,759	4,227	(126)	4,101
Short-Term Instruments					
Cash and short-term deposits	20	(159)	(139)	(6)	(145)
Derivatives	—	5,434	5,434	—	5,434
Investment liabilities	—	363	363	—	363
Total Investment Income (Loss)	\$ 4,308	\$ 13,228	\$ 17,536	\$ (657)	\$ 16,879
Income credited under contractual agreements					(442)
Net Investment Income (Loss)				\$	16,437

For the year ended December 31,

2020

	Investment Income ⁽ⁱⁱ⁾	Net Gain (Loss) on Investment Assets and Liabilities ⁽ⁱⁱⁱ⁾	Total Investment Income (Loss) ⁽ⁱ⁾	Investment Management Expenses (note 12)	Net Investment Income (Loss)
Fixed Income					
Inflation-linked bonds	\$ 35	\$ (104)	\$ (69)	\$ (10)	\$ (79)
Nominal bonds and debentures	127	37	164	(12)	152
Private debt and mortgages	570	(305)	265	(65)	200
Total Fixed Income	732	(372)	360	(87)	273
Equities					
Canadian public equities	214	(1,669)	(1,455)		
Non-Canadian public equities	226	(437)	(211)		
Total public equities	440	(2,106)	(1,666)	(97)	(1,763)
Canadian private equities	57	(219)	(162)		
Non-Canadian private equities	505	(1,124)	(619)		
Total private equities	562	(1,343)	(781)	60	(721)
Total Equities	1,002	(3,449)	(2,447)	(37)	(2,484)
Real Assets					
Infrastructure	1,317	1,047	2,364	(133)	2,231
Real estate ^(iv)	558	(2,414)	(1,856)	(14)	(1,870)
Total Real Assets	1,875	(1,367)	508	(147)	361
Short-Term Instruments					
Cash and short-term deposits	19	(50)	(31)	(5)	(36)
Derivatives ^(v)	—	(931)	(931)	—	(931)
Investment liabilities ^(v)	—	(159)	(159)	—	(159)
Total Investment (Loss) Income	\$ 3,628	\$ (6,328)	\$ (2,700)	\$ (276)	\$ (2,976)
Income credited under contractual agreements					(25)
Net Investment (Loss) Income				\$	(3,001)

- (i) Total Investment Income (Loss) includes interest, dividends and real estate operating income accrued or received net of interest expense on liabilities incurred in investment related activities. Total Investment Income (Loss) is net of external manager performance and pooled fund fees of \$110 (2020: \$106).
- (ii) Interest on investment related activities includes interest expense on real estate investment liabilities of \$443 (2020: \$452) and interest on infrastructure investment liabilities of \$123 (2020: \$161).
- (iii) Net Gain (Loss) on Investment Assets and Liabilities is net of transaction and pursuit costs of \$371 (2020: \$163) and includes a net realized gain of \$8,132 (2020: loss of \$(1,276)) from foreign exchange and sale of assets.
- (iv) Real estate investment income includes Oxford Properties Group's operating expenses (net of property management income) of \$78 (2020: \$94). The total audit costs are \$4 (2020: \$4).
- (v) For 2021 presentation, Net Investment Income (Loss) from Derivatives and Investment liabilities are reclassified from other line items and disclosed as separate asset classes, with no impact to Total Investment (Loss) Income.

NOTE 9

Investment Returns

AC investment returns are calculated using a time-weighted rate of return formula in accordance with industry standard methods, using the following principles:

- Returns are calculated as the percentage of applicable income to the weighted average fair value of the applicable net assets during the period.
- Fair value is determined as described in Note 2.
- Income is determined as described in Notes 2 and 8.
- The OMERS Primary Plan return includes all investments.

The percentage returns for the years ended December 31 are as follows:

For the year ended December 31,	2021	2020
OMERS Primary Plan		
Total Gross Return	16.41 %	(2.35)%
Returns applicable to OMERS Return Agreements		
OMERS Infrastructure	10.88 %	9.29 %
Oxford Properties	12.58 %	(6.68)%

The above OMERS Primary Plan return and OMERS Infrastructure return are before the impact of base and performance fees paid to external fund managers and before investment management expenses. The OMERS Primary Plan net return after all investment costs for the year ended December 31, 2021 was 15.7% (December 31, 2020: (2.7)%).

NOTE 10

Contributions

For the year ended December 31,	2021	2020
Current year required contributions ⁽ⁱ⁾		
From employers	\$ 2,138	\$ 2,093
From members	2,138	2,093
	4,276	4,186
Transfers from other pension plans	64	62
Past service contributions from members	92	78
Past service contributions from employers	14	11
Defined benefit contributions	4,446	4,337
AVC contributions received	82	78
Total contributions ⁽ⁱⁱ⁾	\$ 4,528	\$ 4,415

- Current year service contributions are funded equally by employers and active members. For NRA 65 members, the 2021 contribution rate was 9.0% (2020: 9.0%) of earnings up to \$61,600 (2020: \$58,700) and 14.6% (2020: 14.6%) of earnings above that level. For NRA 60 members, the 2021 contribution rate was 9.2% (2020: 9.2%) of earnings up to \$61,600 (2020: \$58,700) and 15.8% (2020: 15.8%) of earnings above that level.
- As at December 31, 2021, OMERS had 1,030 employers (December 31, 2020: 1,023). OMERS has a process which reconciles contributions for each employer on a member by member basis. This detailed process ensures that contributions are consistent with member information supplied by the employers.

NOTE 11

Benefits

For the year ended December 31,	2021	2020
Retirement benefits	\$ 4,573	\$ 4,287
Disability benefits	29	28
Death benefits	149	149
Transfers to other pension plans	72	65
Commutated value payments	638	543
Defined benefits paid	5,461	5,072
AVC benefits paid	55	53
Total Benefits Paid	\$ 5,516	\$ 5,125

NOTE 12

Pension Administrative and Investment Management Expenses

(a) Pension administrative expenses

For the year ended December 31,	2021	2020
Salaries, incentives and benefits	\$ 68	\$ 60
Technology and systems development	19	12
Premises and equipment	5	4
Professional services and fees ⁽ⁱ⁾	10	12
Travel and communication	3	6
Total Pension Administrative Expenses	\$ 105	\$ 94

(b) Investment management expenses

For the year ended December 31,	2021	2020
Salaries, incentives and benefits ⁽ⁱⁱ⁾	\$ 502	\$ 134
Technology and systems development	42	33
Premises and equipment	29	20
Professional services and fees ⁽ⁱ⁾	33	40
Travel and communication	13	15
Investment management services	41	30
Other (income) expenses	(3)	4
Total Investment Management Expenses	\$ 657	\$ 276

(i) Professional services and fees include independent actuarial costs of \$1 (2020: \$1) and external audit costs of \$3 (2020: \$3).

(ii) Net of management fees of \$44 (2020: \$37) earned from portfolio investments.

NOTE 13

Related Party Disclosures

(Amounts in millions of Canadian dollars)

AC's related parties include employers whose employees are members of the Primary Plan, SC, key management personnel (defined below) and investments in which AC has a controlling interest. Transactions with related parties include the following through AC's investment in real estate:

- AC paid property taxes to municipal employers of \$147 (2020: \$157) and utility payments to utility employers of \$26 (2020: \$29). The amounts of property taxes paid were based on normal levies by the individual municipal employers and were consistent with those that would be paid by a non-related party. The utility payments made to utility employer entities were based on normal usage and rates that would be paid by a non-related party.
- AC earned rental revenue from investee entities of \$27 (2020: \$32). The amounts of rental revenue earned were based on normal levies by the individual entities and were consistent with those that would be paid by a non-related party.
- AC entered into a lease arrangement with an agency of a municipal employer, whose employees are members of the Primary Plan. The terms of the lease are at fair market value and consistent with those that would be paid by a non-related party.

Key Management Personnel Compensation

Key management personnel consist of members of AC's Board of Directors and those senior executives responsible for planning and directing the activities of AC.

For the year ended December 31,	2021	2020
Salaries, short-term employee benefits and termination benefits	\$ 14	\$ 12
Post-employment benefits	1	1
Other long-term benefits	15	10
Total	\$ 30	\$ 23

Other than the above, AC had no other transactions with key management personnel during the year.

NOTE 14

Capital

AC defines its capital as the funded status (surplus (deficit)) of each of the OMERS Pension Plans. The funded status of the OMERS Pension Plans is discussed in Note 6 and Note 7.

AC's objective is to ensure that the Primary Plan's defined benefit component is funded sufficiently to address a variety of funding risks that could reasonably arise over the long term. We aim to achieve this level of funding through managing investments; through setting the discount rate used in the actuarial valuation; and through assisting SC in its management of the Primary Plan's contribution rates and benefits.

Investments (Note 3), the use of derivatives (Note 3D) and leverage (Note 4) are based on asset mix and risk management policies and procedures. AC has a risk framework which describes overall risk-management governance and details the structure for categorizing risks to which the organization is exposed. This complements policies such as the Funding Policy, Statement of Investment Beliefs, Statement of Investment Authorities and Statement of Investment Policies & Procedures (SIP&P).

As the Primary Plan's administrator, AC has adopted a SIP&P for the Primary Plan, which sets investment objectives, guidelines and benchmarks used in investing the Primary Plan's assets, permitted categories of investments, asset-mix diversification and rate of return expectations. The SIP&P also establishes long-

term strategic asset mix ranges and targets by asset class. The actual asset mix at December 31, 2021 was within the long-term asset mix ranges. The SIP&P was originally established in 1989 and is reviewed and approved annually by the Board. The SIP&P effective for the year ending December 31, 2021 was amended on December 10, 2020 with effective date of January 1, 2021.

AC's objective with respect to the RCA is to target a level of funding that ensures that the existing RCA fund, plus projected contributions and projected investment earnings are, in aggregate, sufficient to pay for benefits and expenses for a period of 20 years following the valuation date.

The RCA investments are based on an asset mix and SIP&P separate from those of the Primary Plan. The RCA SIP&P was originally established in 2007 and is reviewed and approved annually by the Board. The SIP&P effective for the year ending December 31, 2021 was last amended on December 10, 2020 with effective date of January 1, 2021.

The Primary Plan's AVC component accrued pension obligation is based on AVC contributions net of withdrawals and administration fees, plus net investment rates of return of the defined benefit component of the Primary Plan; as such, it does not have a surplus (deficit) position.

The Supplemental Plan has no members, net assets or accrued pension obligations. The Supplemental Plan SIP&P was last amended on December 31, 2020.

NOTE 15

Segment Information

AC's reporting segments are the asset classes defined in the Primary Plan's SIP&P. Management uses the SIP&P asset classes to assess AC's investment diversification, risk management and performance.

A. Investments by Segment

As at December 31,	2021	2020
	Fair Value	Fair Value
Fixed Income		
Bonds	\$ 6,931	\$ 3,783
Credit	16,610	18,467
	23,541	22,250
Equities		
Public Equity	18,268	14,770
Private Equity	19,761	14,780
	38,029	29,550
Real Assets		
Infrastructure	24,036	22,083
Real Estate	19,843	15,047
	43,879	37,130
Cash and Short-Term Instruments	17,097	18,320
Total Investments	\$ 122,546	\$ 107,250
Reconciliation to Investments by asset class (note 3A)		
OMERS Return Agreements	2,029	1,884
RCA ⁽ⁱ⁾	120	105
Other	(256)	(624)
Net Investments Assets (note 3A)	\$ 124,439	\$ 108,615

(i) Excludes refundable tax account

B. Net Investment Income (Loss) by Segment

For the year ended,	2021	2020
Fixed Income		
Bonds	\$ 85	\$ 67
Credit	934	(793)
	1,019	(726)
Equities		
Public Equity	6,589	(586)
Private Equity	3,975	(1,100)
	10,564	(1,686)
Real Assets		
Infrastructure	2,267	1,767
Real Estate	2,532	(1,945)
	4,799	(178)
Cash and Short-Term Instruments	267	(463)
	16,649	(3,053)
Less: Administered Funds	234	(41)
Total Primary Plan Fund	16,415	(3,012)
Add: RCA Investment Fund	22	11
Net Investment Income (Loss)	\$ 16,437	\$ (3,001)

NOTE 16

Guarantees, Commitments and Contingencies

AC enters into guarantees, commitments and contingencies in the normal course of business.

Guarantees are provided to third parties with respect to certain investments. The maximum amount payable under guarantees, standby letters of credit and contingent amounts payable provided as part of investment transactions was \$2.8 billion as at December 31, 2021 (December 31, 2020: \$3.3 billion).

Future financial commitments and contingencies include those relating to acquisitions of investments, funds managed by third parties, development of real estate projects and refurbishment of a major infrastructure asset. As at December 31, 2021, \$3.4 billion (December 31, 2020: \$2.0 billion) is expected to be due within one year and \$14.7 billion (December 31, 2020: \$15.0 billion) is expected to be due after one year.

AC indemnifies its directors, officers, certain employees, its business units and certain others in connection with proceedings against them to the extent that these individuals are not covered under another arrangement. In addition, AC may in certain circumstances in the course of investment activities agree to indemnify a counterparty. Under the terms of such arrangements, AC may be required to compensate these parties for costs incurred as a result of various contingencies such as changes in laws and regulations or legal claims. The contingent nature of the liabilities in such agreements and the range of indemnification prevent AC from making a reasonable estimate of the maximum amount that would be required to pay such indemnifications.

As at December 31, 2021, AC was involved in certain litigation and claims. The outcome of such litigation and claims is inherently difficult to predict; however, in the opinion of Management, any liability that may arise from such contingencies would not have a material adverse effect on the Consolidated Financial Statements.

ANNEX B: 2021 Management's Discussion and Analysis

FUNDED RATIO

97%

2020: 97%

NET RETURN

15.7%

Benchmark: 6.6%
2020: (2.7)%

REAL DISCOUNT RATE

3.75%

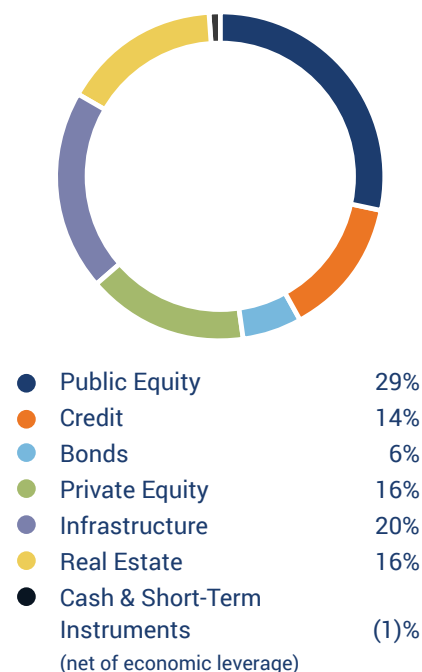
2020: 3.85%

NOMINAL DISCOUNT RATE

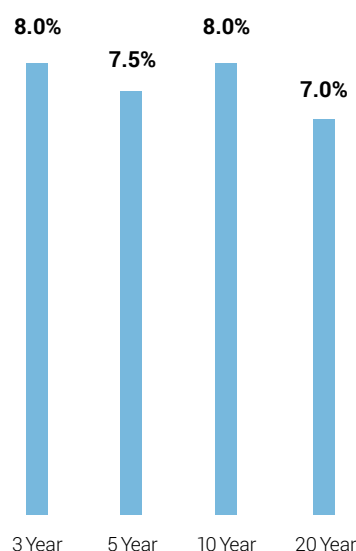
5.75%

2020: 5.85%

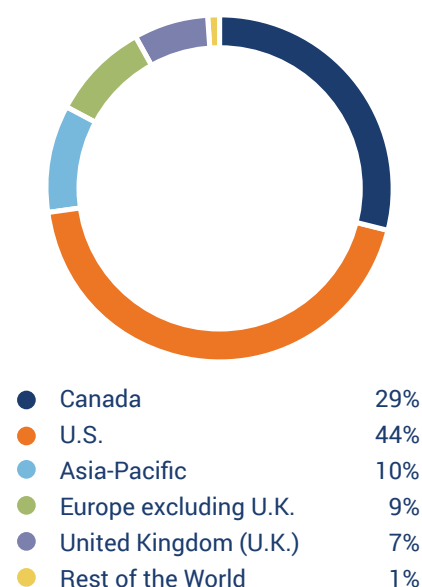
2021 ASSET MIX



Historical Net Returns



2021 ASSETS BY GEOGRAPHY



NET ASSETS (\$ BILLIONS)





Solar Panels at Yorkdale Shopping Centre, Canada

This Management's Discussion & Analysis ("MD&A") is the responsibility of the Management of OMERS Administration Corporation (AC) and OMERS Sponsors Corporation (SC). It contains Management's analysis of the OMERS Pension Plans' financial condition, operational results, approach to sustainable investing and the environment in which the Plans operate, and should be read in conjunction with AC's Consolidated Financial Statements. The OMERS Pension Plans comprise the OMERS Primary Pension Plan (Primary Plan or Plan), the Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan, and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan).

The AC Board of Directors has reviewed and approved the contents of this MD&A, as at February 28, 2022. The SC Board of Directors has reviewed and approved those sections that are relevant to SC's mandate, as at February 23, 2022.

In addition to historical information, this MD&A contains forward-looking statements with regard to Management's strategy, objectives, outlook and expectations. Forward-looking statements made in this MD&A represent Management's views at the date of this report and Management does not undertake to update or revise any forward-looking statements as a result of new information, future events or otherwise. Many factors affect the Plans' performance, such as changes in market conditions, interest rates, demographics, technological factors, environmental and climate factors, and the ongoing health and other effects of the COVID-19 pandemic. Investment returns and values will fluctuate. Past performance is not a guide to or indicative of future results.

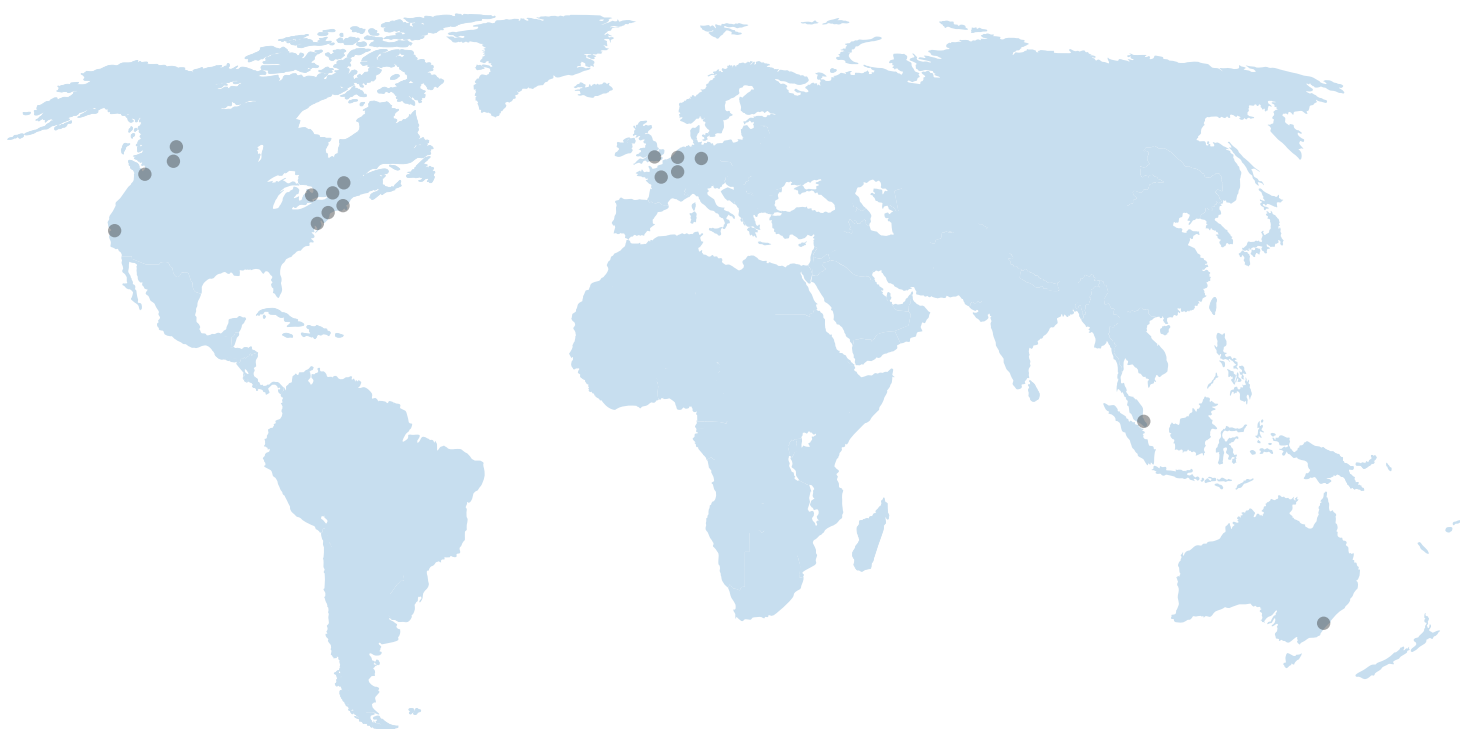
We use certain financial measures that are not based on Generally Accepted Accounting Principles (GAAP) as key metrics in our financial reporting to enable our readers to better understand our condition and results. Non-GAAP financial terms are listed and defined in the Glossary section of this MD&A.

Interests in the Plans are not and will not be offered or sold in the U.S., or to or for the account of U.S. persons, as defined by U.S. securities law.

Overview of OMERS

Founded in 1962, OMERS is a jointly sponsored, defined benefit pension plan, with approximately 1,000 participating employers ranging from large cities to local agencies, and over half a million active, deferred and retired members. Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children's aid societies across Ontario. Contributions to the OMERS Pension Plans are funded equally by members and employers.

OMERS teams work in Toronto, London, New York, Amsterdam, Luxembourg, Singapore, Sydney and other major cities across North America and Europe – serving members and employers, and originating and managing a diversified portfolio of high-quality investments in public markets, private equity, infrastructure and real estate.



Overview of the OMERS Pension Plans

The OMERS Pension Plans comprise the OMERS Primary Pension Plan (Primary Plan or Plan), the Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan, and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan).

OMERS Primary Pension Plan

The Primary Plan is a multi-employer, jointly sponsored pension plan, created in 1962 by an Act of the Ontario Legislature, whose members are mainly employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff. The Primary Plan is governed by the OMERS Act, the Pension Benefits Act (Ontario) (PBA), the Income Tax Act (Canada) (ITA) and other applicable legislation. The benefit provisions and other terms of the Primary Plan are set out in the Primary Plan text. The Primary Plan consists of both the defined benefit component and the Additional Voluntary Contribution (AVC) component.

The Primary Plan is registered with the Financial Services Regulatory Authority of Ontario (FSRA) and with the Canada Revenue Agency (CRA) under Registration #0345983. Attributes of the defined benefit component of the Primary Plan include:

- 1. Funding** The defined benefit component of the Primary Plan is funded by equal contributions from participating employers and members, and by the investment earnings of the Primary Plan assets. AC determines the regulatory minimum and maximum funding requirements in accordance with the PBA and the ITA. SC sets actual contribution rates and benefits.
- 2. Pensions** The defined benefit component of the Primary Plan is designed to provide lifetime defined benefit pensions, and its funding requirements are determined on a long-term basis. These pensions are calculated as a percentage of the member's annual earnings averaged over the highest 60 consecutive months, multiplied by years of credited service.
- 3. Normal Retirement Age** The normal retirement age (NRA) is 65 years for all Primary Plan members, except for police officers and firefighters, who generally have a normal retirement age of 60 years. Effective January 1, 2021, an OMERS employer can elect to provide NRA 60 benefits to all or a class of paramedics. For unionized employees, access to NRA 60 benefits is subject to negotiation between employers and unions.
- 4. Death Benefits** Benefits are payable upon the death of a member to a surviving spouse, eligible dependent children, a designated beneficiary, or to the member's estate. Depending on eligibility requirements, the benefits may be paid in the form of a survivor pension, lump sum payment or both.
- 5. Escalation of Pensions** Inflation protection increases pensions each year, based on the increase in the average of the Canadian Consumer Price Index (CPI) for the preceding 12-month period ending in October compared to the average CPI for the same period of the previous year, as follows:
 - Benefits earned on or before December 31, 2022 receive full inflation protection, up to a maximum annual increase of 6%. Any excess is carried forward so it can be used in later years if and when CPI increases by less than 6%.
 - Benefits earned on or after January 1, 2023 are subject to shared risk indexing, meaning that the level of inflation protection will depend on SC's annual assessment of the financial health of the OMERS Plan, and may be less than the full inflation protection.
- 6. Disability Pensions** A disability pension is available at any age to an active member who becomes totally disabled as defined by the Primary Plan. The pension is calculated using a member's years of credited service and the average annual earnings during the member's highest 60 consecutive months of earnings consistent with a normal retirement pension. Generally, disability pensions continue until normal retirement.
- 7. Income Taxes** The Primary Plan is a Registered Pension Plan as defined in the ITA and is not subject to income taxes for contributions received or investment income earned. The operations of certain entities holding private equity, infrastructure, private credit or real estate investments may be taxable.

AVC Component

The AVC component of the Primary Plan permits members to make additional voluntary contributions on which the member earns the annual net investment return of the Primary Plan. The liability of the Primary Plan, with respect to the AVC component, is equal to members' AVC contributions, plus (if positive) or minus (if negative) the prorated, full-year net investment rate of return earned by the defined benefit component of the Primary Plan over the period of time that the AVC contributions had been invested. Funds invested in AVCs earned the Primary Plan's return of 15.7% in 2021. In 2020, funds invested in AVCs earned the Primary Plan's return of (2.7)%.

Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan

The RCA is an arrangement that provides pension benefits for Primary Plan members with earnings exceeding the amount that generates the maximum pension allowed by the ITA with respect to service after 1991. It is a separate trust arrangement and is not governed by the PBA and is not a Registered Pension Plan under the ITA. The RCA is governed by the OMERS Act, the ITA and other applicable legislation. It is funded on a modified pay-as-you-go basis by equal contributions from participating employers and active members and by the investment earnings of the RCA fund.

Current and future contributions are determined annually to ensure that the existing RCA fund and future investment earnings are expected to be sufficient to pay projected benefits and expenses over the 20-year period following each actuarial valuation date. The RCA net assets available for benefits are invested and accounted for separately from the Primary Plan and the Supplemental Plan, and the accrued pension obligation of the RCA is valued separately from the Primary Plan and Supplemental Plan accrued pension obligations. Expenses of the RCA are paid from the cash flows of the RCA fund.

OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics

The Supplemental Plan offers optional benefits for members of the police sector, firefighters and paramedics. It became effective on July 1, 2008, pursuant to the requirements of the OMERS Act. The benefit provisions and other terms of the Supplemental Plan are set out in the Supplemental Plan text. The Supplemental Plan is registered with FSRA and with the CRA under Registration #1175892.

Until March 31, 2024, unless the Supplemental Plan has sufficient funds based on the portion of contributions allocated for administrative expenses, any administrative costs of the Supplemental Plan are funded through a startup grant from the Province of Ontario.

Participation in the Supplemental Plan is effective only upon agreement between employee groups and their employer. As at December 31, 2021 and December 31, 2020, no such agreement existed and hence the Supplemental Plan had no assets, no liabilities and no members.

Primary Plan Funded Status

The Plan's funded status is an indicator of its long-term financial health. As at December 31, 2021, the Plan's funded ratio remained unchanged at 97%, while its funding deficit decreased from \$3.2 billion to \$3.1 billion. Unrecognized investment gains or losses increased from a cumulative loss of \$4.4 billion to a cumulative gain of \$3.1 billion.

OMERS has taken steps in recent years to manage continuing funding risks that could impair our objective of providing sustainable, affordable and meaningful pensions to current and future members. These steps include progressively lowering the discount rate and amending the Plan to introduce shared risk indexing, which, if invoked, will allow us to share risk more equitably between active and retired members as the Plan matures. Despite this progress, and even though the investment return in 2021 improved the Plan's financial health, we believe that the Plan's funding risk profile remains high.

The following table summarizes the Plan's financial condition, excluding the AVC component, at December 31, 2021 and 2020:

\$ billions unless otherwise indicated	December 31, 2021	December 31, 2020
Funding deficit ¹	(3.1)	(3.2)
Funded ratio ²	97%	97%
Nominal discount rate	5.75%	5.85%
Real discount rate	3.75%	3.85%
Net assets on a smoothed basis	116.2	108.6
Net assets on a fair value basis	119.3	104.2
Pension obligations	119.3	111.8
Unrecognized investment gains or (losses) ³	3.1	(4.4)

1 The difference between the net assets on a smoothed basis and the pension obligations.

2 The net assets on a smoothed basis divided by the pension obligations.

3 The difference between the net assets on a fair value basis and the net assets on a smoothed basis.

The funding deficit and funded ratio are calculated by comparing the value of pension obligations on a going-concern basis to the smoothed value of assets. Under this approach investment returns above or below the 'smoothing rate' are smoothed into the value of assets over a five-year period. The 'smoothing rate' is described in Note 2 to the Consolidated Financial Statements. In doing so, contribution rates can be set, and benefits designed, without putting undue emphasis on short-term investment performance and volatility. The difference between the fair value and the smoothed value of assets is known as unrecognized net investment gains or losses; these unrecognized amounts will be recognized in the smoothed value of assets, the funded ratio and the funding deficit over the next four years.

The following table presents the movements in the funded ratio and funding deficit from December 31, 2020 to December 31, 2021:

	Funded Ratio %	Funding Deficit \$ billions
Beginning of year	97	(3.2)
Interest on deficit	n/a	(0.2)
Contributions from members and employers to pay down the deficit	–	0.5
Smoothed investment return above the discount rate	2	2.4
Plan experience and other factors	(1)	(0.9)
Reduction in the real discount rate by 10 basis points	(1)	(1.7)
End of year	97	(3.1)

On a fair value basis, the funded ratio increased from 93% as at December 31, 2020 to 100% as at December 31, 2021, as the Plan's assets grew more than its pension obligations during the year. The deficit reduced from \$(7.6) billion to \$(0.1) billion over the same period.

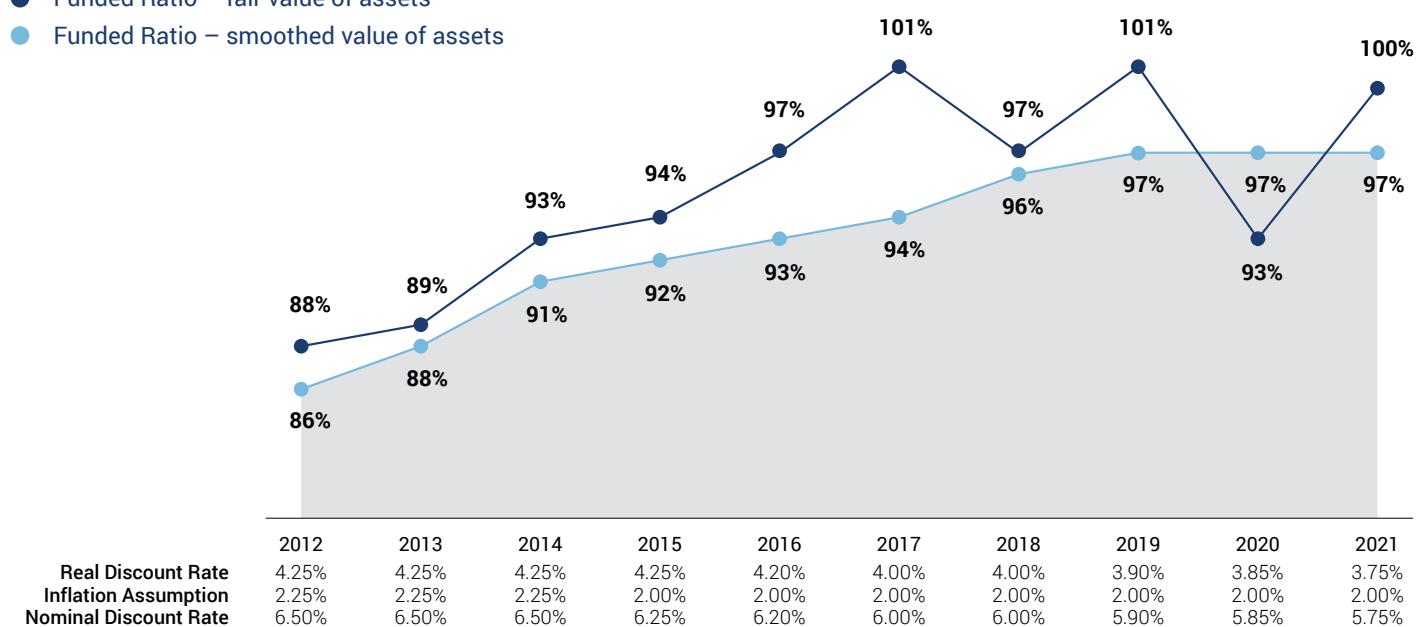
The differences in the funded ratio and the deficit between the smoothed and fair value basis are presented below:

	December 31, 2021		December 31, 2020	
	Funded Ratio %	Surplus (Deficit) \$ millions	Funded Ratio %	Surplus (Deficit) \$ millions
Smoothed basis	97	(3,131)	97	(3,211)
Unrecognized investment gains or (losses)	3	3,062	(4)	(4,444)
Fair value basis	100	(69)	93	(7,655)

The following chart tracks the funded status of the Plan over the past 10 years on a fair value and smoothed value basis.

PLAN FUNDED RATIO

- Funded Ratio – fair value of assets
- Funded Ratio – smoothed value of assets



DISCOUNT RATE

For long-term strategic and risk management purposes, Management values the Plan's pension obligations, measures its financial health and assesses its funding risk using both the current discount rate and a target real discount rate of 3.00%. This target real discount rate is reviewed annually.

We intend to lower the real discount rate over time, as a lower discount rate can help make the Plan more resilient to the funding risks we see on the horizon. We are doing this incrementally so that we balance our long-term financial health with benefit and contribution rate stability.

Consistent with our strategy, the historical funded ratios in the chart above reflect a progressively lower discount rate. We reduced the inflation component of our nominal discount rate from 2.25% to 2.00% in 2015. We reduced the real discount rate by a total of 50 basis points since 2015, including a 10 basis point reduction in 2021, from 3.85% to 3.75%.

Our objective is to reduce the real discount rate by at least 5 basis points per year toward our target real discount rate by 2035.

The table below presents the impact of a 5 basis point reduction in the real discount rate on the following metrics:

	December 31, 2021	December 31, 2020
Pension obligation	+ \$0.9 billion	+ \$0.8 billion
Normal cost as a percentage of pay	+ 0.2%	+ 0.2%

Normal cost is the value of pension benefits members will earn in the next year, expressed as a percentage of those members' contributory earnings. The normal cost of benefits accruing in 2022 is 18.3% of contributory earnings. This normal cost is calculated based on a real discount rate of 3.75%.

Plan Changes

There were no changes to contribution rates or benefits in 2021 and contribution rates and benefits will remain unchanged in 2022. The Plan's blended contribution rate for 2022 is estimated to be 21.0%

of contributory earnings (2021 – 21.3%). This rate exceeds the minimum funding contribution rate required by law. The year-over-year decrease of 30 basis points in the Plan's blended contribution rate stems from changes in Canada's wage environment: a lower contribution rate is assessed on members' earnings below the average Canadian wage, and when the average wage in Canada increases, as it significantly did in 2021 due to pandemic-induced job losses at lower wage levels, the threshold for earnings assessed at the lower contribution rate rises.

Pension payments in 2022 will increase by 2.74% from their 2021 levels on account of inflation. In accordance with the Plan Text, we calculate the annual inflationary increases as the average of the Canadian Consumer Price Index (CPI) for the preceding 12-month period ending in October compared to the average CPI for the same period of the previous year.

Challenges Facing the Plan

Immediate funding challenges include near-term headwinds from higher levels of inflation and from the impact of the pandemic on the global economy and on OMERS employers' workforces. Long-term funding challenges include the expectation of lower future investment returns, increasing plan maturity and potential adverse demographic experience, as described below. The Plan remains underfunded and is maturing; it does not yet have sufficient reserves to mitigate the impact of these risks.

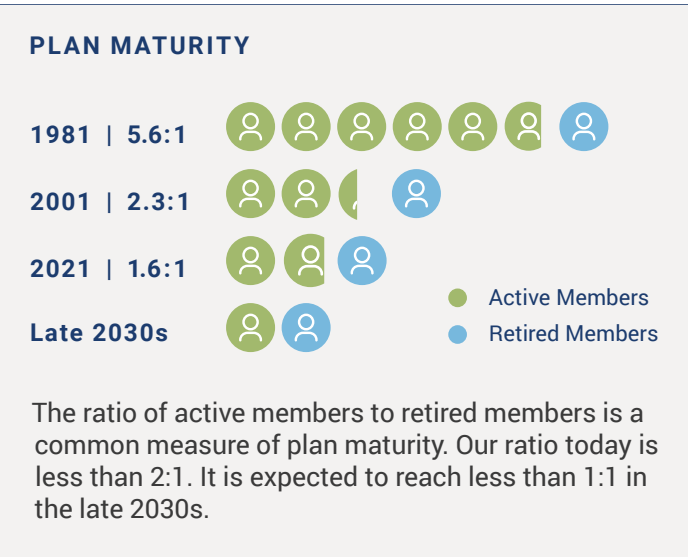
Management regularly models these funding risks and continues to assess options for improving the Plan's long-term financial health and for strengthening the Plan's resilience.

Increasing Plan Maturity

The Plan is maturing; this means that our retired membership base is increasing relative to our active member population. Plan maturity could be accelerated if member life expectancy increases; if we experience a slowing growth rate of active contributing membership due to shifting workforce trends and the changing nature of work; if active

members seek to retire earlier than expected from historical norms; or if member longevity continues to increase, as discussed below.

Importantly, as the ratio of active to retired members continues to decline, annual pension payments will increasingly exceed annual pension contributions; in 2021, these totalled \$5.4 billion and \$4.4 billion, respectively. We expect the deficiency between the contributions received and benefits paid will continue to widen each year. This trend increases the Plan’s reliance on investment income to pay pensions, making the Plan more vulnerable to economic downturns. Our risk tolerance therefore decreases as the Plan matures.



In 2021, we commissioned a study on our active membership base to identify feasible growth scenarios. That study suggests that growth in OMERS active membership may slow over the long-term, relative to the growth in the general Ontario population, further increasing Plan maturity. We have incorporated the results of this study into our management and assessment of the Plan’s long-term financial health.

Inflation

During 2021, Canada’s year-over-year inflation rate rose to 4.8%, which is its highest level in 30 years. While this heightened level of inflation may be transitory, a scenario of persistent high inflation

could have a range of consequences for the Plan’s financial health. As inflation rises, members contributory earnings may rise, expected benefit payments increase, and the Plan’s future pension obligations grow.

The impact of variable or higher-than-expected inflation on the Plan’s future expected investment returns is unpredictable: some assets will benefit, while others will be negatively affected. However, we believe that our significant allocation to real assets, and our low allocation to nominal bonds, should help to mitigate inflation risk.

Lower, Uncertain and Volatile Investment Return Expectations

The long-term impacts of COVID-19 on the global economy and on future investing opportunities remain uncertain.

The impacts of climate change, and the progress of global economies toward emission reductions to mitigate those impacts, are similarly unclear and present investment risk.

Increased geopolitical tensions could also impede long-term returns.

As a result, global growth could be slow and erratic, and volatile public equity valuations, persistently low real interest rates and fierce competition for private assets could further reduce future long-term investment returns. Should our investment returns underperform our long-term return expectations, the Plan could require increased contributions, decreased benefits or both to fund the resulting incremental deficit.

To manage this risk, OMERS regularly monitors the suitability of our investment strategies and periodically conducts studies to inform the selection of our asset mix. OMERS last conducted an Asset-Liability Study in 2019 and plans to complete a new study in 2022.

Adverse Demographic Experience

Adverse demographic experience includes greater than expected improvements in life expectancy (from increased longevity), higher than expected salary increases, and accelerated member retirements and

termination trends. If demographic experience differs adversely from our expectations we may be required to increase the value of our pension obligations and, therefore, our funding requirements.

Life expectancy, in particular, has steadily increased over time. This means that retirees have been collecting pensions for longer periods. Our valuation assumes that longevity will continue to improve; however, to the extent that longevity improves faster than our current assumption, our pension obligations will increase.

Changes in the wage environment can also impact demographic experience. To the extent that the average Canadian wage increases at a higher pace than OMERS members' actual wages increase, as transpired in 2021 due to pandemic-induced job losses at lower wage levels in Canada, the overall contributions OMERS receives may be lower than our expectations.

We monitor our demographic experience against actuarial assumptions annually and conduct a detailed experience study at least once every five years, with the most recent study completed in 2018.

RCA Funding

The RCA is funded on a modified pay-as-you-go basis and, unlike the Primary Plan, is not meant to be prefunded, given the tax implications of funding non-registered pension plans. We target a level of funding that ensures that the existing RCA fund, plus projected contributions and projected investment earnings are, in aggregate, sufficient to pay for benefits and expenses for a period of 20 years following the valuation date.

The RCA fund consists of i) a refundable tax account, which is a non-interest-bearing account with the CRA and ii) passively managed Canadian and Foreign Equity Funds.

Because the RCA's partial funding model is based on contributions more than investment returns, it is resilient to lower-than-expected investment returns.

The RCA's primary risk is that contributions collected will be insufficient to meet its 20-year funding target. This risk is compounded by the fact that the level of RCA contributions is dependent on Primary Plan contribution rates and on the number of active members who contribute to the RCA.

The RCA is also subject to increasing plan maturity and its associated risks.

OMERS continually monitors these risks and reflects them in our actuarial assumptions. Those assumptions are set out in Note 7 of the Consolidated Financial Statements.

During the year ended December 31, 2021, the RCA earned net investment income of \$22 million (2020 – \$11 million) and collected contributions of \$29 million (2020 – \$29 million). It paid out benefits of \$33 million (2020 – \$26 million) and administrative expenses of \$1 million (2020 – \$1 million). These activities resulted in a net increase in the net assets available for benefits of \$17 million (2020 – \$13 million).

At December 31, 2021, the RCA's net assets totalled \$192 million (2020 – \$175 million) and its accrued pension obligations were \$1,144 million (2020 – \$1,152 million).

Investment Results: Primary Plan

NET RETURN

15.7%

Benchmark: 6.6%
2020: (2.7)%
5-year average: 7.5%

NET INCOME

\$16.4B

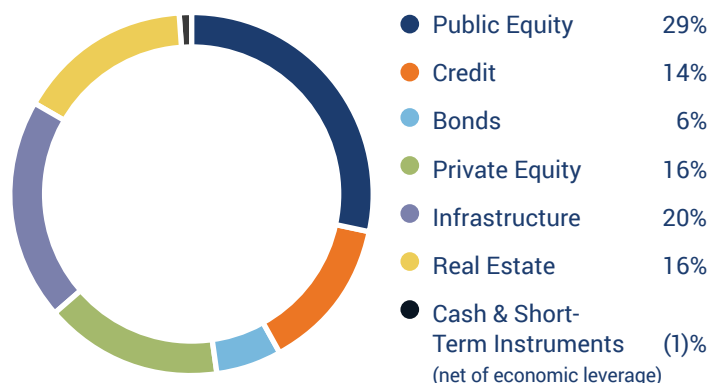
2020: \$(3.0)B

NET ASSETS

\$120.7B

2020: \$105.4B

ASSET MIX



Results

In 2021, the Primary Plan's return, net of expenses, was 15.7%, or \$16.4 billion. This compares to a one-year absolute benchmark, approved by the AC Board in December 2020, of 6.6%, and a loss of 2.7%, or \$3.0 billion in the prior year.

In Management's view, OMERS portfolio, and the investment strategies that shape it, were positioned well to capitalize on the opportunities that arose during the economic recovery in 2021. As a result, our 2021 results significantly exceeded our one-year benchmark. The specific, primary factors explaining this year's outperformance relative to our benchmark are presented in the Highlights on page 5. All asset classes exceeded their one-year benchmarks.

Asset class investment returns for the Primary Plan and RCA for 2021 and 2020 are included in the table below.

For the years ended December 31,	2021			2020		
	Net Investment Income \$ millions	Net Rate of Return %	Benchmark %	Net Investment Income \$ millions	Net Rate of Return %	Benchmark %
Bonds	85	1.3		67	1.1	
Credit ¹	934	5.8		(793)	(4.3)	
Public Equity	6,589	20.7		(586)	1.5	
Cash and Short-Term Instruments	267	n/a		(463)	n/a	
Total Public Investments	7,875	14.6	5.8	(1,775)	(3.1)	5.5
Private Equity	3,975	25.8	8.0	(1,100)	(8.4)	9.0
Infrastructure	2,267	10.7	7.9	1,767	8.6	7.8
Real Estate	2,532	15.9	6.1	(1,945)	(11.4)	7.5
Total	16,649	15.7	6.6	(3,053)	(2.7)	6.9
Less: Income Credited to Administered Funds	234	15.7	6.6	(41)	(2.7)	6.9
Total Primary Plan	16,415	15.7	6.6	(3,012)	(2.7)	6.9
RCA Investment Fund²	22	20.7	20.5	11	11.6	12.6

1 Credit includes private credit investments. These assets have observable public market comparables and are reported with public investments.

2 Excludes the RCA refundable tax account with the Canada Revenue Agency. The RCA net rate of return including the refundable tax account in 2021 is 12.0%, compared to 6.4% in 2020.

The Plan's Benchmarks and Investment Return History

We measure our investment performance annually. Each year, we aim to earn returns that meet or exceed one-year benchmarks approved by the AC Board, generally in December of the prior year. We set return and income benchmarks for asset classes and for the Plan overall.

OMERS benchmarks are for absolute rather than relative returns. We set absolute return benchmarks because we believe that it is important to annually grow our assets, irrespective of market volatility and economic conditions, given the Plan's current funding risk profile.

We establish our public asset benchmarks by considering long-term return assumptions for our public equities and fixed income investments and incorporating forecasted market conditions and portfolio allocations. We establish our private asset benchmarks through a bottom-up, investment-by-investment approach, using budgeted cash flows from our investee companies and real estate assets. Short- and long-term variable incentive compensation is tied to actual performance against these benchmarks.

Our benchmarks exclude the effect of potential foreign currency changes. They are also net of budgeted expenses.

We also measure our investment performance over multi-year periods, as pensions are paid over decades. To that end, we aim to earn average multi-year returns that exceed the geometric average of the one-year benchmarks set for the same periods. Management assesses those geometric average one-year benchmarks relative to the average annual return expectation of 7% set out in our Board-approved Statement of Investment Policies and Procedures ("SIP&P").

The table below sets out OMERS 2021 net return, and our historical net returns over relevant multi-year periods:

	1-Year	3-Year	5-Year	10-Year
Net Return	15.7%	8.0%	7.5%	8.0%
Benchmark	6.6%	7.0%	7.1%	7.4%

Asset Allocation and Exposure

Our Board-approved target asset mix is designed to mitigate long-term risk and deliver long-term returns to meet pension obligations: we diversify our assets across asset type, economic sector and geography. Our long-term target asset mix is summarized in the adjacent chart.

Long-term Target Asset Mix	
Fixed Income	30%
Bonds	10%
Credit	20%
Equities	45%
Public Equities	30%
Private Equities	15%
Real Assets	45%
Infrastructure	22.5%
Real Estate	22.5%
Short-Term Instruments	(20)%
(includes cash and equivalents and net of economic leverage)	

Our net exposure at December 31, 2021 totalled \$122.5 billion (2020 – \$107.3 billion), as set out in the table below. Net exposure at the end of 2021 includes balances related to administered funds of \$1.7 billion (2020 – \$1.5 billion), and other balances of \$0.1 billion (2020 – \$0.4 billion).

As at December 31,	2021		2020	
	Net Exposure \$ millions	Asset Mix %	Net Exposure \$ millions	Asset Mix %
Fixed Income				
Bonds	7,684	6.3	6,203	5.8
Credit	16,912	13.8	18,432	17.2
	24,596		24,635	
Equities				
Public Equity	36,008	29.4	33,193	30.9
Private Equity	19,761	16.1	14,780	13.8
	55,769		47,973	
Real Assets				
Infrastructure ¹	24,036	19.6	22,083	20.6
Real Estate ¹	19,843	16.2	15,047	14.0
	43,879		37,130	
Short-Term Instruments				
Cash	17,097	14.0	18,320	17.1
Economic Leverage	(18,795)	(15.4)	(20,808)	(19.4)
	(1,698)		(2,488)	
Total	122,546	100.0	107,250	100.0
Less: Administered Funds & Other Balances	1,819		1,850	
Total Primary Plan	120,727		105,400	

Our asset mix includes physical exposures plus derivative exposures. We include our net economic derivative exposure within each relevant asset class, and present a corresponding offset (equal to the sum of all of our net economic derivative exposures across all asset classes) in the "Economic Leverage" category.

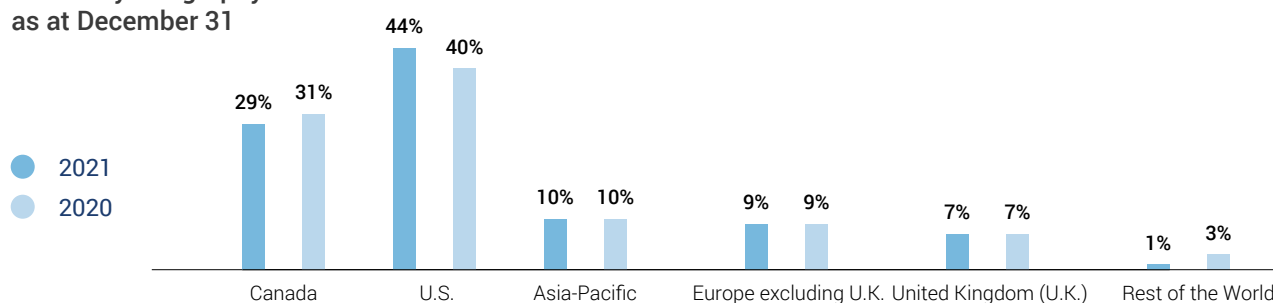
¹ Presented net of liabilities related to OMERS Return Agreements, which are presented in Note 5 to the Consolidated Financial Statements.

Geographic Exposure

OMERS portfolio is diversified across geographies. While Canada continues to offer strong long-term investment opportunities, prudence and related risk-management practices make it appropriate to diversify investments across global markets with different growth profiles. This includes increasing our exposure to the Asia-Pacific region.

The chart below presents the Plan's diversification by geography.

**Assets by Geography
as at December 31**



Currency Exposure

Historically, we used foreign currency forward contracts to hedge a large proportion of our exposure to foreign currencies. Since 2020, we have been reducing our currency hedging positions and increasing our exposure to foreign currencies, to enhance liquidity management and portfolio diversification. As at December 31, 2021, 42% of our net exposure was exposed to foreign currencies, compared to 29% at the end of 2020.

Our exposures to currencies, net of any hedging effects, are summarized in the table below:

At December 31,	2021		2020	
	\$ millions	% of portfolio	\$ millions	% of portfolio
Canadian Dollar	70,776	58	76,154	71
United States Dollar	30,988	25	17,954	17
British Pound Sterling	5,984	5	4,328	4
Euro	3,531	3	197	0
Other	11,267	9	8,617	8
Total	122,546	100	107,250	100

During the year, the Canadian dollar strengthened relative to most of the other currencies in which OMERS invests. This resulted in \$0.5 billion of unrealized foreign currency losses on our unhedged exposures, compared to \$2.3 billion of unrealized foreign currency losses on our unhedged exposure to foreign currencies in 2020.

Industry Exposure

OMERS portfolio is diversified across industries. The table below presents OMERS net exposure by industry at December 31, 2021 and 2020.

As at December 31,	2021	2020
Real Estate	16%	14%
Utilities	11%	11%
Industrials	11%	11%
Financials	10%	13%
Cash & Equivalents	9%	10%
Health Care	9%	8%
Government	8%	9%
Information Technology	8%	6%
Consumer Discretionary	6%	5%
Energy	4%	4%
Communication Services	4%	4%
Consumer Staples	2%	3%
Materials	2%	2%
Total	100%	100%

Liquidity and Capital Resources

We manage our liquidity and capital requirements through a diverse set of funding sources, including income generated from investments, the issuance of guaranteed commercial paper and term debt by OMERS Finance Trust (OFT), maintaining a portfolio of highly marketable securities, the use of derivatives and repurchase agreements, and contributions from our Plan members and employers. Our principal liquidity needs include meeting our pension obligations, funding investment acquisitions, meeting collateral demands related to our use of derivatives, and funding investment management and pension administration expenses.

OFT is an independent entity that issues debt unconditionally and irrevocably guaranteed by AC. OFT extends loans to entities in which AC has a majority economic interest.

Below is a summary of our available sources of liquidity:

As at December 31,	2021 \$ billions	2020 \$ billions
Cash and Short-term Deposits	17.9	19.7
Government Bonds ¹	4.3	1.1
Inflation-Linked Bonds	2.9	2.0
Marketable Securities	20.4	16.5
Undrawn OFT Credit Line Capacity ²	4.1	4.1

¹ Government Bonds include U.S. Government Treasury Bonds and Canadian Government Bonds.

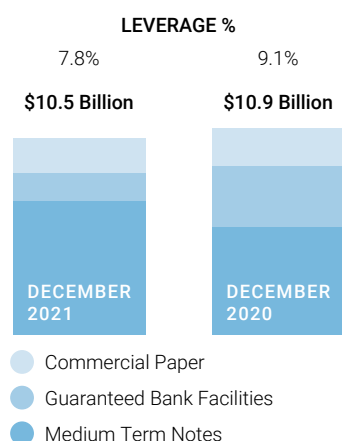
² Credit facilities held by OFT: a \$3.8 billion three-year revolving credit facility maturing in 2024, which backstops our commercial paper program and is available for general corporate purposes; and a €225 million revolving credit facility maturing in 2023 and available for general corporate purposes.

During the year, OFT issued a USD \$1.0 billion five-year note bearing a coupon of 1.10% and maturing in 2026. At December 31, 2021, OFT had \$7.9 billion (2020 – \$7.0 billion) of outstanding term notes and \$1.2 billion (2020 – \$2.6 billion) of outstanding commercial paper. OFT can raise additional liquidity through the issuance of debt guaranteed by AC, including commercial paper and term debt, subject to leverage limits and Board approval.

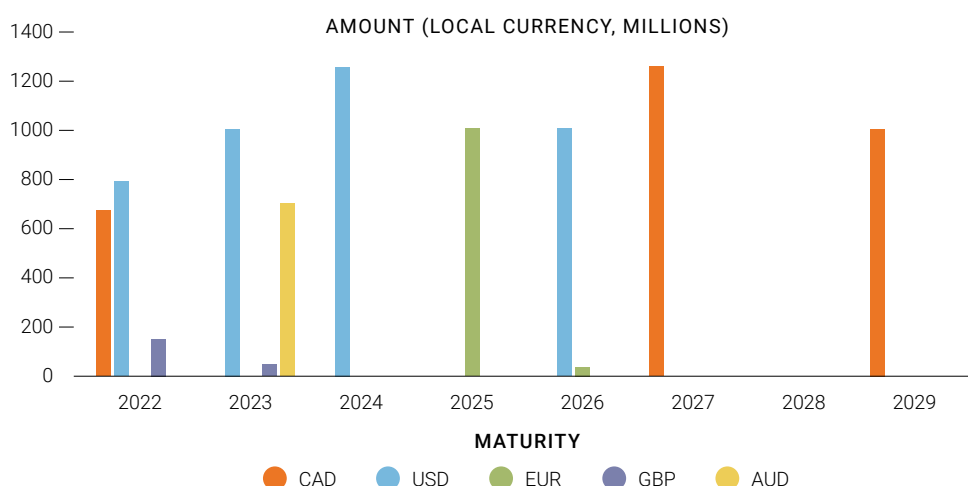
In addition to OFT's guaranteed debt, AC also unconditionally and irrevocably guarantees \$1.5 billion (2020 – \$1.6 billion) of debt for assets within our credit, infrastructure and real estate asset classes. This debt is generally used to fund development projects, credit investments and acquisitions.

We use leverage prudently to enhance our investment returns. Our leverage position and debt maturity profile are outlined below:

RECOURSE DEBT



MATURITY PROFILE OF OUTSTANDING DEBT OBLIGATIONS



At December 31, 2021, the weighted average interest rate on outstanding term debt was 1.36% (2020 – 1.26%). Of the outstanding debt, 74% is fixed-rate with more than 12 months to maturity.

We evaluate our 30-day liquidity requirements daily by monitoring a standard liquidity coverage ratio. This evaluation includes stress testing that simulates major market events. On a monthly basis, we evaluate OMERS ability to fund expected cash demands using available liquidity sources over a 12-month horizon.

We expect to have sufficient cash on hand to meet liquidity obligations even in the event of a significant market disruption.

AC and OFT are rated by four credit ratings agencies:

Agency	Rating
Fitch Ratings	AAA
DBRS	AAA
S&P Global	AA+
Moody's	Aa1

Investment Management and Pension Administration Expenses

Internal investment management expenses were \$657 million in 2021, compared to \$276 million in 2020. As outlined previously, the 2021 investment return of 15.7% significantly exceeded the performance benchmark of 6.6% and all asset classes exceeded their benchmarks. This high level of investment outperformance resulted in higher pay-for-performance expenses relative to 2020, which reflected lower management compensation due to returns below Plan and business unit benchmarks. Office operating costs, meals and travel continue to remain below historical levels due to pandemic-related restrictions.

In addition to internal investment management expenses, we incurred expenses for external manager performance and pooled fund fees of \$110 million in 2021 compared to \$106 million in 2020. We incurred these higher external manager and pooled fund fees due to outperformance of the investments managed by these third parties.

These costs aggregate to a management expense ratio of 68 basis points in 2021, compared to 38 basis points in 2020.

Pension administration expenses totalled \$105 million in 2021, compared to \$94 million in 2020. In 2021, we responded to a 30% year-over-year increase in transaction volumes, including a nearly 70% increase in digital communication volumes; meanwhile, average call handle time increased by approximately 30%, as a result of increased call complexity. We continued to invest in our pension technology, as we implement the Plan amendments approved in 2020 and as we continue to advance the platforms that serve OMERS members and employers.

Our Board approves an annual budget for investment management and pension administration expenses, and regularly reviews incurred and forecasted expenses relative to that budget.



Sustainable Investing at OMERS

As a long-term investor, we focus on identifying and assessing changes that we see or anticipate in the world around us, which may affect the value or risk of our investments or present new opportunities. This includes frequent review and analysis of rapidly shifting environmental, social and governance (ESG) factors.

We believe that well-run organizations with sound ESG practices will perform better, particularly over the long term. This belief is formalized in our Statement of Investment Policies and Procedures and described in our Sustainable Investing Policy, both of which are approved by the AC Board. Our Sustainable Investing Policy applies to all asset classes across OMERS investment portfolio. Central to this policy is our commitment to being a leader in sustainable investing.

In 2021, OMERS announced our goal to reach net-zero greenhouse gas emissions for our portfolio by 2050. This builds on the commitment we made in 2020 to reduce the carbon intensity of our portfolio by 20% by 2025. We intend to follow this goal with five-year successive interim goals.

Our Approach

Sustainable investing at OMERS is grounded in four overarching principles – integration, engagement, collaboration, and adaptation. Sustainability is engrained in our culture and is an integral part of how we invest. A consideration of ESG factors is one of many lenses we use to assess risk and value.

The AC Board approves the OMERS Sustainable Investing Policy on an annual basis, setting our strategic approach, and our senior management is responsible for overseeing its execution. Board members receive regular reporting on our sustainable investing practices, which in 2021 included education sessions on carbon accounting, the transition to net zero, and climate-related investment opportunities.

Our Sustainable Investing Committee is chaired by our Chief Legal & Corporate Affairs Officer, and includes representation from across our enterprise and provides a forum to discuss sustainable investing issues, share best practices and advance OMERS knowledge and expertise in these areas. This committee is responsible for developing OMERS ESG and Climate Change Guidelines and approving ESG Assessment Procedures for our business units annually.

This approach is aligned with the Canadian Coalition for Good Governance (CCGG) Stewardship Principles, which we have formally endorsed. The principles reinforce our responsibilities to our members in areas such as proxy voting, portfolio monitoring and engaging with companies on ESG factors.

Integration and Engagement are Fundamental to Our Approach to ESG

ESG factors are integrated into our investment analyses and asset management practices alongside other investment considerations. Our investment approval processes require specific consideration of material ESG risks and opportunities. These factors include climate change, labour practices and employee development, inclusion and diversity, business conduct and Board composition, among others.

Our investment teams actively promote sustainable business practices and long-term perspectives through direct and collaborative engagement with management teams, boards of directors and the broader investment community. Each investment team has developed an ESG assessment framework and asset management practices tailored to their unique asset class characteristics.

Below are some examples of how ESG integration and engagement are carried out in practice.



Infrastructure

Our Infrastructure team developed an ESG scorecard to assess a broad range of factors including inclusion and diversity, climate change and social value. Our team of experts pairs due diligence with complementary training, to understand potential material risks and opportunities.

Throughout the year, the asset management teams engaged with portfolio companies on ESG issues through Board and committee participation, appointing skilled independent directors where needed, and exercising governance rights commensurate with our investment position.



Capital Markets

Our Capital Markets team evaluates ESG risks and opportunities that current and prospective investee companies face as a key component of their investment process.

Our portfolio managers promote sustainable business practices at investee companies by active proxy voting and engagement, directly or in collaboration with like-minded investors. Each process is tailored to specific circumstances, with a priority on climate change.



Real Estate – Oxford Properties

Oxford's sustainability program focuses on guiding principles including climate and energy, well-being, materials and resources and communities.

These sustainability principles are embedded in interactions with customers and communities to drive meaningful outcomes, including carbon emission reduction, installation of rooftop solar, and green building certifications.



Private Equity

Our Private Equity team employs an ESG performance assessment framework, which prioritizes critical factors that enhance the value of each investment.

The team also uses insights from its ESG framework to build value creation plans and Board agendas that help shape the priorities for each portfolio company. New in 2021, our Portfolio Company Director's Handbook and training program provides additional support to our internal teams as they engage at the portfolio company Board level.

In 2021, OMERS continued to engage regulators and standard setters to advocate for the standardization of sustainability reporting using the Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) frameworks, through our engagement with the Ontario Securities Commission, the Ontario Capital Markets Modernization Taskforce and the International Financial Reporting Standards (IFRS) Foundation.

Achievements and Outcomes

Our integration and engagement efforts have produced meaningful outcomes and achievements in 2021. Some examples include:

CAPITAL MARKETS

Voting our proxies, with the goal of optimizing the long-term value of our investments:

- In 2021, we voted on 8,332 items at 865 meetings.

Establishing an innovative new Capital Solutions investment program:

- Focuses on equity and debt investments in themes including decarbonization and cleantech
- Partners with future-focused growth-oriented companies that will use capital to dramatically grow and scale their platforms
- Inaugural investment in Northvolt, a Sweden-based supplier of sustainable, high-quality battery cells and systems, building Europe's largest lithium-ion battery factory

INFRASTRUCTURE

Deploying capital in the highly competitive clean energy markets including investments in:

- **Leeward Renewable Energy** – a platform that builds greenfield wind and solar projects
- **Azure Power** – an Indian developer and provider of affordable, clean energy in a sustainable and socially responsible manner
- **Fotowatio Renewable Ventures** – a solar and storage developer creating new solutions for the transition to clean, sustainable, reliable and low-cost models of delivering electricity
- **Navisun LLC** – a distributed generation solar power and storage company based in Massachusetts, which was acquired after year-end

Advancing our capabilities:

- Established a new position and hired deeply experienced executive Bruce Schlein as Director, Head of ESG at OMERS Infrastructure, to lead our commitment to ESG excellence for our global Infrastructure team

PRIVATE EQUITY

Focusing on our portfolio through direct management engagement and Board participation:

- **Inmar Intelligence and Aledade** celebrated numerous awards for workplace culture, culminating in Great Place to Work certifications
- **OMERS Ventures** and **OMERS Growth Equity** – investment teams received certifications from Diversity VC for their I&D best practices
- **Alida, Clearcover** and **Hootsuite** received diversity awards

REAL ESTATE – OXFORD PROPERTIES

Oxford's sustainability principles are embedded in its interactions with customers and communities and have driven meaningful outcomes. Highlights include:

- 35% reduction of carbon emissions on a per square foot basis compared to 2015, temporarily exceeding Oxford's goal of 30% reduction by 2025 – due to better performance, asset mix changes, electric grid decarbonization and the impact of reduced occupancy due to the pandemic
- 213,000 square feet dedicated to rooftop solar, toward a target of 1 million square feet by 2024
- More than 90% of buildings achieving an industry-leading green building certification for their region and asset class
- Top 5% of Commercial Real Estate Participants in the Global Real Estate Sustainability Benchmark (GRESB), the Global ESG Benchmark for Real Assets, achieving a total score of 92

INVESTMENT EXCLUSIONS

We believe we can influence sustainable business practices among our investee companies. We therefore believe that engagement is more impactful than exclusion or divestment. However, we believe that there are instances where excluding an industry or sector is appropriate. We exclude investments in entities engaged in the manufacturing of the following products: civilian firearms, anti-personnel landmines, cluster munitions, and tobacco.

COLLABORATION FOR IMPACT

We collaborate with like-minded organizations to share best practices and to advocate for better transparency and performance on relevant standards and regulations. We believe that working together amplifies our voice on these important issues. Highlights from 2021 include:

- Chief Executive Officer Blake Hutcheson appointed Investor Leadership Network (ILN) CEO Council Co-Chair. The ILN's mandate is to facilitate and accelerate collaboration by leading global investors on key issues related to sustainability and long-term growth.
- Chief Legal and Corporate Affairs Officer Michael Kelly appointed to Canada's Sustainable Finance Action Council (SFAC). SFAC's mandate is to convene key players to share perspectives and act as a centre of expertise, partnership, and dialogue with a view to advancing a common vision for sustainable finance across the financial sector.
- Chief Financial and Strategy Officer Jonathan Simmons appointed Co-Chair of the Canadian

Chapter of the Accounting for Sustainability (A4S) CFO Leadership Network.

- OMERS became a founding member of Climate Engagement Canada, a finance-led initiative that aims to drive dialogue between the financial community and Canadian corporations to promote a just transition to a net-zero economy.
- As a member of the 30% Club we were involved in the evolution of its mandate beyond gender to include other underrepresented groups on boards and at the executive management level including, but not limited to, Black, Indigenous, members of the LGBTQ+ community, and persons with disabilities.

ADAPTATION

We recognize that the sustainable investing landscape is rapidly evolving, including in areas such as disclosure, data, metrics, methodologies and regulation. We therefore continually assess and enhance our capabilities and practices. We remain committed to being transparent and ensuring that our approach remains relevant and effective over time.

Climate-Related Disclosure

At OMERS we believe that climate change and the transition to a lower-carbon economy can have a significant long-term impact on the financial performance of the companies and assets in which we invest. We have endorsed the Task Force on Climate-Related Financial Disclosures (TCFD) as we believe it is the most effective standard to deliver the information investors need to assess climate risk. Our TCFD-aligned reporting follows:

Governance

The AC Board, senior management and our Sustainable Investing Committee all have active governance roles in our approach to climate change. The AC Board approves our strategy and policies in this area, senior management adopts guidelines focusing on our specific approaches to ESG and climate change and the Sustainable Investing Committee brings together representatives from across the enterprise for more in-depth discussion and analysis.

In 2021, the Board approved our Net Zero 2050 goal and a commitment to establish successive five-year interim reduction goals, building on our initial goal of a 20% reduction in carbon intensity by 2025. To increase their understanding of their responsibilities with respect to this matter, Board members receive regular reporting on our sustainable investing practices, which in 2021 included education sessions on carbon accounting, the transition to net zero and climate-related investment opportunities.

Strategy

Climate change presents both physical and transition risks to OMERS investment portfolio.

Physical risks include the risk of loss due to extreme weather events or longer-term shifts in climate patterns. This year, we worked with our partners in the ILN on the Climate Change Physical Risk Toolkit, which serves as a common framework for investors to address direct and indirect physical risks associated with climate change. The Toolkit is complemented by

a Resource Guide, which offers investors a searchable database of credible, third-party resources to help analyze specific physical climate risk.

Transition risks include changes in policies and legal, technology, markets, and reputation, which may increase the costs of certain assets (e.g., carbon pricing) or their marketability (e.g., stranded assets). These changes may impact the value of our investments.

Attractive investment opportunities continue to arise as renewable, low-carbon and next generation energy projects continue to emerge and grow.

Our approach to climate change is aligned with the four pillars of our Sustainable Investing Framework: Integration; Engagement; Collaboration and Adaptation, as described on previous pages.

The TCFD recommends using climate scenario analysis as a tool to help organizations better understand their resilience under various climate pathways. In 2021, we completed our first climate scenario analysis, leveraging the capabilities of a third-party asset-liability management service provider. This enabled us to complete top-down scenario analysis, considering macroeconomic factors such as long-term GDP growth and inflation, climate-related government policies, transition risks and physical risks. This exercise enabled us to explore three scenarios: an orderly transition under the Paris Agreement, a disorderly transition under the Paris Agreement, and a failed transition. These scenarios are aligned with certain Intergovernmental Panel on Climate Change Representative Concentration Pathway scenarios.

The analysis completed demonstrates that the potential impacts to our portfolio are highly dependent on the scenario that unfolds and the sectors and regions in which we invest, rather than limited to specific asset classes, sectors, or geographies. The findings highlight areas of both risk and opportunity for the Plan and emphasize the importance of our integrated decision-making

process, which considers climate-related scenario analysis at the total portfolio level. The climate scenarios were also incorporated in the preparation of the OMERS 2021-2022 Asset-Liability Study, which aims to determine the long-term target asset mix for the Plan. We anticipate continuing to refine this analysis as the variables for each scenario evolve, and as new information becomes available.

Risk Management

OMERS has a formal risk framework that governs our approach to identifying and managing risks, including those related to ESG and climate change. In 2021, climate change risk was explicitly added to our Investment Risk Policy, Risk Appetite Statement and Statement of Investment Policies and Procedures.

The Climate Risk Working Group is comprised of risk professionals from each investment team, representatives from our Sustainable Investing Committee, and other functions across the Plan. The mandate of this group includes developing a framework to evaluate climate risk across the portfolio, including our total portfolio carbon footprint.

Where climate change impacts are considered material to a proposed investment, our teams analyze potential impacts to value or to risk – whether positive or negative. They involve internal or external experts as necessary. Each of our asset classes has developed ESG Assessment Procedures, tailored to their investing approaches and strategies.

We use our influence to address climate change risks specifically through our engagement and proxy voting activities. This includes becoming a founding participant of Climate Engagement Canada, which leads collaborative engagement with Canada's highest carbon-emitting companies.

Metrics & Targets

In 2021, we continued to evaluate measures to help us understand the implications of climate change to OMERS and to view our portfolio through this lens. We are disclosing the results of our second total portfolio carbon footprinting exercise as well as our exposure to green assets for the first time.

Our carbon footprint is computed based on the recommendations of the TCFD. These carbon footprinting metrics are based on assets held as of December 31, 2020 and the most recent emissions data available.

Our Methodology:

- Is in line with the TCFD recommendations for Asset Owners and the Greenhouse Gas (GHG) Protocol
- Includes Scope 1 (direct emissions that occur from sources owned or controlled by a company) and Scope 2 emissions (indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling)
- Uses the "financed emissions approach", which sets our ownership of an asset's carbon footprint equal to OMERS proportionate share of the asset's enterprise value
- Uses GHG emissions data provided by a third-party data provider, MSCI Inc. (MSCI), for publicly listed assets. Where emissions are not available, estimates are provided by MSCI based on their carbon emissions estimation models
- Uses data provided directly by our private assets. Where emissions data is not available, we apply an estimation approach using public proxies and subindustry emission intensities as applicable.

Carbon accounting methodologies continue to evolve, and we continue to revise our approach and scope of coverage in line with these developments. For example, we added index and basket equity derivatives to our scope of coverage this year using notional value to account for equity exposure.

Our scope for footprinting includes all Plan assets that have a current footprinting methodology, position transparency and data availability.

Following this approach, we were able to calculate the carbon footprint on \$91 billion out of the \$132 billion of total portfolio exposure. The 2020 footprint does not include cash, short-term notes, currency instruments, short positions, interest rate swaps, commodities and sovereign securities, among other items. For more details on the scope of analysis and

further details on our methodology, please refer to omers.com/climate-change.

While footprinting is valuable for assessing climate change impacts on our portfolio, it also has limitations; it is backward-looking and does not encompass all climate-related risks and opportunities each company faces. Portfolio carbon accounting continues to evolve and iterate to address concerns related to completeness and timeliness of measurement. OMERS participates in those initiatives focused on developing more advanced approaches.

The TCFD recommends that asset owners report on their Weighted Average Carbon Intensity (WACI) as well as consider other metrics. WACI measures the portfolio's carbon efficiency and considers total emissions relative to the business' revenue and the weight of the asset in the OMERS portfolio. We report annually on overall carbon footprint and WACI. We measure our results against our WACI reduction goal of 20% from 2019 levels by 2025. Over the past year, we achieved a 4% reduction in WACI.

Our 2020 carbon footprint metrics are:

	2020	2019
Carbon Footprint tCO ₂ e/\$M invested	57	58
Weighted Average Carbon Intensity (WACI) tCO ₂ e/\$M revenue	191	199

We engaged PricewaterhouseCoopers LLP, an independent third party, to conduct a limited assurance engagement on our 2020 carbon footprint metrics. Their assurance report is included in the Reference section of this Annual Report on page 137.

Green Assets

As part of OMERS approach to climate change, we are regularly looking for new models and metrics to evaluate the portfolio through an ESG lens. Understanding how the portfolio is positioned against green, low carbon, and transition taxonomies is a key area of work for the Climate Risk Working Group. OMERS took the first step this year to identify the portfolio's green asset exposure using the International Capital Market Association's (ICMA) Green Bond Principles and June 2021 Guidance Handbook. We plan to expand these categories over time as sustainable finance taxonomies are further developed. At year-end 2021, investments in green assets¹ totalled more than \$18 billion including green buildings, renewable energy, and energy efficiency assets.

¹ Green assets are presented as net of financial leverage and gross of economic leverage, recourse debt and other contractual liabilities.

Asset Class Performance

Economic Environment

In 2021, the global economy continued to recover from the impact of the pandemic, though not all economies recovered equally. The effects of broad economic reopening, widespread vaccination efforts and persistently elevated stimulus in most major economies were partially offset by intermittent localized restrictions in some geographies, uneven access to vaccines, and concerns about virus variants. Inflation rose significantly and persistently above central bank targets across major economies, including in Canada and the U.S, as driven by increased demand for goods, elevated energy prices, global supply chain constraints and labour shortages.

In capital markets, equities continued to perform well, with major equity market indices reaching record highs, while the bond markets underperformed, as yields rose and credit spreads remained relatively flat. The 10-year U.S. Treasury and Canadian government bond yields rose 59 bps and 75 bps in 2021, respectively.

The following chart illustrates the performance of major equity and bond market indices in 2021, reported on a Canadian dollar basis, unless otherwise noted:

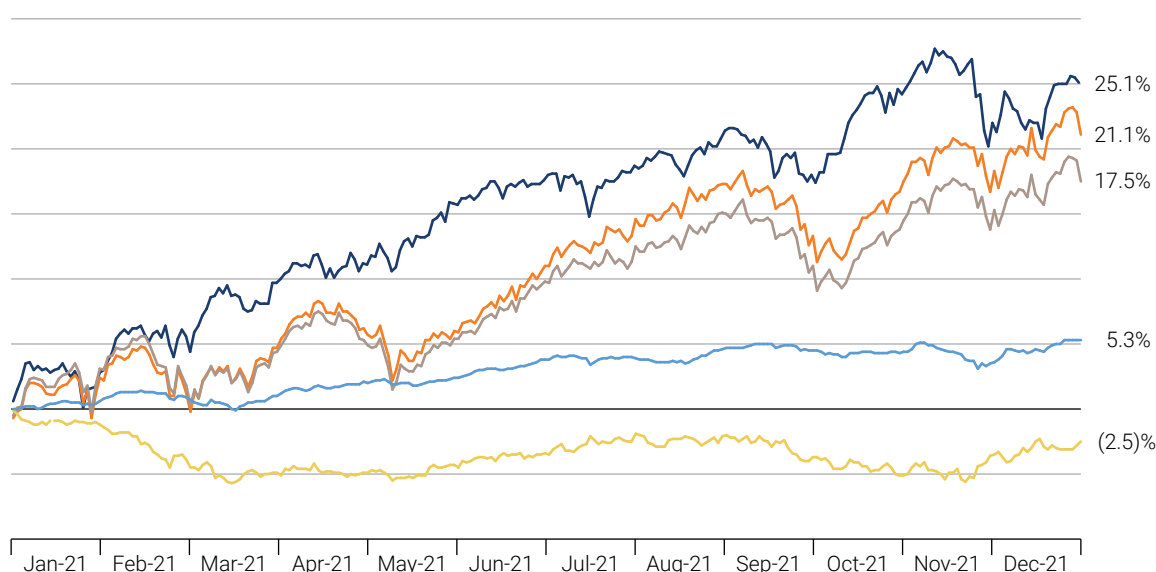
MAJOR PUBLIC MARKET INDICES

Equities

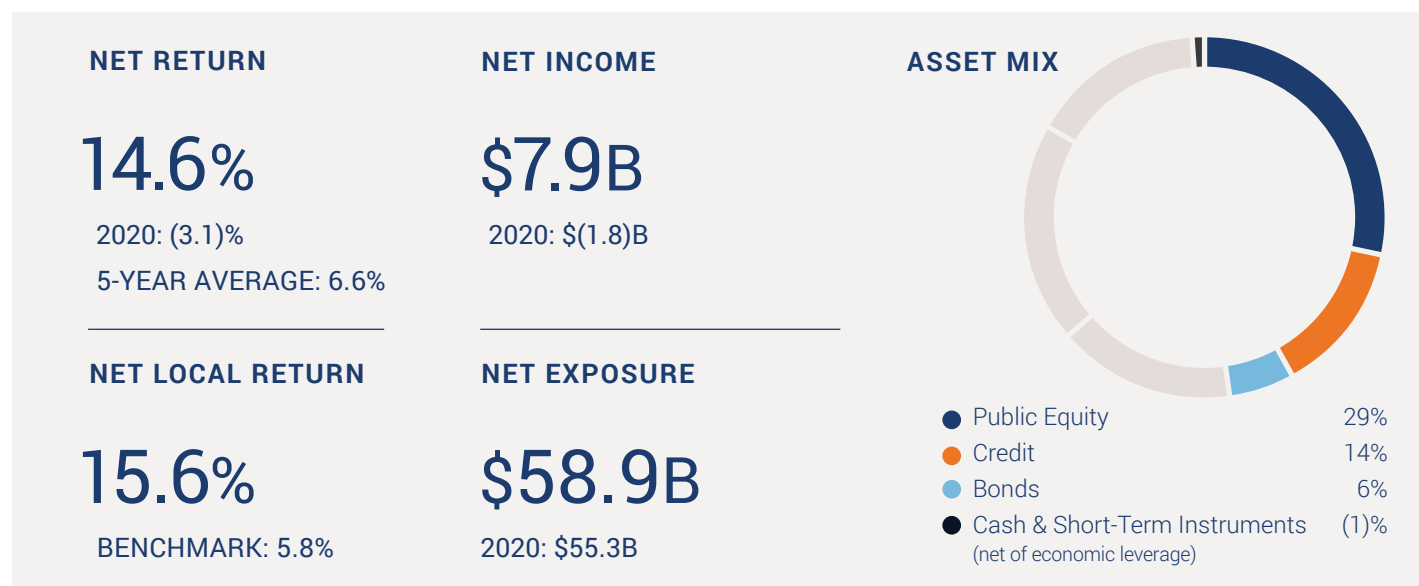
- S&P TSX Composite (CAD)
- MSCI World Index (CAD)
- MSCI All Country World Index (CAD)

Bonds

- FTSE TMX Canada Universe Bond Index (CAD)
- Barclays US Corporate High Yield Index (US)



Public Investments



We include the Plan's cash balance in public investments. This balance fluctuates based on public investment activity, as well as changes in collateral received or pledged, deployment and divestiture activity in our private investment asset classes, and the timing of net pension payments and expenses. For additional information, refer to the Liquidity and Capital Resources section in this MD&A.

INVESTMENT APPROACH

Public investments include fixed income and public equities. In these asset classes, we focus on high-quality investments that can generate sustainable cash income and capital growth; we aim to construct a portfolio that is diversified across geographies, sectors, strategies and income streams. We target investments in companies with strong balance sheets and resilient business models, and we partner with leading businesses, operators and best-in-class investors to access investment opportunities around the world. We believe this approach should result in more consistent returns and lower volatility over a multi-year period.

2021 PERFORMANCE

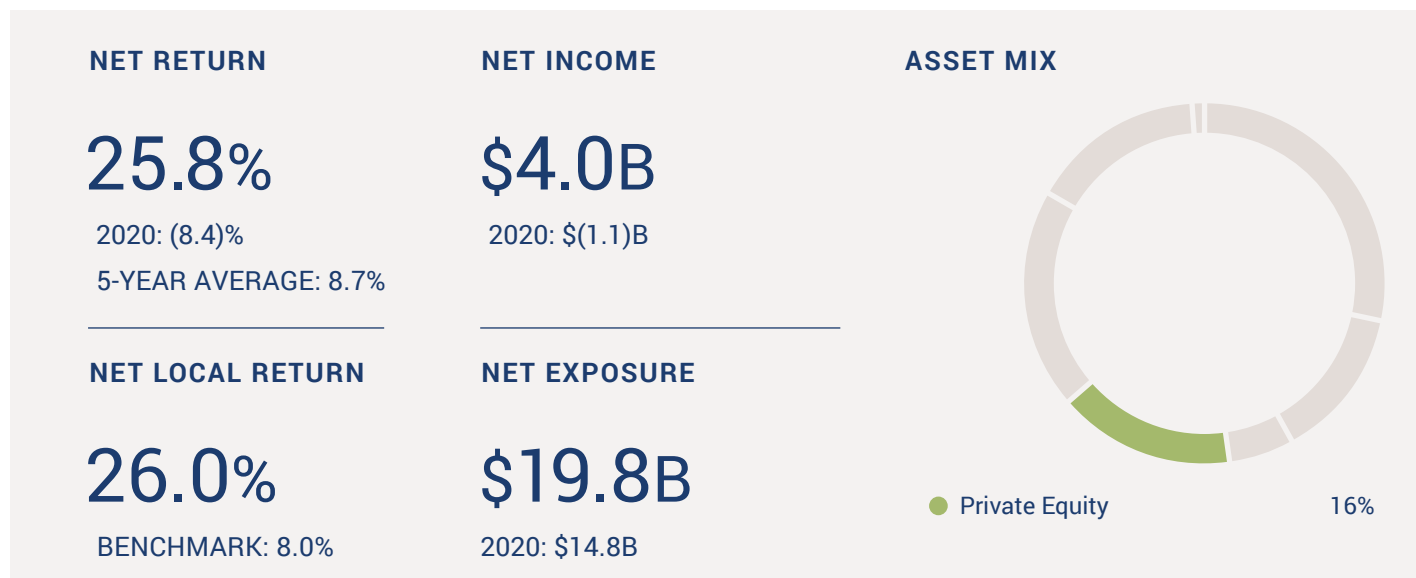
Public investments generated a net return of 14.6% in 2021, compared to our 2021 benchmark of 5.8%. This represents a net investment gain of \$7.9 billion, compared to a net investment loss of \$1.8 billion in 2020.

- Public equities earned 20.7% in 2021 compared to 1.5% in 2020. Our core holdings in high-quality stocks, combined with our broad equity market exposure, performed well and contributed strong gains in our portfolio. Currency effects reduced the 2021 return by 0.7%. Public equities comprised 29.4% of OMERS portfolio at December 31, 2021 (2020 – 30.9%).
- Credit investments generated a net gain of 5.8% in 2021 compared to a loss of 4.3% in 2020. Our credit portfolio, whose average duration is four years, generated returns primarily from interest income; changes during the year in interest rates and spreads had little valuation impact. Currency effects reduced the 2021 return by 0.8%. The credit asset class comprised 13.8% of OMERS portfolio at December 31, 2021 (2020 – 17.2%).
- Government and Inflation linked bonds generated a net return of 1.3% in 2021 compared to a return of 1.1% in 2020. This portfolio, which had an average duration of two years as at December 31, 2021, was generally unaffected by the rise in long-term bond yields. Currency effects reduced the 2021 return by 0.2%. Bonds comprised 6.3% of OMERS portfolio at December 31, 2021 (2020 – 5.8%).

CAPITAL ALLOCATION

Public investments increased to \$58.9 billion from \$55.3 billion at the end of 2020, primarily due to gains in public equities.

Private Equity



INVESTMENT APPROACH

We acquire and actively manage interests in private companies through various phases of the investment lifecycle, including later stage buyouts, growth and venture investing. We aim to generate strong capital returns while appropriately managing risk.

We invest in companies with solid business fundamentals, strong management teams and opportunities to grow both organically and through acquisitions. We focus on four core verticals: Business Services, Healthcare, Industrials and Software & Technology. The companies we invest in are primarily headquartered in North America and Europe.

2021 PERFORMANCE

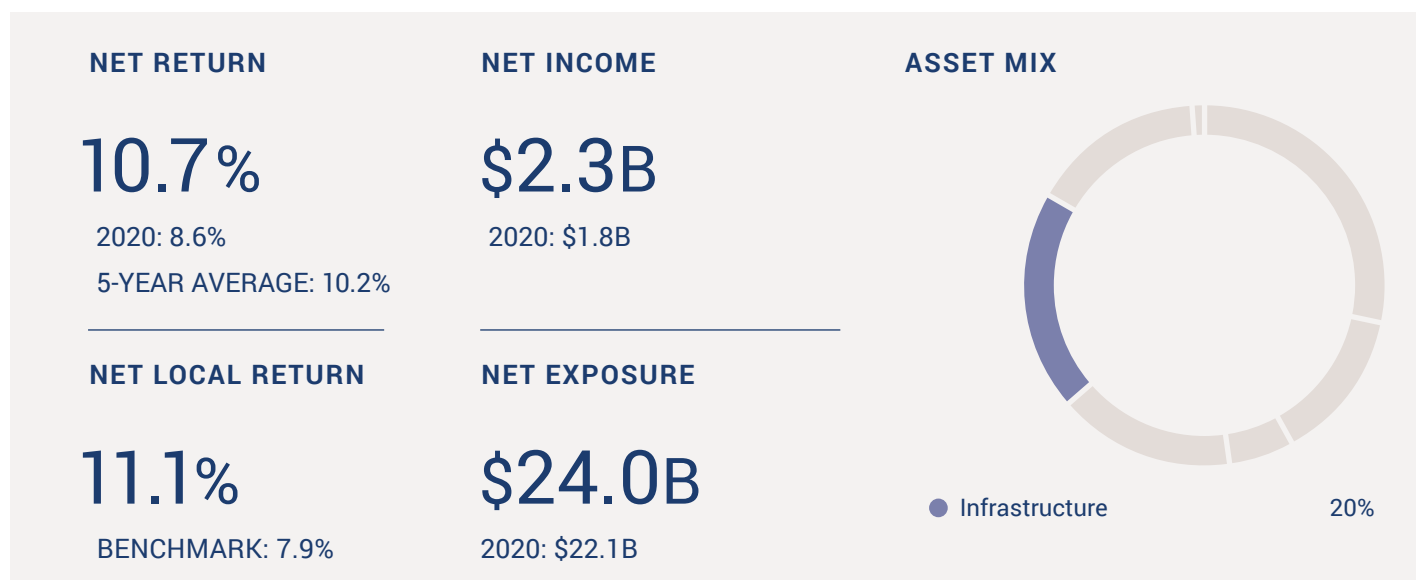
Private equity assets generated a net return of 25.8% in 2021, compared to our 2021 benchmark of 8.0% (2020 – net loss of 8.4%). This equates to net investment income of \$4.0 billion in 2021 (2020 – net investment loss of \$1.1 billion). Currency effects reduced the 2021 return by 0.2%.

Our private equity return was driven by several factors. The recovery of our businesses from the pandemic's impacts, combined with active asset management, resulted in EBITDA growth, both organic and through M&A activities across all core verticals. We also saw valuation multiples increase across certain sectors and for certain investments with strong growth profiles. Our venture and growth equity strategies, which focus on software & technology, benefited from higher valuations in new, third-party led financing rounds and IPOs. Additionally, the sale of Environment Resources Management (a global provider of sustainability services) which we acquired in 2015, was a key contributor to our 2021 return.

CAPITAL ALLOCATION

Total investments in private equity increased to \$19.8 billion at the end of 2021 compared to \$14.8 billion at December 31, 2020. This increase was primarily driven by valuation gains and by net acquisition activity, including in the healthcare vertical and in the growth equity and ventures portfolios.

Infrastructure



INVESTMENT APPROACH

We invest in large-scale infrastructure services or businesses in energy, including clean power, social infrastructure, transportation and digital infrastructure – primarily in North America, Europe and the Asia-Pacific region. We take a patient and disciplined approach to infrastructure investing, and we actively diversify our portfolio across industries, technologies, and geographies. We focus on investments that have high barriers to entry or that are supported by public regulation or by substantially contracted revenue streams.

2021 PERFORMANCE

Infrastructure assets generated a net return of 10.7%, compared to our 2021 benchmark of 7.9% (2020 – net return of 8.6%). This equates to net investment income of \$2.3 billion in 2021 (2020 – \$1.8 billion) and an operating cash yield of 5.0% in 2021, compared to 4.4% in 2020. Currency effects reduced the 2021 return by 0.4%.

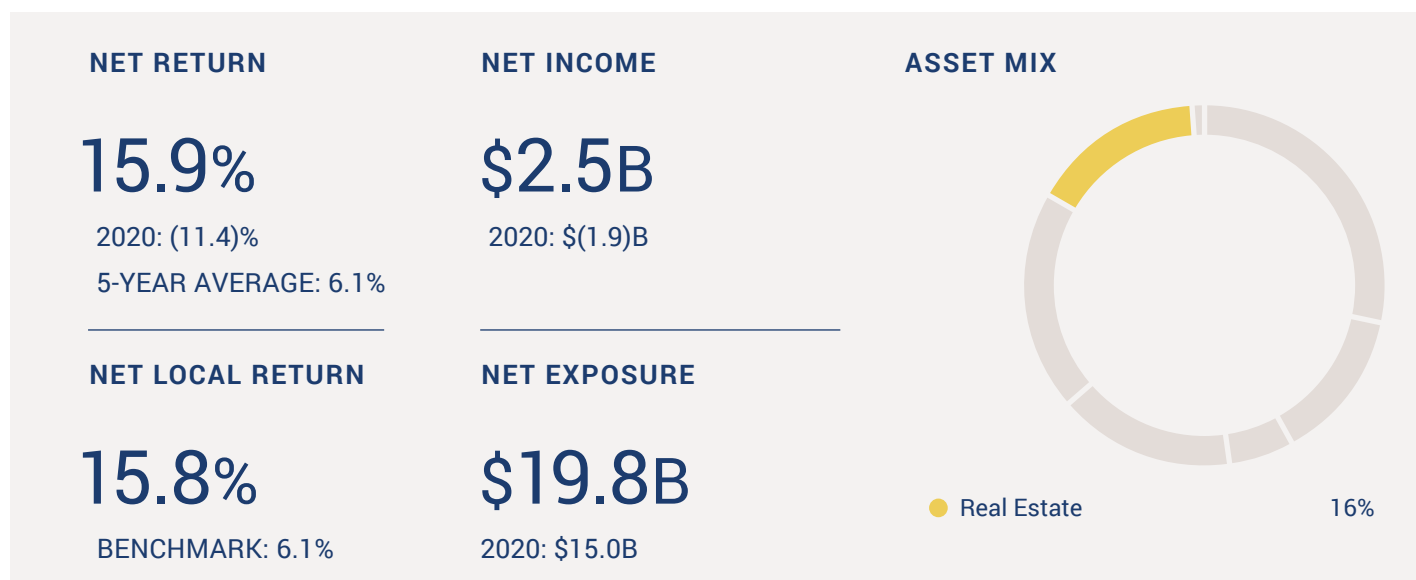
Our core regulated and clean power assets performed well throughout the year, with higher valuations supported by strong investor demand for assets in these sectors. In addition, returns were supported by strong operational performance across the portfolio, particularly in the social infrastructure sector. We also benefited from accretive financing activities across several assets.

CAPITAL ALLOCATION

Infrastructure investments increased to \$24.0 billion in 2021, up from \$22.1 billion in 2020. This increase was a combination of capital deployment, consistent with OMERS long-term target asset mix and growth in the value of existing assets. During 2021, we made a number of acquisitions in the renewables sector, including Fotowatio Renewable Ventures (a renewable solar platform in Australia), as well as continued capital deployment in Leeward Renewable Energy in support of its development pipeline and the closing of a follow-on investment in the solar development platform of First Solar. We also continued to support the refurbishment of reactor units at Bruce Power (nuclear power facility in Ontario) and invested in amedes Group (a laboratory testing platform in Germany).

In line with our capital rotation strategy, we completed the dispositions of our interest in Caruna (an electricity distribution system operator in Finland) and Vento II (a renewables wind farm portfolio in the U.S.).

Real Estate



INVESTMENT APPROACH

We invest in real estate through Oxford Properties Group (Oxford) – a leading global real estate investor, manager and builder of businesses. We focus on building, buying and growing a network of defined real estate businesses and pairing our global expertise and scale with local platforms and world-class management teams to meet our capital allocation priorities and enhance returns.

Oxford's purpose is to create economic and social value through real estate – safeguarding the future and creating a world of opportunities for our customers, communities, partners and people. We invest in a diversified portfolio of office, industrial, retail, residential, life sciences, hotel, credit and niche alternative assets in growth markets in Canada, the U.S., Europe and Asia-Pacific. Our real estate portfolio consists of approximately 120 million square feet of office, retail and industrial space, including 10,000 residential units and 3,000 hotel rooms.

2021 PERFORMANCE

Real estate assets generated a net return of 15.9%, compared to our 2021 benchmark of 6.1% (2020 – net loss of 11.4%). This equates to net investment income of \$2.5 billion in 2021 (2020 – net investment loss of \$1.9 billion). Currency effects increased the 2021 return by 0.1%.

Our performance in 2021 was driven by significant valuation growth in Oxford's industrial assets, gains generated from development projects across the portfolio and a positive revaluation of our long-term debt, partially offset by COVID impacts in our retail assets.

In this MD&A, we present our investments and performance by asset class. As such, Oxford's real estate credit business and public equity investment in HKSE-listed ESR Logistics is presented under "credit" and "public equity" respectively, and not in "real estate". Including the performance of its credit business and investment in ESR Logistics, the Oxford 2021 net return is 12.6%.

CAPITAL ALLOCATION

Real estate investments increased to \$19.8 billion at December 31, 2021, up from \$15.0 billion at December 31, 2020.

In 2021, Oxford continued to execute on its capital allocation strategy, increasing portfolio weightings in the industrial, residential and life sciences sectors. Key deployments included the acquisition of a portfolio of light industrial properties in the U.S. totalling 14.5 million square feet; several properties through the newly acquired M7 Real Estate platform, a pan-European, industrial-focused investment management business; a portfolio of e-warehousing assets in the U.K.; and several life sciences and residential assets in North America and the U.K.

Oxford continued to make significant progress on almost 70 active development projects representing \$2.5 billion in committed equity deployment (with \$0.9 billion remaining). Oxford acquired over 15 new development sites in 2021, primarily for development in the life sciences and residential sectors.

Oxford successfully executed several office sales transactions across North America and Europe including the sale of St. John's Terminal, a 1.3 million square-foot Class A Oxford-developed office building, shortly after year-end.



Risk Management

OMERS activities expose us to a broad range of investment and non-investment risks, and therefore our ability to manage these risks is an important capability. Our risk management process, through our “risk appetite statements”, defines our risk profile both quantitatively and qualitatively. Management and the Boards of Directors rely on this risk management process to manage the Plan’s financial health.

We define risk management as the identification, measurement, mitigation or acceptance of risk.

We use risk frameworks to manage five key risk categories that support plan and funding risk: Pension, Investment, Operational, Governance and Emerging.

We measure our risk within these categories relative to our risk appetite statements. Doing so assists us in evaluating the Plan’s overall risk profile.

Risk Governance

OMERS governance plays a fundamental role in supporting risk management and in supporting the processes and culture necessary for high-quality decision-making. We believe that fostering a culture that encourages candour and debate is critical to ensure prudent decision-making. Policies and frameworks, including our *Code of Conduct and Ethics* articulate our expectations and behaviours for risk-conscious decision-making.

The AC and SC Boards have approved OMERS risk frameworks. The risk frameworks describe overall risk management governance and detail the structure for categorizing risks to which the two organizations are exposed. The Boards delegate the day-to-day management of risk to Management. The Chief Risk Officer is responsible for our Risk Management function, which provides independent and objective analysis and risk reporting to both the Executive Leadership Team and to OMERS Boards of Directors. This approach produces a unified risk assessment across both the AC and SC, enabling consistent frameworks to better understand and assess the broad range of risks and opportunities OMERS faces.

Our Boards of Directors also approve OMERS risk appetite, which we express through a number of quantitative and qualitative statements that describes the desired amount of risk the enterprise believes is appropriate to take in the pursuit of OMERS objectives. The Primary Plan risk appetite statement addresses plan risk – also known as funding risk – which is the risk that OMERS is not able to deliver sustainable, affordable and meaningful pensions. Funding risk is inherent in the interaction of the five primary risk categories cited above. “Subsidiary” risk appetite statements address Pension, Investment, Operational and Governance risk at a more granular level. A separate risk appetite statement for the RCA addresses funding risk specifically for the RCA.

The risk appetite statements:

- help define the desired risk appetite with respect to relevant risk categories;
- determine the nature, types and degree of risk that OMERS is willing to assume through the articulation of qualitative statements and risk tolerances;
- establish metrics that allow quantitative assessment of risk positioning relative to its desired risk appetite, as articulated by the qualitative statements and risk tolerances; and
- provide the Boards and their Committees with the necessary information and transparency required to effectively discharge their risk oversight responsibilities and make key strategic decisions.

We manage our various risks following the “three lines of accountability” approach to ensure clear roles and accountabilities.

1ST LINE OF ACCOUNTABILITY

“Risk Owner”

Refers to groups that own OMERS primary business activities to fulfil OMERS business objectives or who operate corporate functions such as Data & Technology. These groups are responsible for identifying and managing risk as part of their accountability for achieving objectives. These include, for example, pension administration and investment personnel.

2ND LINE OF ACCOUNTABILITY

“Risk Partner”

Refers to control groups and other corporate functions that provide the policies and frameworks to enable risk and compliance to be managed in the first line and provide risk oversight of those who own the primary business activities. These include, for example, compliance and risk management or corporate functions, such as Finance.

3RD LINE OF ACCOUNTABILITY

“Independent Assurance Provider”

Refers to Internal Audit. This group is an independent, objective assurance and consulting function whose responsibility is to assess OMERS internal controls and to provide recommendations to strengthen controls or improve operating efficiency. Our internal audit function reports directly to the Audit & Actuarial Committee of the AC Board.

Provided in the following pages is a brief overview of each subsidiary risk category, its major components and how we manage specific risks.

Pension Risks

Pension Risk is the risk of significant changes in Plan liabilities and normal cost, or the risk of Plan design being inconsistent with design objectives. There are three key elements of Pension Risk:

1. the risk of experiencing significant, unexpected changes in OMERS pension liabilities and normal cost due to changes in demographic experience, assumptions or methods;
2. the risk of failing to deliver appropriate value or perceived value to members and employers; and
3. the risk of inequitable sharing of risks across generations and/or across categories of members.

To evaluate and address these risks, we regularly review our assumption-setting philosophy, our assumptions and our methods in accordance with our Funding Policy. We measure and assess value and equity of the plan design and the actual value that members receive. Additionally, we assess the trade-off that must be made between inter-generational equity and contribution and benefit stability. The adoption of “non-full-time expansion” and “shared risk indexing” in 2020, both effective January 1, 2023, will allow for greater equity across categories of members and generations, respectively. Finally, we continually enhance tools, practices and resources to deliver insights and analysis, which helps inform strategic decisions.

Investment Risks

Investment Risk is the risk that investments will underperform our return expectations. In 2021, we revisited the investment risk taxonomy to ensure better alignment with OMERS objectives and position as a long-term investor including the addition of climate risk. There are four key elements of Investment Risk:

1. Risk of capital impairment. This risk was revised to clearly distinguish between short-term market volatility compared to the risk of permanent loss of capital. As a long-term investor OMERS can benefit from a higher risk tolerance to short-term market movements while maintaining a lower risk appetite to permanent losses. In 2021, Climate Risk was added to the Investment Risk taxonomy as a component of the risk of permanent losses. To address the risk of capital impairment, we evaluate and assess market risk, credit risk, counterparty risk, foreign exchange risk and valuation risk, typically using quantitative measures. These risks, and our risk management practices, are discussed in further detail in the Consolidated Financial Statements;
2. Risk of inappropriate portfolio construction. We consider this risk in our assessment of the ability of the strategic long-term asset mix to achieve OMERS return expectations;
3. Liquidity risk, the risk of encountering difficulty meeting financial obligations as they come due. We consider both short-term and longer-term liquidity requirements and use liquidity management tools to promote active planning. In 2021, we conducted a comprehensive review of our liquidity risk management framework, which included enhancements to our liquidity risk metrics to better measure enterprise-wide liquidity needs during normal and adverse market conditions; and
4. Risk that we are unable to execute and implement our investment strategies.

OMERS regularly evaluates and updates its risk appetite to ensure that it remains relevant given OMERS objectives and the environment in which it operates.

Operational Risks

Operational Risk is the risk of loss or other adverse impacts arising from operational failures, such as failure in people, processes, systems and infrastructure, and from external events. The Operational Risk management program has a range of tools and processes that guide how OMERS identifies, evaluates and tracks mitigation activities on an ongoing basis, including regular internal reporting on specific metrics for each area of risk. Examples of important Operational Risks include:

1. Process risk, including our ability to efficiently and effectively manage the day-to-day business operations for pension administration and member and employer interactions, including in times of crisis. In 2021, we continued to apply work-from-home protocols enterprise-wide and began a measured approach to our return to office, with no impairment to member services, technology infrastructure or financial controls;
2. People risk, including our ability to identify, attract, develop and retain the right talent, and to best align incentives with desired behaviour for achieving our strategy. This includes our ability to achieve a diverse and inclusive workforce and environment. In 2021, we remained focused on employee wellness and continued to focus on our People Strategy, including employee development and career progression considerations among others;
3. Data and technology risk, including our ability to develop and appropriately manage and safeguard our proprietary and member and employer information, to maintain appropriate technology and to protect against adverse cyber incidents. We remain focused on the constantly changing external cybersecurity threat landscape and on our ability to maintain resilience in our business operations, safeguarding OMERS people and business activities;
4. Legal and regulatory risk, including our ability to manage compliance, litigation, contract, regulatory and financial crime risks associated with our business activities globally;

5. Vendor governance risk, including our ability to procure and manage our vendors to mitigate potential exposures to OMERS; and
6. Fraud risk, and our ability to manage and mitigate internal and external fraud risks associated with our business activities.

Governance Risks

Governance Risk is the risk of adverse effects due to OMERS quality of decision-making resulting from its governance structure, processes and culture. In addition to its risk management activities outlined above, both OMERS Boards also conduct an annual assessment of governance risks, including an assessment of Board structure, competencies and effectiveness to execute their duties.

Emerging Risks

Emerging Risks are defined as risks that are new, evolving or already known, but which lack specificity and/ or are difficult to quantify, and individually or in combination, have the potential to gradually or suddenly impact OMERS ability to achieve its objectives.

Our Emerging Risk framework outlines six key Emerging Risk dimensions: Economic, Environmental, Geopolitical, Regulatory and Pension Landscape, Societal and Innovation & Technological. These dimensions support the identification and classification of emerging trends that are most relevant to OMERS and provide a more structured approach to categorizing trends. Any emerging risk we identify may or may not fall within the other four categories of risk noted above.

As our context evolves – because of the pandemic and otherwise – OMERS will continue to identify, measure and manage those risks that impact the Plan's long-term financial health and our strategy.

Reconciliation of Non-GAAP Measures

Reconciliation of Net Investment Assets to Net Exposure

The classification and measurement of certain investment assets and investment liabilities in this MD&A differ from the amounts reported in our Consolidated Financial Statements in accordance with GAAP. The following table sets out the reconciliation of Net Investment Assets and Net Investment Liabilities in Note 3 in the Consolidated Financial Statements, to the Net Exposure in this MD&A.

Consolidated Financial Statements		Reclassifications						Contractual Agreements ⁷	RCA ⁸	Other Items	MD&A
		Derivative Exposures ¹	Private Credit Funds ²	Preferred Shares ³	Corporate Bonds ⁴	Real Estate Funds ⁵	Recourse Debt ⁶				
in \$ millions as at December 31, 2021											
Fixed Income											Fixed Income
Inflation-Linked Bonds	2,957									(8)	
Nominal Bonds and Debentures	8,515	753			(3,813)					(720)	7,684 Bonds
Private Debt and Mortgages	9,393	302	5,124	629	3,813		(2,065)			(284)	16,912 Credit
Equities											Equities
Public Equity	18,697	17,740			(629)				(115)	315	36,008 Public Equity
Private Equity	25,365		(5,124)			(458)				(22)	19,761 Private Equity
Real Assets											Real Assets
Infrastructure	29,691						(4,406)	(1,304)		55	24,036 Infrastructure
Real Estate	23,604					458	(4,026)	(647)		454	19,843 Real Estate
Short-Term Instruments											Short-Term Instruments
Cash and Short-Term Deposits	17,890						(134)	(78)	(5)	(576)	17,097 Cash
		(18,795)									Economic Leverage (18,795)
Investment-Related Assets and Liabilities	(11,673)						10,631			1,042	
Total Net Investment Assets	124,439	—	—	—	—	—	—	(2,029)	(120)	256	122,546 Total Net Exposure

1 Derivatives are measured at their fair value in the Consolidated Financial Statements. In this MD&A, to arrive at the Plan's ultimate exposure by asset class, derivatives are measured at their exposure value. The effect of derivatives exposure is reflected in each asset class, with an offset to economic leverage. Economic leverage is the difference between the exposure to an asset class and the fair value of the derivatives in the asset class.

2 Private credit funds are classified as private equity in the Consolidated Financial Statements, and are classified as credit in this MD&A.

3 Preferred shares are classified as public equity in the Consolidated Financial Statements, and are classified as credit in this MD&A.

4 Corporate bonds are classified as nominal bonds and debentures in the Consolidated Financial Statements, and are classified as credit in this MD&A.

5 Real estate funds are classified as private equity in the Consolidated Financial Statements, and are classified as real estate in this MD&A.

6 Recourse debt is classified as investment liabilities in the Consolidated Financial Statements, and is classified in the respective asset classes which the debt is financing in this MD&A.

7 OMERS has entered into agreements that provide eligible clients with access to the performance of its real estate and infrastructure businesses. The real estate and infrastructure assets are gross of the related liabilities on the Consolidated Financial Statements, and are net of the related liabilities in this MD&A.

8 The Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan is classified as public equity and short-term instruments in the Consolidated Financial Statements, and is not included in this MD&A.

Reconciliation of Net Investment Income

The following table sets out the reconciliation of Net Investment Income for each asset class and in total, as reported in Note 8 in the Consolidated Financial Statements, to the Net Investment Income in this MD&A.

Consolidated Financial Statements	Reclassifications										MD&A
	Derivative Exposures ¹	Private Credit Funds ²	Preferred Shares ³	Corporate Bonds ⁴	Public Equity and Real Estate Funds ⁵	Recourse Debt ⁶	Contractual Agreements ⁷	RCA ⁸	Other Items		
in \$ millions as at December 31, 2021											
Fixed Income											Fixed Income
Inflation-Linked Bonds	114	9							(123)	—	
Nominal Bonds and Debentures	(13)	(41)		5					134	85	Bonds
Private Debt and Mortgages	361	160	495	62	(4)	5			(145)	934	Credit
Equities											Equities
Public Equity	2,317	4,344		(62)	2			(22)	10	6,589	Public Equity
Private Equity	4,347	202	(495)		(59)	21			(41)	3,975	Private Equity
Real Assets											Real Assets
Infrastructure	1,832	672				52	(134)		(155)	2,267	Infrastructure
Real Estate	2,269	213			57	40	(74)		27	2,532	Real Estate
Cash and Short-Term Deposits	(145)	(125)		(1)		245			293	267	Cash and Short-Term Instruments
Derivatives	5,434	(5,434)								—	
Investment Liabilities	363					(363)				—	
Total Investment Income	16,879	—	—	—	—	—	(208)	(22)	—	16,649	Total Net Investment Income
Income Credited under Contractual Agreements	(442)						208	22	—	(212)	Income Credited under Contractual Agreements and RCA Investment Fund
Net Investment Income/(Loss)	16,437		—	—	—	—	—		—	16,437	

1 Net Gain (Loss) on derivatives is classified as Derivatives in the Consolidated Financial Statements, and is classified based on the asset exposure in this MD&A.

2 Income from private credit funds are classified as private equity in the Consolidated Financial Statements, and are classified as credit in this MD&A.

3 Income from preferred shares are classified as public equity in the Consolidated Financial Statements, and are classified as credit in this MD&A.

4 Losses from corporate bonds are classified as nominal bonds and debentures in the Consolidated Financial Statements, and are classified as credit in this MD&A.

5 Income from private funds that are invested in public equities and real estate are classified as private equity in the Consolidated Financial Statements, and are classified as public equity and real estate, respectively, in this MD&A.

6 Principally relates to unrealized gains on term notes that are classified as investment liabilities in the Consolidated Financial Statements, and are classified as short-term instruments in this MD&A.

7 OMERS has entered into contractual agreements that provide eligible clients with access to the performance of its real estate and infrastructure businesses. The Investment income related to these contracts is reported gross in Total Investment Income in the Consolidated Financial Statements and net in this MD&A.

8 The Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan is classified as public equity in the Consolidated Financial Statements, and is not included in this MD&A.

Glossary of Financial Terms

The following table sets out non-GAAP financial terms, supplementary measures and other key financial terms referred to in the preceding Management's Discussion & Analysis. These measures do not have standardized meanings and may not be comparable with similar measures used by other pension plans, asset managers or investment firms. They should not be viewed as alternatives to measures of financial performance determined in accordance with GAAP. For certain non-GAAP financial measures, there are no directly comparable amounts under GAAP.

Management uses the measures presented below, in addition to GAAP-based measures, to better understand and present OMERS performance, financial health, and risk. We believe these measures provide relevant and useful information to our stakeholders.

When used in the table below, the "Plan" refers to the OMERS Primary Pension Plan, and "asset class" refers to the asset classes defined in our Statement of Investment Policies & Procedures.

Term	Definition	Comparability to Nearest GAAP Measure
Net Assets (\$)	Equal to the Net Assets Available for Benefits of the Plan, as set out in Note 6 to the Consolidated Financial Statements. <i>Note that this is a GAAP measure; it is named differently in the MD&A for convenience.</i>	
Net Exposure (\$) (Non-GAAP Term)	The aggregate dollar value of the Primary Plan and Administered Funds. This excludes OMERS Return Agreements as set out in Note 5 of the Consolidated Financial Statements. This comprises exposure through direct ownership and derivatives and is net of financial leverage. Exposure achieved through option contracts is measured on a delta-adjusted basis.	This measure is most similar to Net Investment Assets in Note 3 to the Consolidated Financial Statements. This MD&A presents a reconciliation between Net Exposure and Net Investment Assets on page 66. This MD&A presents Net Exposure in aggregate and by each asset class. We present our Asset Mix (defined below) using each asset class's Net Exposure, with an offset to "economic leverage".
Asset Mix (%) (Non-GAAP Ratio)	The proportion of our total Net Exposure attributed to each asset class. This is a method of presenting investment portfolio diversification aligned with our long-term asset mix.	n/a: the Consolidated Financial Statements do not present a disclosure similar to the percentage proportion of assets by asset class.
Assets by Geography (%) (Non-GAAP Ratio)	The proportion of our total Net Exposure, adjusted to include exposure through credit and equity derivatives, across major geographic regions. When we have a Net Exposure to a multinational enterprise, we attribute that Net Exposure to the "country of risk" listed by Bloomberg, or if unavailable, to the "country of incorporation". This is a method of presenting investment portfolio diversification.	n/a: the Consolidated Financial Statements do not present a disclosure similar to the percentage proportion of assets by geography.

Term	Definition	Comparability to Nearest GAAP Measure
Assets by Industry (%) (Non-GAAP Ratio)	The proportion of our total Net Exposure, adjusted to include exposure through credit and equity derivatives, across industries based on Global Investment Industry Classification Standards (GICS) first-level industries. This is a method of presenting investment portfolio diversification.	n/a: the Consolidated Financial Statements do not present a disclosure similar to the percentage proportion of assets by industry.
Funded Ratio – Fair Value of Assets (%) (Supplementary Measure)	The ratio of Net Assets to the Plan's Accrued Pension Obligation, both excluding Additional Voluntary Contributions. These items are set out in Note 6 to the Consolidated Financial Statements. The Plan's funded ratio is an indicator of its long-term financial health, and this measure compares the value of pension obligations on a going-concern basis to the fair value of assets.	n/a: the Consolidated Financial Statements present the components for the ratio's numerator and denominator, but not a comparable ratio.
Funded Ratio – Smoothed Value of Assets (%) (Supplementary Measure)	The ratio of the Actuarial Value of Net Assets Available for Benefits to the Defined Benefit Accrued Pension Obligation, both excluding Additional Voluntary Contributions. These items are set out in Note 6 to the Consolidated Financial Statements. The Plan's funded ratio is an indicator of its long-term financial health, and this measure compares the value of pension obligations on a going-concern basis to the smoothed value of assets. Primarily used for funding and regulatory purposes, calculating a ratio on this smoothed basis evens out variations in annual net investment returns over a five-year period, and thereby incorporates a more stable, long-term view of investment performance.	n/a: the Consolidated Financial Statements present the components of the ratio's numerator and denominator, but not a comparable ratio.
Unrecognized Investment Gains or Losses (\$)	The difference between the Plan's net assets on a fair value basis and net assets on a smoothed basis. This measure reflects the amount that will be recognized in the smoothed value of assets, the funded ratio and the funding deficit over the next four years.	This measure is equal to the Actuarial Value Adjustment as presented in Note 6 to the Consolidated Financial Statements.
Management Expense Ratio (bps) (Non-GAAP Term)	The ratio of "investment expenses" to the time-weighted average Net Exposure. "Investment expenses" are comprised of two components: Investment Management Expenses presented in Note 12B, and the "external manager performance and pooled fund fees" disclosed in footnote (i) of Note 8 to the Consolidated Financial Statements. This measure provides information to assess investment management expenses relative to assets.	n/a: the Consolidated Financial Statements present the components for the numerator of this ratio, but do not present the denominator or a comparable ratio.

Term	Definition	Comparability to Nearest GAAP Measure
Net Income (Loss) (\$) (Non-GAAP Term)	The income (loss) generated by Net Exposure, including balances attributable to Administered Funds, presented in aggregate and by asset class.	This measure is most similar to Net Investment Income as presented in Note 8 to the Consolidated Financial Statements. This MD&A includes a reconciliation between Net Income (Loss) and Net Investment Income, on page 67.
Net Return (Loss) (%) (Non-GAAP Term)	The investment return generated (lost), net of investment expenses, over the period of time specified. This measure is annualized, if relevant, and is presented in aggregate and by asset class. We calculate net returns in accordance with standard industry computation methods.	n/a: the Consolidated Financial Statements do not present a ratio of the Plan's return to Net Exposure.
Net Local Return (Loss) (%) (Non-GAAP Term)	The investment return generated (lost), net of investment expenses, over the period of time specified, excluding any impact from foreign exchange. This measure is annualized, if relevant, and is presented in aggregate and by asset class. We calculate net local returns in accordance with standard industry computation methods.	n/a: the Consolidated Financial Statements do not present a ratio of the Plan's local return to Net Exposure.
Recourse Leverage (%) (Non-GAAP Term)	This ratio uses as its numerator total debt with recourse to AC, defined as the undiscounted principal value of the Debt listed in Note 4 of the Consolidated Financial Statements, translated at period-end foreign exchange rates. Its denominator is equal to total debt with recourse to AC plus Net Investment Assets as presented in Note 3 to the Consolidated Financial Statements. This measures the extent to which recourse leverage is used, relative to assets.	n/a: the Consolidated Financial Statements do not present a ratio of total debt with recourse to AC to Net Investment Assets.
Operating Cash Yield (%) (Non-GAAP Term)	The ratio of aggregate operating cash distributions to Net Exposure for any particular asset class, as calculated on a time-weighted basis. This measures the extent to which investment(s) generate returns in cash.	n/a: the Consolidated Financial Statements do not present a ratio of cash returned to Net Exposure of specified asset class.

ANNEX C: 2020 Annual Audited Consolidated Financial Statements

Responsibilities of Management, Actuary and Independent Auditors

The consolidated financial statements of AC have been prepared by AC Management (Management) and approved by the Board of AC (AC Board). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for pension plans.

Management is responsible for designing, implementing and maintaining adequate systems of internal controls over financial reporting to enable the preparation and fair presentation of the consolidated financial statements, including amounts based on estimates and judgment. In this regard, we are responsible for establishing policies and procedures that pertain to the maintenance of accounting systems and records, the authorization of receipts and disbursements, the safeguarding of assets and for reporting financial information. In addition, our internal audit team reviews AC's systems of internal controls over financial reporting and disclosure to determine whether these controls are appropriate and operating effectively.

The AC Board is responsible for approving the annual consolidated financial statements. The Audit & Actuarial Committee, which is comprised of directors who are not officers or employees of AC, assists the AC Board in executing this responsibility. The Audit & Actuarial Committee meets regularly with Management, the internal audit team and independent external auditors to review the scope and timing of their respective audits as well as to review any internal control or financial reporting issues and their resolution. The Audit & Actuarial Committee reviews the annual consolidated financial statements and recommends them to the AC Board for approval.

The external actuary is appointed by the AC Board. It is the external actuary's responsibility to carry out annual valuations of the accrued pension obligations of the OMERS Pension Plans in accordance with accepted actuarial practice and to report thereon to the AC Board. The results of the external actuary's valuation are set out in the Actuarial Opinion. In performing the valuation, the external actuary values the benefits provided under the OMERS Pension Plans using appropriate assumptions about future economic conditions (such as inflation, salary increases and investment returns) and demographic factors (such as mortality, termination rates and retirement ages). These assumptions take into account the circumstances of AC and its active, deferred and retired members.

The independent external auditors are also appointed by the AC Board. Their responsibility is to report to the AC Board whether in their opinion the consolidated statements of financial position as at December 31, 2020 and 2019 and the consolidated statements of changes in net assets available for benefits and the statements of changes in pension obligations for the years ended December 31, 2020 and 2019 present fairly in all material respects the financial position, the changes in net assets available for benefits and changes in pension obligations in accordance with Canadian accounting standards for pension plans. The independent external auditors have full and unrestricted access to Management and the Audit & Actuarial Committee to discuss any findings arising from their audit related to the integrity of financial reporting and the adequacy of internal control systems on which they rely for the purposes of their audit. The auditor's report outlines the scope of their examination and opinion.

Based on my knowledge, the Annual Report does not contain any untrue statement of a material fact, or omit to state a material fact that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by this Annual Report.

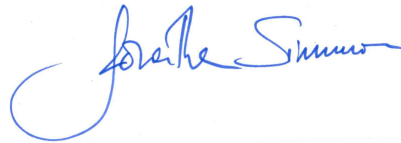
Based on my knowledge, the annual financial statements, together with the other financial information included in this Annual Report, fairly present in all material respects the financial position, changes in net assets available for benefits and changes in pension obligations of AC as of the date and for the periods presented in this Annual Report.



E.M. Blake Hutcheson

Chief Executive Officer

Toronto, Ontario
February 24, 2021



Jonathan Simmons, FCPA, FCA

Chief Financial Officer

ACTUARIAL OPINION

We conducted actuarial valuations as at **December 31, 2020** of the OMERS Primary Pension Plan (the Primary Plan) and the Retirement Compensation Arrangement for the OMERS Primary Pension Plan (the RCA) administered by OMERS Administration Corporation (AC). The purpose of the valuations is to fairly present the actuarial funded status of the Primary Plan and the RCA as at **December 31, 2020**, for inclusion in this Annual Report in accordance with Section 4600 of Part IV of the Chartered Professional Accountants of Canada (CPA Canada) Handbook.

The results of the actuarial valuation of the Primary Plan disclosed total going concern actuarial liabilities of \$113,055 million in respect of benefits accrued for service to **December 31, 2020** (comprising \$111,820 million with respect to the defined benefit component and \$1,235 million with respect to the AVC component). The actuarial value of net assets at that date were \$109,844 million (comprising \$108,609 million with respect to the defined benefit component and \$1,235 million with respect to the AVC component), indicating a going concern actuarial deficit of \$3,211 million.

The actuarial liability in respect of RCA benefits accrued for service to **December 31, 2020**, net of the RCA assets, was \$977 million. The RCA is not fully pre-funded. The funding of the RCA is managed on a modified pay-as-you go basis and monitored to ensure that the fund will have sufficient assets to provide for the projected benefit payments over the 20-year period following each valuation date.

The actuarial valuations of the Primary Plan and the RCA as at **December 31, 2020** were conducted using the Projected Benefit Method Prorated on Services, and membership data as at October 31, 2020 and financial information as at **December 31, 2020** supplied by the AC.

We reviewed the data for reasonableness and consistency with the data provided in prior years. In our opinion,

- the membership data are sufficient and reliable for the purpose of the valuations;
- the assumptions adopted were set with reference to the Primary Plan's and RCA's funding policies and are appropriate for the purpose of the valuations;
- the methods employed in the valuations are appropriate for the purpose of the valuations; and
- the valuations have been completed in accordance with our understanding of the requirements of the CPA Canada Handbook Section 4600.

The future experience of the Primary Plan and the RCA may differ from the actuarial assumptions, resulting in gains or losses which will be revealed in future valuations.

The valuations were prepared and our opinions are given in accordance with accepted actuarial practice in Canada.

Respectfully submitted,
Towers Watson Canada Inc.



Philip A. Morse
Fellow, Canadian Institute of Actuaries
Toronto, Ontario
February 24, 2021



Janis Cooper
Fellow, Canadian Institute of Actuaries

Independent auditor's report

To the Board of OMERS Administration Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of OMERS Administration Corporation and its subsidiaries (together, AC) as at December 31, 2020 and 2019 and the changes in its net assets available for benefits and changes in its pension obligations for the years then ended in accordance with Canadian accounting standards for pension plans.

What we have audited

AC's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of changes in net assets available for benefits for the years then ended;
- the consolidated statements of changes in pension obligations for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of AC in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing AC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate AC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing AC's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 AC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within AC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 24, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, (in millions of Canadian dollars)	2020	2019
Net Assets Available for Benefits		
Assets		
Investments (note 3)	\$ 119,611	\$ 119,107
Investment-related assets (note 3)	2,189	1,749
Contributions receivable		
From employers	174	166
From members	174	166
Other assets	352	658
Total Assets	122,500	121,846
Liabilities		
Investment-related liabilities (notes 3 and 4)	13,185	8,616
Amounts payable under contractual agreements (note 5)	3,401	3,485
Other liabilities	339	365
Total Liabilities	16,925	12,466
Net Assets Available for Benefits	\$ 105,575	\$ 109,380
Accrued Pension Obligation and Surplus (Deficit)		
Primary Plan (note 6)		
Defined benefit component		
Accrued pension obligation	\$ 111,820	\$ 106,443
Surplus (Deficit)		
Funding (deficit) surplus	(3,211)	(3,397)
Actuarial value adjustment to net assets available for benefits	(4,444)	4,928
	(7,655)	1,531
Additional Voluntary Contributions component pension obligation	1,235	1,244
Accrued Pension Obligation and Surplus (Deficit) of the Primary Plan	105,400	109,218
Retirement Compensation Arrangement (note 7)		
Accrued pension obligation	1,152	928
(Deficit) Surplus	(977)	(766)
Accrued Pension Obligation and Surplus (Deficit) of the Retirement Compensation Arrangement	175	162
Accrued Pension Obligation and Surplus (Deficit)	\$ 105,575	\$ 109,380

The accompanying notes are an integral part of these consolidated financial statements.
These financial statements were approved by the Board of Directors on February 24, 2021.
Signed on behalf of the Board of OMERS Administration Corporation

George Cooke
AC Board Chair

Laurie L. Hutchinson
Chair, Audit & Actuarial Committee

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31, (in millions of Canadian dollars)	2020	2019
Changes Due to Investment Activities		
Net investment (loss) income (note 8)	\$ (3,001)	\$ 11,455
Total Changes Due to Investment Activities	(3,001)	11,455
Changes Due to Pension Activities		
Contributions received (note 10)	4,415	4,349
Assumption of City of Toronto Pension Plans	—	973
Benefits paid (note 11)	(5,125)	(4,646)
Pension administrative expenses (note 12)	(94)	(190)
Total Changes Due to Pension Activities	(804)	486
Total (Decrease) Increase	(3,805)	11,941
Net Assets Available for Benefits, Beginning of Year	109,380	97,439
Net Assets Available for Benefits, End of Year	\$ 105,575	\$ 109,380

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN PENSION OBLIGATIONS

For the year ended December 31, (in millions of Canadian dollars)

2020

2019

OMERS Primary Pension Plan (note 6)

Defined Benefit Component

Accrued pension obligation, beginning of year	\$	106,443	\$	99,058
Interest accrued on benefits		6,239		5,917
Benefits accrued		3,642		3,491
Benefits paid		(5,046)		(4,589)
Assumption of City of Toronto Pension Plans		—		847
Experience (gains) losses		(401)		195
Changes in actuarial assumptions and methods		139		—
Reduction of the discount rate		804		1,524

Accrued Pension Obligation, End of Year		111,820		106,443
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Additional Voluntary Contributions Component

Additional Voluntary Contributions obligation, beginning of year		1,244		1,023
Contributions		78		127
Withdrawals		(53)		(34)
Attributed net investment (loss) income		(34)		128

Additional Voluntary Contributions Obligation, End of Year		1,235		1,244
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Retirement Compensation Arrangement (note 7)

Accrued pension obligation, beginning of year	\$	928	\$	851
Interest accrued on benefits		29		27
Benefits accrued		27		26
Benefits paid		(26)		(23)
Experience (gains) losses		(22)		47
Changes in actuarial assumptions and methods		216		—

Accrued Pension Obligation, End of Year	\$	1,152	\$	928
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The accompanying notes are an integral part of these consolidated financial statements.

(Amounts in millions of Canadian dollars except where otherwise noted)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

Description of Plans Administered By OMERS Administration Corporation

OMERS Administration Corporation (AC) is a corporation without share capital, continued under the Ontario Municipal Employees Retirement System Act, 2006 (OMERS Act). AC is the administrator of the OMERS pension plans (OMERS Pension Plans) as defined in the OMERS Act and is trustee of the pension funds. The OMERS Pension Plans comprise the OMERS Primary Pension Plan (Primary Plan), the Retirement Compensation Arrangement for the OMERS Primary Pension Plan (RCA) and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan). As trustee of the Primary Plan's fund, AC holds legal title to the pension fund assets; the trust beneficiaries are Primary Plan members, and in certain circumstances, their spouses or dependents. AC is responsible for administering the OMERS Pension Plans in accordance, as applicable, with the Pension Benefits Act (Ontario) (PBA), the Income Tax Act (Canada) (ITA) and the OMERS Act. OMERS Sponsors Corporation (SC) is the sponsor of the OMERS Pension Plans under the OMERS Act.

The assets of any of the OMERS Pension Plans cannot be used to fund the accrued pension obligations of any of the other OMERS Pension Plans.

OMERS Primary Pension Plan

The Primary Plan is a multi-employer, jointly sponsored pension plan, created in 1962 by an act of the Ontario Legislature, whose members are mainly employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff. The Primary Plan is governed by the OMERS Act, the PBA, the ITA and other applicable legislation. It is registered with the Financial Services Regulatory Authority of Ontario (FSRA) and with the Canada Revenue Agency (CRA) under Registration #0345983.

The benefit provisions and other terms of the Primary Plan are set out in the Primary Plan text. The Primary Plan consists of both the defined benefit component and the Additional Voluntary Contribution (AVC) component.

In June 2020, SC approved five changes to the Primary Plan. These changes take effect on two different dates and do not impact the current year's accrued pension obligation. The following three changes were effective June 24, 2020:

1. Extending the deadline to complete a leave purchase by one year for members who return from a leave of absence in 2020 or 2021, to December 31, 2021 or 2022, respectively;
2. Reducing or eliminating the 36-month employment requirement for purchases of periods of reduced pay, subject to changes to the Income Tax Regulations; and
3. Allowing members to purchase credited service for periods of absence due to temporary layoffs that were initiated in 2020 or 2021. The service can be purchased at two times contributions.

The following two changes will be effective January 1, 2023:

4. Removing the current eligibility requirement for non-full-time employees to join the Plan, so that all non-full-time employees may elect to join the Plan at any time.
5. Providing the option to SC Board, based on its annual assessment of the Primary Plan's health and viability, to reduce future inflation increases on benefits earned after December 31, 2022 (Shared Risk Indexing). This change does not affect benefits earned before that date.

Attributes of the defined benefit component of the Primary Plan include:

- **Funding:** The defined benefit component of the Primary Plan is funded by equal contributions from participating employers and members, and by the investment earnings of the Primary Plan assets. AC determines the regulatory minimum and maximum funding requirements in accordance with the PBA and the ITA. SC sets actual contribution rates.
- **Pensions:** The Primary Plan is designed to provide lifetime defined benefit pensions. These pensions are calculated as a percentage of the member's annual earnings averaged over the highest 60 consecutive months, multiplied by years of credited service.
- **Normal Retirement Age:** The normal retirement age (NRA) is 65 years for all Primary Plan members, except for police officers and firefighters, who generally have a normal retirement age of 60 years. Effective January 1, 2021, an OMERS employer can elect to provide NRA 60 benefits to all or a class of paramedics. For unionized employees, access to NRA 60 benefits are subject to negotiation between employer and unions.
- **Death Benefits:** Death benefits are payable upon the death of a member to a surviving spouse, eligible dependent children, a designated beneficiary, or the member's estate. Depending upon eligibility requirements, the benefits may be paid in the form of a survivor pension, lump sum payment or both.
- **Escalation of Pensions:** Inflation protection increases pensions each year, based on the increase in the Canadian Consumer Price Index (CPI), as follows:
 - Benefits earned on or before December 31, 2022 receive full inflation protection, up to a maximum increase of 6%. Any excess is carried forward so it can be used in later years when the CPI increase is less than 6%.
 - Benefits earned on or after January 1, 2023 are subject to Shared Risk Indexing.
- **Disability Pensions:** A disability pension is available at any age to an active member who becomes totally disabled as defined by the Primary Plan. The pension is calculated using a member's years of credited service and the average annual earnings during the member's highest 60 consecutive months of earnings consistent with a normal retirement pension. Generally, disability pensions continue until normal retirement.
- **Income Taxes:** The Primary Plan is a Registered Pension Plan as defined in the ITA and is not subject to income taxes for contributions received or investment income earned. The operations of certain entities holding private equity, infrastructure, private credit or real estate investments may be taxable.

The AVC component of the Primary Plan permits members to make additional voluntary contributions on which the member earns the net investment return of the Primary Plan. The liability of the Primary Plan, with respect to the AVC component, is equal to members' AVC contributions plus (if positive) or minus (if negative) the net investment rate of return earned by the defined benefit component of the Primary Plan over the period of time that the AVC contributions had been invested.

Retirement Compensation Arrangement for the OMERS Primary Pension Plan

The RCA is an arrangement that provides pension benefits for Primary Plan members with earnings exceeding the amount that generates the maximum pension allowed by the ITA with respect to service after 1991. It is a separate trust arrangement and is not governed by the PBA and is not a Registered Pension Plan under the ITA. The RCA is governed by the OMERS Act, the ITA and other applicable legislation. It is funded on a modified pay-as-you-go basis by equal contributions from participating employers and from active members and by the investment earnings of the RCA fund.

Current and future contributions are determined annually to ensure that the existing RCA fund and future investment earnings are expected to be sufficient to pay projected benefits and expenses over the 20-year period following each actuarial valuation date. The RCA net assets available for benefits are invested and accounted for separately from the Primary Plan and the Supplemental Plan, and the accrued pension obligation of the RCA is valued separately from the Primary Plan and the Supplemental Plan accrued pension obligations. Expenses of the RCA are paid from the cash flows of the RCA fund.

OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics

The Supplemental Plan became effective on July 1, 2008, pursuant to the requirements of the OMERS Act. The benefit provisions and other terms of the Supplemental Plan are set out in the Supplemental Plan text. The Supplemental Plan is registered with FSRA and with the CRA under Registration #1175892.

Until March 31, 2024, unless the Supplemental Plan has sufficient funds based on the portion of contributions allocated for administrative expenses, any administrative costs of the Supplemental Plan are funded through a startup grant from the Province of Ontario.

Participation in the Supplemental Plan is effective only upon agreement between employee groups and their employer. As at December 31, 2020 and December 31, 2019, no such agreement existed and hence the Supplemental Plan had no assets, no liabilities and no members.

NOTE 2

Summary of Significant Accounting Policies

Basis of Presentation

AC follows the requirements of the Chartered Professional Accountants of Canada (CPA Canada) Handbook Section 4600 – Pension Plans (Section 4600), which is the basis for Canadian accounting standards for pension plans. AC's recognition and measurement of assets and liabilities are consistent with the requirements of Section 4600. For accounting policies that do not relate to its investment portfolio or pension obligations, AC follows the requirements of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements include the financial position, changes in net assets available for benefits and changes in pension obligations of AC and of the OMERS Pension Plans. They also provide disclosures required by regulation 909 under the PBA.

Certain comparative figures have been restated to conform to the current year's presentation. This includes Note 3D, where the fair value of derivative assets and liabilities as at December 31, 2019 are each \$662 lower than previously presented, with no change to the net derivatives balance. This change reflects a change in Management's definition of the unit of measurement for derivative contracts.

Use of Estimates and Judgments

Preparing consolidated financial statements requires AC Management (Management) to make estimates, judgments and assumptions that affect the reported values of assets and liabilities, income and expenses, accrued pension obligations and related disclosures. Actual results could differ from these estimates. Areas of significant accounting estimates and judgment include the valuation of real estate, infrastructure, private equity, private debt investments, derivatives and pension obligations. The global health pandemic created by the spread of COVID-19 (Pandemic) has caused global economic disruption and uncertainty, amplifying the uncertainty related to estimates and assumptions used in the determination of fair values of investment assets. In all cases, Management's estimates are sensitive to key assumptions and drivers that are subject to material change, and Management continues to monitor developments in these inputs.

Investments and Valuations

Investment transactions are recorded at the point when the risks and rewards of ownership are transferred. Purchases and sales of publicly traded investments are recorded as of the trade date.

Investments are stated at fair value. 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. It is best evidenced by a quoted closing market price in an active market, if one exists; where such pricing is not available, fair value is estimated using observable market inputs such as interest rates, quoted prices of comparable securities or unobservable inputs such as Management assumptions or contractual terms. The determination of fair value is based on market conditions at a specific point in time and may not reflect future fair values.

Fair values are determined as follows:

- (i) Short-term deposits are recorded at amortized cost, which together with accrued interest income, approximates fair value.

- (ii) Inflation-linked bonds, nominal bonds and debentures are valued at year-end quoted market prices, where available, based on quotes from industry standard sources. Public equities are valued using quoted market exchange prices.
- (iii) For investments whose quoted market prices are not available, such as mortgages and private debt, values are estimated using discounted cash flows based on current market yields for comparable securities, independent asset appraisals and financial analysis.
- (iv) Investments with externally-managed hedge funds, whose individual securities valuations are not available to AC, are recorded based on the values provided by the fund manager, after Management evaluates these for reasonability.
- (v) The fair value of derivatives, including swaps, futures, options, credit default swaps and forward contracts, are determined using quoted market prices, where available, or discounted cash flows using current market yields, where quoted market prices are not available.
- (vi) Investments in private equity, infrastructure and real estate assets, held either directly or through limited partnership arrangements, generally do not have a publicly-available market price. For such investments, the completion of a recent purchase or sale of an identical or similar investment is often the most objective determination of fair value. While not exact, valuation procedures are able to provide estimates or identify likely ranges that a reasonable counterparty would pay for such assets.

Management values private investments as follows:

- a) For investments that have reasonably predictable future revenue streams or that derive their value based on property or commodity values, the valuation is derived by:
 - discounting projected future cash flows using discount rates that reflect the risk inherent in the projected cash flows. Discount rates and projected cash flows are based on internal assumptions and external inputs; and/or
 - assessing the valuation against the value of comparable publicly listed investments, where applicable.
- b) For non-operating and start-up directly-held private investments, the value is held at cost until there is evidence to support a change in valuation.
- c) For a private fund investment, where AC's ability to access information on underlying individual fund investments is restricted, such as under the terms of a limited partnership agreement, the investment's value is equal to the value provided by the fund's general partner unless there is a specific and objectively verifiable reason to vary from the value provided.

For each significant private investment, Management engages accredited, independent external valuation experts, to assess the reasonableness of the investment's valuation, at least once every three years.

Derivative Financial Instruments

Derivative financial instruments are financial contracts, the value of which are derived from changes in prices of underlying assets or indices. Derivative transactions are conducted in over-the-counter markets directly between two counterparties or are cleared through clearinghouses, or on regulated exchange markets. AC uses derivative financial instruments to manage the Primary Plan's asset mix and to assist in managing the exposure to market risk by increasing or decreasing foreign currency, interest rates, credit or price risk, without directly purchasing or selling the underlying assets or currencies.

The fair value of derivative contracts are presented in the Consolidated Statement of Financial Position. These fair values represent the cost of replacing all outstanding contracts under current market conditions. Contracts with a positive fair value are recorded as derivative assets in the 'investment-related assets' category, and contracts with a negative fair value are recorded as derivative liabilities in the 'investment-related liabilities' category. Management nets both legs of a swap contract into one unit of measurement.

Net Investment Income (Loss)

Investment income (loss) includes accrued interest, dividends and real estate rental income. Realized gains and losses on the disposal of investments and unrealized gains and losses in the fair value of investments are recognized in net investment income.

Investment income is recognized as interest and real estate rental income is earned, as dividends or distributions are declared, as investments are disposed of and as estimates of fair values change.

Transaction and Pursuit Costs

Transaction and pursuit costs, which include broker commissions, legal and other professional fees incurred as a part of the due diligence of a potential or completed transaction, are expensed to 'Total Investment Income' in Note 8 – Net Investment Income (Loss) as incurred.

External Manager Fees

The base fees payable to external managers for managing certain of AC's investment portfolios are recognized in 'Investment Management Expenses' as incurred. Performance fees, which are contractually due to external managers for superior investment returns, and fees for pooled funds, where AC's investment return from the fund is net of fees, are expensed in 'Investment Income' as incurred.

Investment Liabilities

Investment liabilities include commercial paper, term notes, and other debt obligations with recourse to AC. These obligations are issued by OMERS Finance Trust (an entity whose beneficiaries are subsidiaries of AC) (OFT), and by entities in which AC has invested. Investment liabilities also include the obligations in respect of securities sold under agreements to repurchase. Under these agreements, AC sells securities and simultaneously agrees to buy them back at a specified price at a future date.

Investment liabilities are financial instruments and are stated at fair value. The fair value of investment liabilities is estimated using discounted cash flows based on current market yields, except for items that are short-term in nature, for which cost plus accrued interest approximates fair value. AC's own credit risk is considered when estimating the fair value of investment liabilities.

Liabilities incurred by entities in which AC has invested are netted against investment assets, even when the investment is in an entity over which AC has effective control or can exercise significant influence, except for those liabilities which have recourse to AC.

Pending Trades

Pending trades include accrued receivables and payables from unsettled transactions.

The fair values of amounts due and amounts payable from pending trades approximate their carrying amounts due to their short-term nature.

Foreign Currency Translation

Certain investments are denominated in foreign currencies. The fair values of such investments are translated into Canadian dollars at the year-end foreign exchange rate. Unrealized foreign exchange gains and losses arising from this translation are included in 'Net Gain (Loss) on Investment Assets, Liabilities, and Derivatives' in Note 8 – Net Investment Income (Loss). When an investment denominated in a foreign currency is sold, the realized foreign exchange gain or loss is also recognized in 'Net Gain (Loss) on Investment Assets, Liabilities, and Derivatives' in Note 8 – Net Investment Income (Loss), based on the foreign exchange rate at the settlement date.

Accrued Pension Obligation

The value of the accrued pension obligation of the Primary Plan's defined benefit component is based on an actuarial valuation prepared by an independent firm of actuaries, using the Projected Benefit Method Prorated on Services. This accrued pension obligation is measured in accordance with accepted actuarial practice in Canada using actuarial assumptions and methods adopted by AC for the purpose of establishing the long-term funding requirements of the Primary Plan. The actuarial valuation included in the Consolidated Financial Statements is consistent with the valuation used for funding purposes.

The AVC pension obligation represents the Primary Plan's liability in respect of the AVC component of the Primary Plan and equals members' AVC contributions plus or minus the net investment rate of return earned by the defined benefit component of the Primary Plan over the period of time that the AVC contributions have been invested.

The valuation methodology used to estimate the accrued pension obligation of the RCA is developed on a basis consistent with the accrued pension obligation of the Primary Plan's defined benefit component, while recognizing the difference in the tax treatment. The accrued pension obligation of the RCA and the AVC pension obligation are separate from the accrued pension obligation of the Primary Plan's defined benefit component.

Actuarial Value of Net Assets and Actuarial Value Adjustment

The actuarial value of net assets for the Primary Plan is used to assess the funded position of the Primary Plan, including the determination of minimum contributions required by law. The actuarial value adjustment to the fair value of net assets is equal to the amount of net investment returns above or below the discount rate that is being smoothed and recognized over a five-year period. The fair value of net assets available for benefits is adjusted by the actuarial value adjustment to arrive at the actuarial value of net assets.

Surplus (Deficit)

For presentation in the financial statements, the surplus (deficit) of the Primary Plan is based on the difference between the fair value of the Primary Plan's net assets available for benefits and the Primary Plan's accrued pension obligation. For funding purposes, the Primary Plan's surplus (deficit) is based on the difference between the Primary Plan's actuarial value of net assets and the Primary Plan's accrued pension obligation.

For presentation of the RCA's financial statements, the surplus (deficit) is based on the difference between the fair value of RCA net assets available for benefits and the RCA's accrued pension obligation.

Contributions

Contributions from employers and active members are recorded on an accrual basis. Service purchases including leaves of absence, conversion of normal retirement age and transfers from other pension plans are recorded, and service is credited, when the purchase amount is received. Contributions for AVCs are recorded as received.

Benefits

Benefit payments to retired members are recorded as they become due. Commuted value payments and transfers to other pension plans are recorded in the period in which AC is notified of the request. Accrued benefits for active members are recorded as part of the accrued pension obligation.

Administrative Expenses

Administrative expenses are incurred for direct pension administration, direct investment management and corporate services. Administrative expenses are recorded on an accrual basis. Direct pension administration expenses include expenses to provide direct services to OMERS Pension Plans members and employers. Direct investment management expenses include expenses for managing OMERS Pension Plans investments. Corporate services expenses primarily include corporate information systems, accounting, legal and other governance expenses incurred to support either the pension administration or the investment management functions. These are allocated between pensions and investments based on an estimate of the use of resources.

Future Changes in Accounting Policies

In recent years, global regulators have prioritized the reform and replacement of benchmark interest rates such as USD LIBOR, GBP LIBOR and other interbank offered rates (IBORs). As a result, public authorities and other market participants are selecting new benchmark interest rates in key currencies with the objective that such rates will be based on liquid underlying market transactions. With this reform, the IASB has provided amendments to IFRS 9 - Financial Instruments, IFRS 7 - Financial Instruments: Disclosures and IAS 39 - Financial Instruments: Recognition and Measurement. The amendments are effective for annual periods beginning on or after January 1, 2021 and are to be applied retrospectively. These changes may impact the fair value of investment assets and liabilities and financial instruments. Management is currently assessing the impacts of the amendments on the AC financial statements.

NOTE 3

A. Investments by Fair Value and Cost

Investments and investment related assets and liabilities by fair value and by cost are as follows:

As at December 31,	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Fixed Income				
Inflation-linked bonds	\$ 2,514	\$ 2,363	\$ 2,707	\$ 2,602
Canadian nominal bonds and debentures	2,660	2,583	1,783	1,785
Non-Canadian nominal bonds and debentures	1,520	1,571	2,553	2,570
Private debt and mortgages	10,059	10,361	8,446	8,385
Total Fixed Income	16,753	16,878	15,489	15,342
Equities				
Public Equity				
Canadian public equities	4,851	4,728	6,902	6,688
Non-Canadian public equities	10,735	9,206	14,178	12,410
Total Public Equity	15,586	13,934	21,080	19,098
Private Equity ⁽ⁱ⁾				
Canadian private equities ⁽ⁱⁱ⁾	2,434	2,726	2,688	3,558
Non-Canadian private equities	18,377	17,270	19,873	16,979
Total Private Equity	20,811	19,996	22,561	20,537
Total Equities	36,397	33,930	43,641	39,635
Real Assets				
Infrastructure investments	28,678	27,197	25,292	24,205
Real Estate investments	18,316	16,886	20,497	15,974
Total Real Assets	46,994	44,083	45,789	40,179
Short-Term Instruments				
Cash and short-term deposits ⁽ⁱⁱⁱ⁾	19,467	19,468	14,188	14,194
Total Investments	119,611	114,359	119,107	109,350
Investment-Related Assets				
Investment receivables	339	339	322	322
Deferred assets, prepaid and other	54	82	49	81
Derivatives	1,609	469	1,236	268
Pending trades	187	187	142	142
Total Investment-Related Assets	2,189	1,077	1,749	813
Investment-Related Liabilities				
Investment liabilities (note 4)	(12,348)	(12,268)	(8,082)	(8,128)
Derivatives	(658)	(339)	(384)	(115)
Pending trades	(179)	(179)	(150)	(150)
Total Investment-Related Liabilities	(13,185)	(12,786)	(8,616)	(8,393)
Net Investment Assets	\$ 108,615	\$ 102,650	\$ 112,240	\$ 101,770

(i) Includes venture capital investments of \$1,102 (December 31, 2019: \$876).

(ii) Includes resource properties with a total fair value of nil (December 31, 2019: \$33).

(iii) Includes restricted cash of \$121 (December 31, 2019: \$125).

B. Investment Fair Value Hierarchy

Investment assets and liabilities are measured at fair value based on inputs from one or more levels of a fair value hierarchy as follows:

Level 1

Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities traded in active markets. Level 1 primarily includes publicly listed equity investments.

Level 2

Fair value is based on valuation methods that make use of inputs, other than quoted prices included within Level 1, that are observable by market participants either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models. Level 2 primarily includes short-term deposits, debt securities and derivative contracts not traded on a public exchange, public fund investments and investment-related liabilities, including debt and securities sold under repurchase agreements.

Level 3

Fair value is based on valuation methods whose significant inputs are based on unobservable market data. Level 3 primarily includes private market investments such as real estate, infrastructure, private equity, mortgages and private debt.

(a) Net investment assets are categorized into the fair value hierarchy as follows:

As at December 31,					2020
		Level 1	Level 2	Level 3	Total
Fixed Income	\$	—	\$ 6,694	\$ 10,059	\$ 16,753
Public Equity		15,310	43	233	15,586
Private Equity		113	955	19,743	20,811
Infrastructure		—	—	28,678	28,678
Real Estate		—	—	18,316	18,316
Short-Term Instruments		1,171	18,296	—	19,467
Investment-Related Assets		21	2,168	—	2,189
Investment-Related Liabilities		(89)	(13,096)	—	(13,185)
Net Investment Assets	\$	16,526	\$ 15,060	\$ 77,029	\$ 108,615
As at December 31,					2019
		Level 1	Level 2	Level 3	Total
Fixed Income	\$	—	\$ 7,043	\$ 8,446	\$ 15,489
Public Equity		21,080	—	—	21,080
Private Equity		79	1,094	21,388	22,561
Infrastructure		—	—	25,292	25,292
Real Estate		—	—	20,497	20,497
Short-Term Instruments		455	13,733	—	14,188
Investment-Related Assets		8	1,741	—	1,749
Investment-Related Liabilities		(100)	(8,516)	—	(8,616)
Net Investment Assets	\$	21,522	\$ 15,095	\$ 75,623	\$ 112,240

(b) The following table presents the changes in Level 3 investments for the year ended December 31, 2020:

	Fair Value Dec 31, 2019	Included in Total Investment Income (Loss) ⁽ⁱ⁾	Transfers In ⁽ⁱⁱ⁾	Transfers Out ⁽ⁱⁱ⁾	Purchases	Sales and Return of Capital ⁽ⁱⁱⁱ⁾	Fair Value Dec 31, 2020	Unrealized Gains (Losses) Attributable to Investments in the year ^{(i) (v)}
Fixed Income	\$ 8,446	\$ 191	\$ 50	\$ —	\$ 2,949	\$ (1,577)	\$ 10,059	\$ (388)
Public Equity	—	(10)	—	—	248	(5)	233	(13)
Private Equity	21,388	(700)	—	(7)	2,117	(3,055)	19,743	(1,271)
Infrastructure	25,292	2,606	—	—	4,726	(3,946)	28,678	437
Real Estate	20,497	(1,729)	—	—	2,906	(3,358)	18,316	(2,457)
Total	\$ 75,623	\$ 358	\$ 50	\$ (7)	\$ 12,946	\$ (11,941)	\$ 77,029	\$ (3,692)

The following table presents the changes in Level 3 investments for the year ended December 31, 2019:

	Fair Value Dec 31, 2018	Included in Total Investment Income (Loss) ^{(i) (iv)}	Transfers In	Transfers Out ⁽ⁱⁱ⁾	Purchases	Sales and Return of Capital ^{(iii) (iv)}	Fair Value Dec 31, 2019	Unrealized Gains (Losses) Attributable to Investments in the year ^{(i) (v)}
Fixed Income	\$ 7,588	\$ 294	\$ —	\$ —	\$ 2,535	\$ (1,971)	\$ 8,446	\$ (224)
Private Equity	19,064	364	—	—	5,038	(3,078)	21,388	(195)
Infrastructure	20,796	1,293	—	—	5,325	(2,122)	25,292	(722)
Real Estate	22,110	1,065	—	(21)	1,432	(4,089)	20,497	(172)
Total	\$ 69,558	\$ 3,016	\$ —	\$ (21)	\$ 14,330	\$ (11,260)	\$ 75,623	\$ (1,313)

(i) Excludes the impact of foreign currency hedging activities.

(ii) Transfers into Level 3 were primarily due to changes in the market observable inputs used to determine fair value (December 31, 2019: nil). Transfers out of Level 3 into Level 1 was due to a private investment becoming publicly traded.

(iii) Includes realized foreign exchange gains and losses.

(iv) For 2020 presentation we have redefined and relabeled the columns in this table from 2019's presentation. As a result we have reclassified certain 2019 amounts from 'Sales and Return of Capital' to 'Included in Total Investment Income (Loss)', as follows: Fixed Income \$505, Private Equity \$461 and Real Estate \$970.

(v) This column separately identifies unrealized gains (losses) that are also included in the column labeled 'Included in Total Investment Income (Loss)'.

There were no transfers between Level 1 and Level 2 in either of the years ended December 31, 2020 and 2019.

(c) Fair Value Assumptions and Sensitivity

Level 3 investment assets and liabilities are valued using models whose significant inputs are based on unobservable market data. The significant valuation input for private credit, infrastructure and real estate investment is the discount rate. The discount rate is composed of two elements: a risk-free rate, which is the return that would be expected from a secure, liquid, virtually risk-free investment, such as a high quality government bond; plus a risk premium. The risk premium is estimated from, where observable, implied values of similar publicly traded investments or sales of similar investments (similar properties, in the case of real estate investments). If such information is not available, the risk premium is estimated at a level that compensates for the incremental amount of risk associated with a particular investment. The selected discount rates are chosen to be consistent with the risk inherent in the stream of cash flows to which they are applied.

Private equity valuation inputs include earnings multiples. All else being equal, higher multiples equate to higher fair values, and vice versa.

The following table presents the sensitivity of Level 3 investments' valuations to reasonably possible alternative assumptions for asset categories where such reasonably possible alternative assumptions would change the fair value significantly. These sensitivities are hypothetical and should be used with caution. The impact to the valuation from such changes to the significant input has been calculated independently of the impact of changes in other key variables. In actual experience, a change in the discount rate may be the result of changes in a number of underlying assumptions which could amplify or reduce the impact on the valuation.

As at December 31,			2020		2019
	Significant Inputs	Range of Inputs	Increase/ Decrease in Significant Inputs	Decrease/ Increase in Net Investment Assets	Decrease/ Increase in Net Investment Assets
Private credit	Discount rate	1.2% - 16.4% (2019: 2.3% - 11.6%)	25 bps	\$ 50	\$ 40
Private equity - core direct investments	EBITDA multiple	5.5X - 19.7X (2019: 6.6X - 19.7X)	0.50x	630	715
Infrastructure investments	Discount rate	6.5% - 15.8% (2019: 7.4% - 15.8%)	25 bps	1,220	1,140
Real estate investments	Discount rate	4.7% - 10.5% (2019: 4.3% - 9.7%)	25 bps	590	720

The above sensitivity analysis excludes investments totaling \$6,144 (December 31, 2019: \$6,330) for which AC does not have access to the underlying investment information. For those investments, fair values are equal to the value provided by the fund's general partner, unless there is a specific and objectively verifiable reason to vary from the value provided.

C. Significant Investments

Investments with either a fair value or cost exceeding one per cent of the fair value or cost of total net investment assets are as follows:

As at December 31,			2020			2019		
	Number of Investments	Fair Value	Cost	Number of Investments	Fair Value	Cost	Number of Investments	Fair Value
Public Investments	1	\$ 2,083	\$ 1,351	—	\$ —	\$ —	—	\$ —
Private Investments	11	14,675	13,490	11	15,959	13,171	11	15,959
Total	12	\$ 16,758	\$ 14,841	11	\$ 15,959	\$ 13,171	11	\$ 15,959

Public investments included in the table above are an interest in an integrated logistics company.

Private investments included in the table above are ownership interests in Associated British Ports, Bruce Power, Ellevio, Lifelabs, London City Airport, ONCOR, Puget Energy, Scotia Gas Networks, SFR FttH, Teranet and real estate ownership interests in Yorkdale Shopping Centre.

The effective date of the most recent valuation for the above listed investments was December 31, 2020.

D. Derivative Financial Instruments

The following table summarizes AC's derivative portfolio. Notional amounts represent economic exposure, and are the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. These notional amounts are used to determine the gains (losses) and fair values of the derivative contracts; they are not recorded as assets or liabilities on the Consolidated Statement of Financial Position. Notional amounts do not necessarily represent the amount of potential market risk or credit risk arising from derivatives. The table below includes non-delta adjusted notional amounts.

As at December 31,		2020				2019	
		Fair Value			Fair Value		
	Notional Value	Assets	Liabilities	Notional Value	Assets	Liabilities	
Fixed Income							
Interest Rate Contracts							
Interest rate swap contracts	\$ 198	\$ 3	\$ —	\$ 1,029	\$ 2	\$ —	
Bond index swap contracts	127	3	—	545	9	—	
Inflation swaps	—	—	—	337	2	(1)	
Interest rate swaptions							
- written	—	—	—	2,658	—	(17)	
- purchased	637	—	—	9,584	31	—	
Bond futures	2,856	1	—	1,030	1	—	
		7	—		45	(18)	
Credit Default Contracts							
Credit default swaps	1,697	—	—	3,440	8	(3)	
Credit swaptions							
- written	3,376	—	(3)	—	—	—	
- purchased	3,376	9	—	—	—	—	
		9	(3)		8	(3)	
		16	(3)		53	(21)	
Equities							
Equity Contracts							
Equity index futures contracts	3,533	13	(7)	4,228	5	(17)	
Equity index swap contracts	6,742	258	(72)	3,748	88	(19)	
Equity swap contracts	11,052	322	(123)	4,206	70	(31)	
Equity index options							
- written	13,448	—	(164)	3,415	—	(76)	
- purchased	15,552	224	—	5,884	171	—	
		817	(366)		334	(143)	
Commodity Contracts							
Commodity futures contracts	1,584	7	(6)	1,620	3	(17)	
		7	(6)		3	(17)	
		824	(372)		337	(160)	
Foreign Exchange Contracts							
Currency options							
- written	3,389	—	(48)	1,639	—	(5)	
- purchased	5,354	19	—	3,587	25	—	
Foreign exchange forward contracts	42,958	750	(235)	82,991	821	(198)	
		769	(283)		846	(203)	
Total		\$ 1,609	\$ (658)		\$ 1,236	\$ (384)	

E. Investment Risk

AC's primary long-term investment risk is that the value of its assets and its capacity to generate cash is insufficient to meet pension obligations. AC's future pension obligations are the basis for establishing its long-term investment objectives, combined with an assessment of associated risks.

The AC Board of Directors, through its Investment Committee, determines the acceptable level of investment risk to be taken. This committee reviews and recommends the long-term asset mix to the Board for approval. Primary accountability for managing risk, within the Board's authorized parameters, is delegated by the Board to the CEO, who further delegates the responsibility to business leaders. The Chief Risk Officer is responsible for implementing the Board-approved risk management mandate, including the development of associated policies and limits, and providing independent enterprise-wide oversight of business activities. Accountability for managing investment risks remains with the business units and functions responsible for making investment decisions.

AC's investments are diversified among major asset classes. Investment teams execute specific strategies designed to achieve return objectives that reflect both the opportunity and the risk associated with those asset classes. The methods and factors used in the measurement or assessment of investment risk are reviewed on an ongoing basis.

The Pandemic, and the resulting economic conditions, may materially and adversely impact AC's investment portfolio, AC's counterparties' ability to service their loan obligations and AC's sources of liquidity. The Pandemic's impact on the financial markets are highly uncertain and AC continues to monitor the risks arising from the Pandemic.

AC manages market, credit and liquidity risk as follows.

a) Market Risk

Market risk is the risk that the fair value of an investment is impacted by changes in market prices such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and other price risks. For derivative instruments, market risk arises from potential adverse changes in the value of derivative instruments as a result of changes in the underlying market variables. These underlying market variables may include the absolute and relative levels of interest rates, foreign exchange rates, equity, commodity prices, bond prices, and their implied volatilities.

To address market risk, investment teams employ tactics and strategies designed to measure, manage and monitor the risks and to ensure the risks taken are commensurate with their expected returns. The investment teams monitor key market risk metrics such as volatility, drawdown, interest rate sensitivity, duration, credit spread risk, credit ratings, and foreign exchange exposures to assess the sensitivity of the total portfolio to each type of market risk. Actions will be taken to adjust portfolio exposures if risk sensitivities exceed the desired level or contradict the investment team's market view. At the security level, the investment teams develop fundamental or quantitative models to help assess the fair value of each security. When the observed price significantly deviates from a security's fair value, the portfolio manager may take action to reduce or increase position sizes.

(i) Foreign Exchange Rates

AC pays pensions in Canadian dollars and manages a highly diversified portfolio of long-term investments, some of which are denominated in foreign currencies. AC assumes foreign exchange risks and manages a proportion of its exposures associated with foreign currency-denominated investments using forward contracts. Net investment assets by currency, after the impact of currency hedging, are as follows:

As at December 31,			2020		2019	
			Fair Value By Currency		Fair Value By Currency	
Currency		Net Exposure	% of Total	Net Exposure	% of Total	
United States Dollar	\$	18,040	17 %	\$ 1,347	1 %	
British Pound Sterling		4,328	4	1,345	1	
Hong Kong Dollar		2,869	3	1,531	1	
India Rupee		1,801	2	1,741	2	
Chinese Yuan		1,292	1	751	1	
Australian Dollar		1,112	1	426	—	
All Other		1,734	2	2,268	2	
Total Foreign Exposure		31,176	30	9,409	8	
Canadian Dollar		77,439	70	102,831	92	
Total	\$	108,615	100 %	\$ 112,240	100 %	

Foreign Currency Sensitivity

After giving effect to the impact of hedging and holding constant all other variables and underlying values, a five per cent increase or decrease in the value of the Canadian dollar against major foreign currencies would result in an approximate \$1,559 (December 31, 2019: \$471) decrease or increase in AC's net assets as shown below:

As at December 31,			2020		2019	
Currency	Change in value of Canadian Dollar	Unrealized gain/loss	Unrealized gain/loss			
United States	+/- 5%	-/+ \$ 902	-/+	\$ 67		
United Kingdom	+/- 5%	-/+ 216	-/+	67		
Hong Kong	+/- 5%	-/+ 143	-/+	77		
India	+/- 5%	-/+ 90	-/+	87		
China	+/- 5%	-/+ 65	-/+	38		
Australia	+/- 5%	-/+ 56	-/+	21		
Other	+/- 5%	-/+ 87	-/+	114		
Total		-/+ \$ 1,559	-/+	\$ 471		

(ii) Interest Rate Risk

AC's primary exposure to interest rate changes in its net investment assets relates primarily to capital deployed in fixed income products, which include bonds and debentures, private debt and mortgages, as well as a variety of interest-bearing investments in private portfolios. Investments with fixed rates of interest will decrease in market value as interest rates rise, and vice versa.

Sensitivity to changes in interest rates

Our exposure to a one per cent change in interest rate, with all other variables held constant, would result in an approximate (decrease) increase in the value of fixed income investments and interest rate swaps net of term notes, with an unrealized (loss) gain of \$246 (December 31, 2019: \$349).

(iii) Price Risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting all similar financial instruments traded in the market.

AC invests in publicly-traded equities to achieve income through dividends or capital gains or both over time. These investments are exposed to price risk and volatility. Investments in publicly-traded equities are actively managed with due regard for risk and return objectives through geography-, industry- and entity-specific analyses as well as through diversification.

AC's investment in publicly-traded equities is achieved through both physical holdings and derivative exposures. A 10% increase (decrease) in the value of these public equities would result in an approximate increase (decrease) in public equity exposures, and an unrealized gain (loss) of \$3,401 (December 31, 2019: \$2,903).

AC's investments in private equity, infrastructure, real estate and private debt and mortgages are also subject to price risk: their values are impacted by many general and specific variables, as described in Investments and Valuations in Note 3B - Investment Fair Value Hierarchy.

AC is also subject to price risk through changes in credit spreads on its fixed income investments. A 50 basis point increase (decrease) in the credit spreads of AC's fixed income investments would result in a (decrease) increase in the value of interest-bearing fixed income investments, and an unrealized (loss) gain of \$319 (December 31, 2019: \$230).

b) Credit Risk

Credit risk is defined as the financial loss that results from the failure of a counterparty to honour its contractual obligations to AC. AC is subject to credit risk primarily in connection with issuers of securities, debtors, structured securities, and derivative, repurchase agreement and securities lending counterparties. Credit risk for uncleared OTC derivatives accounts for margin posted or exchanged. Credit risk for cleared OTC derivative contracts and futures contracts is typically minimal, as the counterparty is an exchange, rather than a corporate entity; initial margin is posted; and margin receivables and payables are settled in cash daily.

To manage counterparty risk, AC:

- requires collateral from its counterparties in certain circumstances, as outlined in contractual arrangements;
- limits how much exposure AC has with individual counterparties; and
- regularly performs financial analysis of its significant counterparties, which includes reference to credit rating agencies and other relevant external sources. AC only trades over-the-counter (OTC) derivatives with high quality counterparties. If no rating is available from selected reputable credit rating agencies (i.e., for certain corporate sector securities), Management estimates ratings using an internal rating process.

(i) Credit Quality

The counterparty credit ratings for fixed income and short-term instruments is set out in the table below:

As at December 31,						2020
	Sovereign Governments	Provincial Governments	Corporate	Total	% of Total	
AAA	\$ 3,020	\$ —	\$ —	3,020	8 %	
AA	5,514	377	13,954	19,845	55	
A	—	227	381	608	2	
BBB	508	—	2,865	3,373	9	
Below BBB	38	—	6,451	6,489	18	
Unrated	—	—	2,885	2,885	8	
Total	\$ 9,080	\$ 604	\$ 26,536	\$ 36,220	100 %	

As at December 31,						2019
	Sovereign Governments	Provincial Governments	Corporate	Total	% of Total	
AAA	\$ 3,894	\$ —	\$ —	3,894	13 %	
AA	586	349	13,151	14,086	48	
A	31	220	464	715	3	
BBB	521	—	2,339	2,860	10	
Below BBB	112	—	4,566	4,678	16	
Unrated	—	—	2,975	2,975	10	
Total	\$ 5,144	\$ 569	\$ 23,495	\$ 29,208	100 %	

Unrated securities in the table above relate to private mortgages with a weighted average loan-to-value ratio at the time of issuance of no greater than 75%.

(ii) Right of Netting, Offset and Margin

AC is a counterparty to financial instruments that are subject to margin, netting and offset arrangements.

For margin arrangements, generally, AC pledges and receives collateral consisting of securities and in some cases, cash, in the ordinary course of managing net investments. AC has enforceable contractual rights to realize upon collateral and to set-off against amounts owing under financial contracts following a counterparty default or other termination right. Additional collateral is exchanged if the value of the collateral falls below a predetermined level, based on the value of the underlying transaction(s) or interest, and the value of the collateral posted. Specifically:

- In the case of OTC derivatives, variation margin collateral is collected from and provided to counterparties according to the Credit Support Annex (CSA), which forms part of International Swaps and Derivatives Association (ISDA) master agreements.
- In the case of prime brokerage and securities borrowing, collateral is exchanged to the full extent of the liability with the counterparty, with a party required to pledge marketable securities or cash of higher value as collateral than the securities borrowed. AC does not recognize any securities borrowed as its investment assets or derecognize any securities lent because the risks and reward of borrowed securities remain with the lenders.
- In the case of repurchase transactions, under Global Master Repurchase Agreements (GMRA), AC sells securities and simultaneously incurs an obligation to buy back equivalent securities in the future. Collateral is exchanged between the counterparties based on the current value of the securities sold under the repurchase agreements.

AC enters into enforceable master netting agreements, such as ISDA Master Agreements, GMRA and securities lending agreements. Under these agreements, following a counterparty's event of default, bankruptcy or other early termination event, AC is entitled to liquidate transactions under each of the above derivative, repurchase and securities lending arrangements and to net amounts payable under all transactions under that agreement. Master netting agreements might include contractual rights of set-off, enforceable following the occurrence of an event of default or other termination event, that might allow, in certain circumstances, AC or its counterparty to set-off amounts owing under one agreement against amounts owed under another agreement, on a counterparty by counterparty basis. In the Consolidated Statement of Financial Position, financial instruments are not offset, as a party's rights of offset across agreements are conditional.

Certain financial transactions, such as derivative transactions, involve a legally enforceable right to offset the recognized amounts and to settle payments on a net basis, or to realize upon an asset and a liability simultaneously. Financial assets and liabilities that are offset are reported as a net amount in the Consolidated Financial Statements.

AC may not be permitted to net and set-off upon the default of a clearer in respect of exchange traded derivatives and cleared OTC derivatives. In the Consolidated Statement of Financial Position, financial instruments are not offset where the rights of offset are conditional.

In the following table, the net amount presents the effect of the amounts that do not qualify for offsetting but which are subject to conditional netting arrangements or similar arrangements, including ISDA, GMRA, security lending agreements and any related rights to financial collateral:

As at December 31,

2020

	Gross amounts of recognized Financial Instruments	Less amounts offset in Consolidated Financial Statements	Net amounts presented in Consolidated Financial Statements	Related amounts not set off in the Consolidated Statement of Financial Position		Net amount
				Amounts subject to netting arrangements	Financial collateral (received) pledged	
Financial Assets						
Derivative assets	\$ 1,609	\$ —	\$ 1,609	\$ (671)	\$ (514)	424
Total Financial Assets	\$ 1,609	\$ —	\$ 1,609	\$ (671)	\$ (514)	424
Financial Liabilities						
Derivative liabilities	\$ (658)	\$ —	\$ (658)	\$ 671	\$ —	13
Securities borrowing	(480)	—	(480)	—	1,080	600
Repurchase agreements	—	—	—	—	—	—
Total Financial Liabilities	\$ (1,138)	\$ —	\$ (1,138)	\$ 671	\$ 1,080	613

As at December 31,

2019

	Gross amounts of recognized Financial Instruments	Less amounts offset in Consolidated Financial Statements	Net amounts presented in Consolidated Financial Statements	Related amounts not set off in the Consolidated Statement of Financial Position		Net amount
				Amounts subject to netting arrangements	Financial collateral (received) pledged	
Financial Assets						
Derivative assets	\$ 1,236	\$ —	\$ 1,236	\$ (463)	\$ (506)	267
Total Financial Assets	\$ 1,236	\$ —	\$ 1,236	\$ (463)	\$ (506)	267
Financial Liabilities						
Derivative liabilities	\$ (384)	\$ —	\$ (384)	\$ 463	\$ —	79
Securities borrowing	(76)	—	(76)	—	63	(13)
Repurchase agreements	(130)	—	(130)	—	131	1
Total Financial Liabilities	\$ (590)	\$ —	\$ (590)	\$ 463	\$ 194	67

c) Liquidity Risk

Liquidity risk is the risk that AC will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering a financial asset. AC may use repurchase agreements, derivative contracts, securities lending and securities borrowing arrangements to gain exposure to equities, fixed income, credit, commodities and currency. Using these instruments increases AC's collateral requirements and liquidity risk.

AC has developed forward-looking liquidity risk and cashflow models to periodically assess its liquidity position. AC also maintains a portfolio of highly marketable assets that could be sold or funded on a secured basis to generate liquidity. Our principal liquidity needs include meeting our pension obligations, funding investment acquisitions, meeting collateral demands related to our use of derivatives, and funding investment management and pension administration expenses.

As of December 31, 2020, AC maintained \$22,794 of available liquid assets (December 31, 2019: \$17,907). Available liquid assets includes cash, inflation-linked bonds and nominal bonds.

(i) *Terms to Maturity*

The term to maturity of our derivative and non-derivative liabilities based on fair value is as follows:

As at December 31,	2020				2019			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Debt (undiscounted principal and interest repayments) ⁽ⁱ⁾	\$ 3,021	\$ 6,091	\$ 2,402	\$ 11,514	\$ 4,184	\$ 2,127	\$ 1,117	\$ 7,428
Securities sold short	217	36	227	480	66	10	—	76
Securities sold under repurchase agreements	—	—	—	—	130	—	—	130
Payables and other liabilities	647	—	—	647	842	—	—	842
Interest rate contracts	—	—	—	—	17	—	1	18
Credit default contracts	3	—	—	3	—	3	—	3
Equity contracts	366	—	—	366	128	15	—	143
Commodity contracts	6	—	—	6	17	—	—	17
Foreign exchange contracts	257	26	—	283	203	—	—	203
Total	\$ 4,517	\$ 6,153	\$ 2,629	\$ 13,299	\$ 5,587	\$ 2,155	\$ 1,118	\$ 8,860

(i) Includes \$2,570 (2019 - 3,464) of commercial paper that was due within twelve months after December 31, 2020.

The term to maturity of our derivative liabilities based on notional value is as follows:

December 31,	2020				2019			
	Within 1 Year	1 to 5 Years	Over 5 Years	Total	Within 1 Year	1 to 5 Years	Over 5 Years	Total
Interest rate contracts	\$ 52	\$ —	\$ —	\$ 52	\$ 2,993	\$ —	\$ 195	\$ 3,188
Credit default contracts	3,376	—	—	3,376	—	130	13	143
Equity contracts	20,057	—	—	20,057	7,043	862	—	7,905
Commodity contracts	626	—	—	626	1,370	—	—	1,370
Foreign exchange contracts	16,645	1,035	—	17,680	11,973	—	—	11,973
Total	\$ 40,756	\$ 1,035	\$ —	\$ 41,791	\$ 23,379	\$ 992	\$ 208	\$ 24,579

(ii) *Commercial paper*

OFT is authorized to issue up to \$5,000 (December 31, 2019: \$5,000) in commercial paper, which is unconditionally and irrevocably guaranteed by AC, of which \$2,570 (December 31, 2019: \$3,464) was issued as at December 31, 2020. Commercial paper generally has short-term maturities, and the requirement to repay this debt at maturity increases liquidity risk. OFT manages this risk by maintaining a high credit rating and by maintaining an undrawn \$3,750 (December 31, 2019: \$3,750) revolving credit facility with a syndicate of well-capitalized banks to backstop the commercial paper program or use for other general corporate purposes.

NOTE 4

Investment Liabilities

AC's investment liabilities are as follows:

As at December 31,	2020	2019
Debt	\$ 11,221	\$ 7,034
Securities sold short	480	76
Securities sold under repurchase agreements	—	130
Payables and other liabilities	647	842
Total	\$ 12,348	\$ 8,082

OFT is authorized to issue term notes, which are unconditionally and irrevocably guaranteed by AC. As at December 31, 2020, \$7,004 is outstanding (December 31, 2019: \$2,672). OFT has also entered into a revolving credit facility for €250 which expires in May 2022 and was undrawn as at December 31, 2020.

Total debt with recourse to AC is comprised of the following:

As at December 31,	2020			2019		
	Fair Value	Cost	Weighted Average Interest Rate	Fair Value	Cost	Weighted Average Interest Rate
Real Estate						
Credit facilities	\$ 546	\$ 546	1.03 %	\$ 645	\$ 645	1.39 %
Infrastructure						
Secured debt	1,101	998	1.47	253	257	3.15
OMERS Finance Trust						
Commercial paper ⁽ⁱ⁾	2,570	2,570	0.23	3,464	3,464	1.92
Term notes:						
USD 1.125% due April 14, 2023 ⁽ⁱⁱ⁾	1,300	1,392	1.13	—	—	—
USD 2.50% due May 2, 2024 ⁽ⁱⁱⁱ⁾	1,703	1,682	2.50	1,657	1,680	2.50
EUR 0.450% due May 13, 2025 ^(iv)	1,607	1,526	0.45	—	—	—
CAD 1.550% due April 21, 2027 ^(v)	1,291	1,253	1.55	—	—	—
CAD 2.60% due May 14, 2029 ^(vi)	1,103	1,002	2.60	1,015	1,002	2.60
Total	\$ 11,221	\$ 10,969	1.26 %	\$ 7,034	\$ 7,048	2.15 %

(i) Commercial paper outstanding has maturities from January 5, 2021 to April 6, 2021 with interest rates ranging from 0.18% to 0.31%.

(ii) USD \$1.00 billion term notes issued April 14, 2020. Interest is payable semi-annually in April and October of each year.

(iii) USD \$1.25 billion term notes issued May 2, 2019. Interest is payable semi-annually in May and November of each year.

(iv) EUR €1.00 billion term notes issued May 13, 2020. Interest is payable annually in May of each year.

(v) CAD \$1.25 billion term notes issued April 21, 2020. Interest is payable semi-annually in April and October of each year.

(vi) CAD \$1.00 billion term notes issued May 14, 2019. Interest is payable semi-annually in May and November of each year.

NOTE 5

Amounts Payable Under Contractual Agreements

Amounts payable under contractual agreements are comprised of two balances:

- (i) AC invests funds on behalf of The Board of Trustees of Ryerson University and the Transit Windsor Fund (collectively, the Administered Funds) under contractual agreements and may recover expenses for administering such funds. These Administered Funds are adjusted for income (loss) based on their proportionate share of the Plan's net investment income.
- (ii) Through its subsidiary OMERS Investment Management Inc., AC established investment arrangements (OMERS Return Agreements) that provide eligible clients with access to the performance of all or parts of the annual investment return of the Primary Plan. The amounts due to OMERS Return Agreements are adjusted for income (loss) based on an investment return equal to part of the Primary Plan's return.

Amounts payable under contractual agreements are comprised of the following:

As at December 31,		2020		2019
Administered Funds	\$	1,517	\$	1,567
OMERS Return Agreements		1,884		1,918
Amounts payable under contractual agreements	\$	3,401	\$	3,485

NOTE 6

OMERS Primary Pension Plan

A summary of the financial statements of the Primary Plan is as follows:

Statement of Financial Position

As at December 31,		2020		2019
Net Assets Available for Benefits	\$	105,400	\$	109,218
Accrued Pension Obligation and Surplus (Deficit)				
Defined benefit component				
Accrued pension obligation	\$	111,820	\$	106,443
Surplus (Deficit)				
Funding (deficit) surplus		(3,211)		(3,397)
Actuarial value adjustment of net assets		(4,444)		4,928
		(7,655)		1,531
Additional Voluntary Contributions component pension obligation		1,235		1,244
Total Primary Plan Accrued Pension Obligation and Surplus (Deficit)	\$	105,400	\$	109,218

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,	2020	2019
Statement of Changes in Net Assets		
Net investment (loss) income	\$ (3,012)	\$ 11,438
Contributions	4,386	4,328
Assumption of City of Toronto Pension Plans	—	973
Benefits	(5,099)	(4,623)
Pension administrative expenses	(93)	(189)
Total (Decrease) Increase	(3,818)	11,927
Net Assets Available for Benefits, Beginning of Year	109,218	97,291
Net Assets Available for Benefits, End of Year	\$ 105,400	\$ 109,218

Accrued Pension Obligation of the Defined Benefit Component

The accrued pension obligation is the actuarial present value of pension obligations of the Primary Plan in respect of benefits accrued to date for all active and inactive members. This obligation is measured using the same actuarial assumptions and methods as are used for determining the Primary Plan's minimum funding requirements as set out under the PBA. As the experience of the Primary Plan unfolds, and as underlying conditions change over time, the actual value of accrued benefits payable in the future could be materially different from the recorded actuarial present value.

AC uses the Projected Benefit Method Prorated on Services for the actuarial valuation, and Towers Watson Canada Inc. performed the actuarial valuation. Under the PBA, an actuarial valuation report prepared by an independent external actuarial firm must be filed with FSRA at least once every three years. A Primary Plan valuation report was last filed for the December 31, 2019 year-end.

The following are the primary economic actuarial assumptions used in the actuarial valuation of the Primary Plan as at December 31:

Actuarial Assumptions	2020	2019
Assumed rate of inflation	2.00 %	2.00 %
Real discount rate	3.85	3.90
Discount rate	5.85 %	5.90 %

Demographic assumptions are also used to estimate when future benefits are payable to members and beneficiaries, including assumptions about mortality rates, termination rates and patterns of early retirement. Each of these assumptions is updated periodically, based on a detailed review of the experience of the Primary Plan and on the expectations for future trends. AC's external actuaries have provided their opinion that assumptions adopted are appropriate for valuing the Primary Plan's accrued pension obligation.

The retirement assumption is based on an age-based scale and reflects a possibility of retirement after normal retirement age. The mortality assumption is based on Primary Plan experience and includes a projection for longevity improvements in the future.

The assumed increases in the real rate of pensionable earnings (i.e., increase in excess of the assumed inflation rate) were last updated in 2018 to reflect recent experience of the Plan and current expectations for future years and are as follows:

	2020				2019			
	NRA60 ⁽ⁱ⁾		NRA65 ⁽ⁱ⁾		NRA60 ⁽ⁱ⁾		NRA65 ⁽ⁱ⁾	
	Before 2023	After 2022	Before 2023	After 2022	Before 2023	After 2022	Before 2023	After 2022
Assumed real rate of pensionable earnings increases (weighted average of a table of age-related increases)	1.8%	1.9%	1.1%	1.2%	1.8%	1.9%	1.1%	1.2%
Rate of pensionable earnings increases (assumed rate of inflation plus real rate of pensionable earnings increases)	3.8%	3.9%	3.1%	3.2%	3.8%	3.9%	3.1%	3.2%

(i) Normal Retirement Age of 60 and 65 years of age respectively.

The following table provides the sensitivity of the accrued pension obligation to (i) the real discount rate, and to (ii) changes in the assumed real rate of pensionable earnings increases. A 50 basis point change in the following assumptions (with no change in other assumptions) would have the following approximate effects on the accrued pension obligation:

50 Basis Point Change As at December 31,	Approximate Effect on Accrued Pension Obligation	
	2020	2019
Real discount rate		
Decrease in assumption	\$ 8,600	\$ 8,100
Increase in assumption	(7,600)	(7,200)
Real rate of pensionable earnings increases		
Decrease in assumption	\$ (1,800)	\$ (1,800)
Increase in assumption	2,000	1,900

The accrued pension obligation as at December 31, 2020 takes account of known changes in the Primary Plan membership up to October 31, 2020, actual inflationary increases to pension payments and deferred pension payments to be implemented as at January 1, 2021, and estimated pensionable earnings and credited service accruals in 2020.

The Primary Plan's financial position is summarized as follows:

As of December 31,	2020	2019
Primary Plan fair value of net assets available for benefits	\$ 105,400	\$ 109,218
Less Additional Voluntary Contribution net assets	1,235	1,244
Defined benefit net assets available for benefits	104,165	107,974
Actuarial value adjustment	4,444	(4,928)
Actuarial value of net assets available for benefits	108,609	103,046
Less Defined Benefit accrued pension obligation	111,820	106,443
Funding (deficit) surplus of actuarial value of net assets available for benefits over accrued pension obligation	(3,211)	(3,397)
Reversal of actuarial value adjustment	(4,444)	4,928
(Deficit) Surplus of net assets available for benefits over accrued pension obligation	\$ (7,655)	\$ 1,531

Actuarial Value of Net Assets of the Defined Benefit Component

The change in the actuarial value adjustment is as follows:

For the year ended December 31,	2020	2019
Expected interest on beginning actuarial value adjustment ⁽ⁱ⁾	\$ 291	\$ 84
Current year returns (below) in excess of the discount rate not recognized in the year ⁽ⁱ⁾	(7,460)	4,437
Prior years' returns (above) below the discount rate recognized in the year	(2,203)	(994)
(Decrease) Increase in actuarial value adjustment	(9,372)	3,527
Actuarial value adjustment, beginning of year	4,928	1,401
Actuarial value adjustment, end of year	\$ (4,444)	\$ 4,928

(i) Based on the discount rate in effect during the year: 5.90% (2019: 6.00%).

The present value of unrecognized net investment returns is presented in the table below, by the initial year they were earned and by the years in which they will be recognized from 2021 through 2024. Applied to these amounts is the long-term rate of return assumption.

Initial Year Earned	Actuarial Value Adjustment as at Dec. 31, 2020 ⁽ⁱ⁾	Unrecognized Investment Returns to be Recognized in				Actuarial Value Adjustment as at Dec. 31, 2019 ⁽ⁱ⁾
		2021	2022	2023	2024	
2016	\$ —	\$ —	\$ —	\$ —	\$ —	717
2017	1,048	1,112	—	—	—	1,978
2018	(1,555)	(826)	(875)	—	—	(2,204)
2019	3,523	1,243	1,320	1,395	—	4,437
2020	(7,460)	(1,974)	(2,090)	(2,214)	(2,341)	—
	\$ (4,444)	\$ (445)	\$ (1,645)	\$ (819)	\$ (2,341)	4,928

(i) For each initial year, the actuarial value adjustment is the present value of the investment returns which will be recognized in the remaining portion of each five year smoothing period. The present value is calculated using the discount rate in effect on the valuation date of 5.85% (2019: 5.90%).

NOTE 7

Retirement Compensation Arrangement

As the RCA is not a Registered Pension Plan, a 50 per cent refundable tax is levied on all contributions made to the RCA as well as on net investment income received and net realized investment gains. The refundable tax earns no investment income for the RCA; it is refunded on the basis of one dollar for every two dollars of realized losses or benefits paid out.

The pension benefits provided by the RCA are not fully funded but are funded on a modified pay-as-you-go basis in order to minimize the impact of the 50 per cent refundable tax applicable to all retirement compensation arrangement plans under the ITA. Contributions to the RCA are based on the top-tier Primary Plan contribution rates applied to contributory earnings over a defined earnings threshold, which was \$168,317 for 2020 (2019: \$172,698). The defined earnings threshold is actively managed and monitored in such a way that current and future contributions to the RCA, together with the existing RCA Fund balance and future investment earnings, are expected to be sufficient to provide for projected benefit payments and expenses over the 20-year period following each annual valuation date. Benefits in excess of the maximum amounts payable from the Primary Plan as allowed by the ITA are paid from the RCA.

A summary of the financial statements for the RCA is as follows:

Statement of Financial Position

As at December 31,	2020		2019	
Net Assets Available for Benefits	\$	175	\$	162
Accrued Pension Obligation and Surplus (Deficit)				
Accrued pension obligation	\$	1,152	\$	928
(Deficit) Surplus		(977)		(766)
Accrued Pension Obligation and Surplus (Deficit)	\$	175	\$	162

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,	2020		2019	
Net investment income (loss)	\$	11	\$	17
Contributions		29		21
Benefits		(26)		(23)
Administrative expenses		(1)		(1)
Total Increase		13		14
Net assets available for benefits, beginning of year		162		148
Net assets available for benefits, end of year	\$	175	\$	162

In 2020, the RCA incorporated distinct actuarial assumptions for pensionable earnings increases, mortality rates and retirement rates reflecting the recent experience of its membership and future expectations. Prior to 2020, the actuarial assumptions used for the RCA were consistent with those used for the Primary Plan, except for the discount rate. The nominal discount rate used for the RCA as at December 31, 2020 is 3.15% (December 31, 2019: 3.15%), which reflects the long-term asset mix of the RCA, including the effect of the 50 per cent refundable tax.

The assumed increases in the real rate of pensionable earnings (i.e., increase in excess of the assumed inflation rate) were updated in 2020 as follows:

	2020				2019			
	NRA60 ⁽ⁱ⁾		NRA65 ⁽ⁱ⁾		NRA60 ⁽ⁱ⁾		NRA65 ⁽ⁱ⁾	
	Before 2023	After 2022	Before 2023	After 2022	Before 2023	After 2022	Before 2023	After 2022
Assumed real rate of pensionable earnings increases (weighted average of a table of age-related increases)	2.5%	2.6%	1.6%	1.7%	1.8%	1.9%	1.1%	1.2%
Rate of pensionable earnings increases (assumed rate of inflation plus real rate of pensionable earnings increases)	4.5%	4.6%	3.6%	3.7%	3.8%	3.9%	3.1%	3.2%

(i) Normal Retirement Age of 60 and 65 years of age respectively.

A 50 basis point change in the following assumptions (with no change in other assumptions) would have the following approximate effect on the accrued pension obligation:

50 Basis Point Change	Approximate Effect on Accrued Pension Obligation			
As at December 31,	2020		2019	
Discount rate before reflecting the 50 per cent refundable tax				
Decrease in assumption	\$	56	\$	40
Increase in assumption		(52)		(38)
Real rate of pensionable earnings increases				
Decrease in assumption	\$	(97)	\$	(44)
Increase in assumption		276		67

NOTE 8

Net Investment Income (Loss)

The OMERS Pension Plans' investment income (loss) by segment is as follows:

For the year ended December 31,					2020
	Investment Income ⁽ⁱⁱ⁾	Net Gain (Loss) on Investment Assets, Liabilities ⁽ⁱⁱⁱ⁾	Total Investment Income (Loss) ⁽ⁱ⁾	Investment Management Expenses (note 12)	Net Investment Income (Loss)
Fixed Income					
Inflation-linked bonds	\$ 35	\$ (181)	\$ (146)	\$ (10)	(156)
Nominal bonds and debentures	127	(1,245)	(1,118)	(12)	(1,130)
Private debt and mortgages	570	(320)	250	(65)	185
Total Fixed Income	732	(1,746)	(1,014)	(87)	(1,101)
Equities					
Canadian public equities	214	(849)	(635)		
Non-Canadian public equities	226	(114)	112		
Total public equities	440	(963)	(523)	(97)	(620)
Canadian private equities	57	(208)	(151)		
Non-Canadian private equities	505	(1,341)	(836)		
Total private equities	562	(1,549)	(987)	60	(927)
Total Equities	1,002	(2,512)	(1,510)	(37)	(1,547)
Real Assets					
Infrastructure	1,317	672	1,989	(133)	1,856
Real estate ^(iv)	558	(2,533)	(1,975)	(14)	(1,989)
Total Real Assets	1,875	(1,861)	14	(147)	(133)
Short-Term Instruments					
Cash and short-term deposits ^(v)	19	(209)	(190)	(5)	(195)
Total Investment (Loss) Income	\$ 3,628	\$ (6,328)	\$ (2,700)	\$ (276)	(2,976)
Income credited under contractual agreements					(25)
Net Investment (Loss) Income				\$	(3,001)

For the year ended December 31,

2019

	Investment Income ⁽ⁱ⁾	Net Gain (Loss) on Investment Assets, Liabilities ⁽ⁱⁱ⁾	Total Investment Income (Loss) ⁽ⁱ⁾	Investment Management Expenses (note 12)	Net Investment Income (Loss)
Fixed Income					
Inflation-linked bonds	\$ 66	\$ 169	\$ 235	\$ (7)	\$ 228
Nominal bonds and debentures	150	1,155	1,305	(14)	1,291
Private debt and mortgages	493	(109)	384	(68)	316
Total Fixed Income	709	1,215	1,924	(89)	1,835
Equities					
Canadian public equities	362	1,692	2,054		
Non-Canadian public equities	391	3,442	3,833		
Total public equities	753	5,134	5,887	(96)	5,791
Canadian private equities	14	(28)	(14)		
Non-Canadian private equities	537	342	879		
Total private equities	551	314	865	(226)	639
Total Equities	1,304	5,448	6,752	(322)	6,430
Real Assets					
Infrastructure	1,858	149	2,007	(148)	1,859
Real estate ^(iv)	827	649	1,476	(17)	1,459
Total Real Assets	2,685	798	3,483	(165)	3,318
Short-Term Instruments					
Cash and short-term deposits ^(v)	223	(20)	203	(5)	198
Total Investment (Loss) Income	\$ 4,921	\$ 7,441	\$ 12,362	\$ (581)	\$ 11,781
Income credited under contractual agreements					(326)
Net Investment (Loss) Income					\$ 11,455

- (i) Total investment income includes interest, dividends and real estate operating income accrued or received net of interest expense on liabilities incurred in investment related activities. Total investment income is net of external manager performance and pooled fund fees of \$106 (December 31, 2019: \$111).
- (ii) Interest on investment related activities includes interest expense on real estate investment liabilities of \$452 (December 31, 2019: \$542) and interest on infrastructure investment liabilities of \$161 (December 31, 2019: \$124).
- (iii) Net gain (loss) on Investment Assets, Liabilities is net of transaction and pursuit costs of \$163 (December 31, 2019: \$150) and includes a net realized loss of \$1,276 (December 31, 2019: gain of \$5,479) from foreign exchange and sale of assets.
- (iv) Real estate investment income includes Oxford Properties Group's operating expenses (net of property management income) of \$94 (December 31, 2019: \$77). The total audit costs are \$4 (December 31, 2019: \$3).
- (v) Net Gain (Loss) on Investment Assets, Liabilities includes mark-to-market gains and losses on term notes.

NOTE 9

Investment Returns

AC investment returns are calculated using a time-weighted rate of return formula in accordance with industry standard methods, using the following principles:

- Returns are calculated as the percentage of business unit income to the weighted average fair value of the business unit net assets during the period.
- Fair value is determined as described in Notes 2.
- Income is determined as described in Notes 2 and 8.
- The OMERS Primary Pension Plan return includes all business unit returns.

The percentage returns for the years ended December 31 are as follows:

For the year ended December 31,	2020	2019
OMERS Primary Pension Plan		
Total Gross Return	(2.40)%	12.53%
Gross Returns applicable to OMERS Return Agreements		
OMERS Infrastructure	9.29 %	9.63%
Oxford Properties	(6.68)%	8.39%

The above gross returns are before the impact of base and performance fees paid to external fund managers and before investment management expenses. The Primary Plan net return after all investment costs for the year ended December 31, 2020 was (2.7)% (December 31, 2019: 11.9%).

NOTE 10

Contributions

For the year ended December 31,	2020	2019
Current year required contributions ⁽ⁱ⁾		
From employers	\$ 2,093	\$ 2,027
From members	2,093	2,027
	4,186	4,054
Transfers from other pension plans	62	59
Past service contributions from members	78	97
Past service contributions from employers	11	12
Defined benefit contributions received	4,337	4,222
AVC contributions received	78	127
Total contributions received ⁽ⁱⁱ⁾	\$ 4,415	\$ 4,349

(i) Current year service contributions are funded equally by employers and active members. For NRA 65 members, the 2020 contribution rate was 9.0% (2019: 9.0%) of earnings up to \$58,700 (2019: \$57,400) and 14.6% (2019: 14.6%) of earnings above that level. For NRA 60 members, the 2020 contribution rate was 9.2% (2019: 9.2%) of earnings up to \$58,700 (2019: \$57,400) and 15.8% (2019: 15.8%) of earnings above that level.

(ii) OMERS, with 1,023 employers, has a process which reconciles contributions for each employer on a member by member basis. This detailed process ensures that contributions are consistent with member information supplied by the employers.

NOTE 11

Benefits

For the year ended December 31,	2020	2019
Retirement benefits	\$ 4,287	\$ 3,882
Disability benefits	28	28
Death benefits	149	109
Transfers to other pension plans	65	58
Commutated value payments	543	535
Defined benefits paid	5,072	4,612
AVC benefits paid	53	34
Total benefits paid	\$ 5,125	\$ 4,646

NOTE 12

Pension Administrative and Investment Management Expenses

(a) Pension administrative expenses

For the year ended December 31,	2020	2019
Salaries and benefits	\$ 60	\$ 58
System development and other purchased services	12	109
Premises and equipment	4	6
Professional services ⁽ⁱ⁾	12	10
Travel and communication	6	7
Total Pension Administrative Expenses	\$ 94	\$ 190

(b) Investment management expenses

For the year ended December 31,	2020	2019
Salaries and benefits ⁽ⁱⁱ⁾	\$ 134	\$ 427
System development and other purchased services	33	36
Premises and equipment	20	24
Professional services ⁽ⁱ⁾	40	39
Travel and communication	15	23
Investment management services	30	30
Other	4	2
Total Investment Management Expenses	\$ 276	\$ 581

(i) Total professional services expenses include independent actuarial costs of \$0.9 (December 31, 2019: \$0.8) and external audit costs of \$3.0 (December 31, 2019: \$2.8).

(ii) Net of management fees of \$36.7 (December 31, 2019: \$35.5) earned from portfolio investments.

NOTE 13

Related Party Disclosures

(Amounts in millions of Canadian dollars)

AC's related parties include employers whose employees are members of the Primary Plan, SC, key management personnel (defined below) and investments in which AC has a controlling interest.

Transactions with related parties include the following through AC's investment in real estate:

- AC paid property taxes to municipal employers of \$157 (December 31, 2019: \$157) and utility payments to utility employers of \$29 (December 31, 2019: \$33). The amounts of property taxes paid were based on normal levies by the individual municipal employers and were consistent with those that would be paid by a non-related party. The utility payments made to utility employer entities were based on normal usage and rates that would be paid by a non-related party.
- AC earned rental revenue from investee entities of \$32 (December 31, 2019: \$20). The amounts of rental revenue earned were based on normal levies by the individual entities and were consistent with those that would be paid by a non-related party.
- AC entered into a lease arrangement with an agency of a municipal employer, whose employees are members of the Plan. The terms of the lease are at fair market value and consistent with those that would be paid by a non-related party.

Key Management Personnel Compensation

Key management personnel consist of members of AC's Board of Directors and those senior executives responsible for planning and directing the activities of AC.

For the year ended December 31,	2020	2019
Salaries, short-term employee benefits and termination benefits	\$ 12	\$ 17
Post-employment benefits	1	1
Other long-term benefits	10	8
Total	\$ 23	\$ 26

Other than the above, AC had no other transactions with key management personnel during the year.

NOTE 14

Capital

AC defines its capital as the funded status (surplus (deficit)) of each of the OMERS Pension Plans. The funded status of the OMERS Pension Plans is discussed in note 6 and note 7.

AC's objective is to ensure that the Primary Plan's defined benefit component is fully funded over the long-term through the management of investments, contribution rates and benefits. Investments (Note 3), the use of derivatives (Note 3D) and leverage (Note 4) are based on asset mix and risk management policies and procedures. AC has a risk framework which describes overall risk-management governance and details the structure for categorizing risks to which the organization is exposed. This complements policies such as Funding Policy, Statement of Investment Beliefs, Statement of Investment Authorities and Statement of Investment Policies & Procedures (SIP&P).

As the Primary Plan's administrator, AC has adopted a SIP&P for the Primary Plan, which sets investment objectives, guidelines and benchmarks used in investing the Primary Plan's assets, permitted categories of investments, asset-mix diversification and rate of return expectations. The SIP&P also establishes long-term strategic asset mix ranges and targets by asset class. The actual asset mix at December 31, 2020 was within the long-term asset mix ranges. The SIP&P was originally established in 1989 and is reviewed and approved annually by the AC Board. The SIP&P effective for the year ending December 31, 2020 was amended on December 31, 2019.

The RCA investments are based on an asset mix and SIP&P separate from those of the Primary Plan. The RCA SIP&P was originally established in 2007 and is reviewed and approved annually by the AC Board. The SIP&P effective for the year ending December 31, 2020 was last amended on December 31, 2019.

The Primary Plan's AVC component accrued pension obligation is based on AVC contributions net of withdrawals and administration fees, plus net investment rates of return of the defined benefit component of the Primary Plan; as such, it does not have a surplus (deficit) position.

The Supplemental Plan has no members, net assets or accrued pension obligations. The Supplemental Plan SIP&P was last amended on December 31, 2019.

NOTE 15

Guarantees, Commitments and Contingencies

AC enters into guarantees, commitments and contingencies in the normal course of business.

Guarantees are provided to third parties with respect to certain investments. The maximum amount payable under guarantees, standby letters of credit and contingent amounts payable provided as part of investment transactions was \$3.3 billion as at December 31, 2020 (December 31, 2019: \$2.4 billion).

Future commitments and contingencies include those relating to the acquisition of investments which are expected to close in 2021 of nil (December 31, 2019: \$0.6 billion) and long term commitments of \$17.0 billion (December 31, 2019: \$16.2 billion) related to funds managed by third parties, the development of real estate projects, and the refurbishment of a major infrastructure asset.

AC indemnifies its directors, officers, certain employees, its business units and certain others in connection with proceedings against them to the extent that these individuals are not covered under another arrangement. In addition, AC may in certain circumstances in the course of investment activities agree to indemnify a counterparty. Under the terms of such arrangements, AC may be required to compensate these parties for costs incurred as a result of various contingencies such as changes in laws and regulations or legal claims. The contingent nature of the liabilities in such agreements and the range of indemnification prevent AC from making a reasonable estimate of the maximum amount that would be required to pay such indemnifications.

As at December 31, 2020, AC was involved in certain litigation and claims. The outcome of such litigation and claims is inherently difficult to predict; however, in the opinion of Management, any liability that may arise from such contingencies would not have a material adverse effect on the consolidated financial statements of AC.

ANNEX D: 2020 Management's Discussion and Analysis

03

This Management's Discussion and Analysis ("MD&A") is the responsibility of the Management of OMERS Administration Corporation (AC) and OMERS Sponsors Corporation (SC). It contains Management's analysis of the OMERS Pension Plans' financial condition, operational results, and the environment in which the Plans operate, and should be read in conjunction with the Consolidated Financial Statements. The AC Board of Directors has reviewed and approved the contents of this MD&A, as at February 24, 2021. The SC Board of Directors has reviewed and approved those sections that are relevant to SC's mandate, as at February 23, 2021.

In addition to historical information, this MD&A contains forward-looking statements with regard to Management's strategy, objectives, outlook and expectations. Forward-looking statements made in this section represent Management's views at the date of this report, and Management does not undertake to update or revise any forward-looking statements as a result of new information, future events or otherwise. Many factors affect the Plans' performance, such as changes in market conditions, interest rates, demographics, technological factors and the ongoing health and other effects of the COVID-19 pandemic. Investment returns and values will fluctuate. Past performance is not a guide to or indicative of future results.

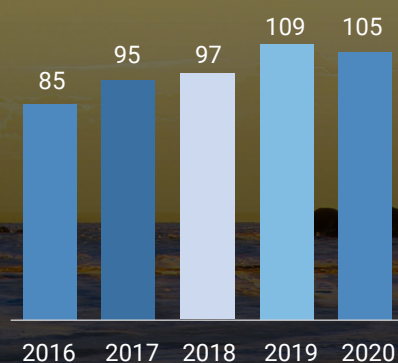
We use certain financial measures that are not based on Generally Accepted Accounting Principles (GAAP), including funding deficit, as key metrics in our financial reporting to enable our readers to better understand the performance of our business. Other non-GAAP financial measures that we use include investment results by asset exposures. These non-GAAP financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies or pension plans. They should not be viewed as an alternative to measures of financial performance determined in accordance with GAAP. For certain non-GAAP financial measures, there are no directly comparable amounts under GAAP. We have included reconciliations of certain financial measures from GAAP to non-GAAP financial measures in this MD&A. 

Funded Ratio (smoothed) **97%**
2019: 97%

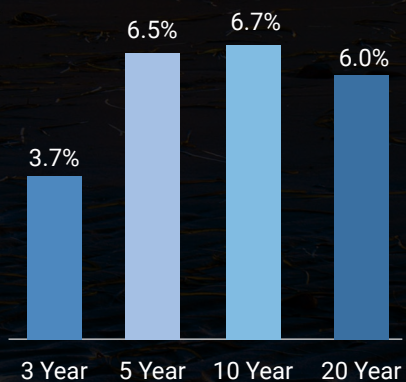
Discount Rate **5.85%**
2019: 5.90%

Net Return **(2.7)%**
Benchmark: 6.9%
2019: 11.9%

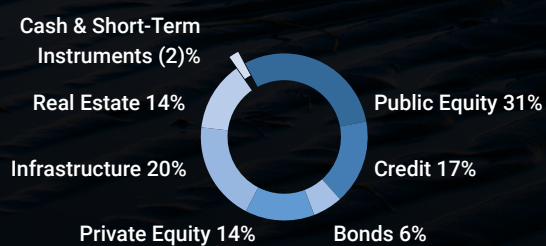
Net Assets (\$ billions)



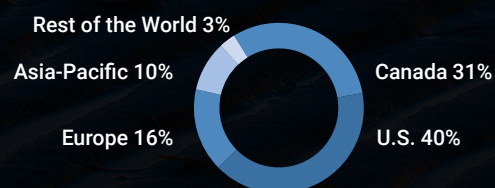
Historical Net Returns



2020 Asset Mix

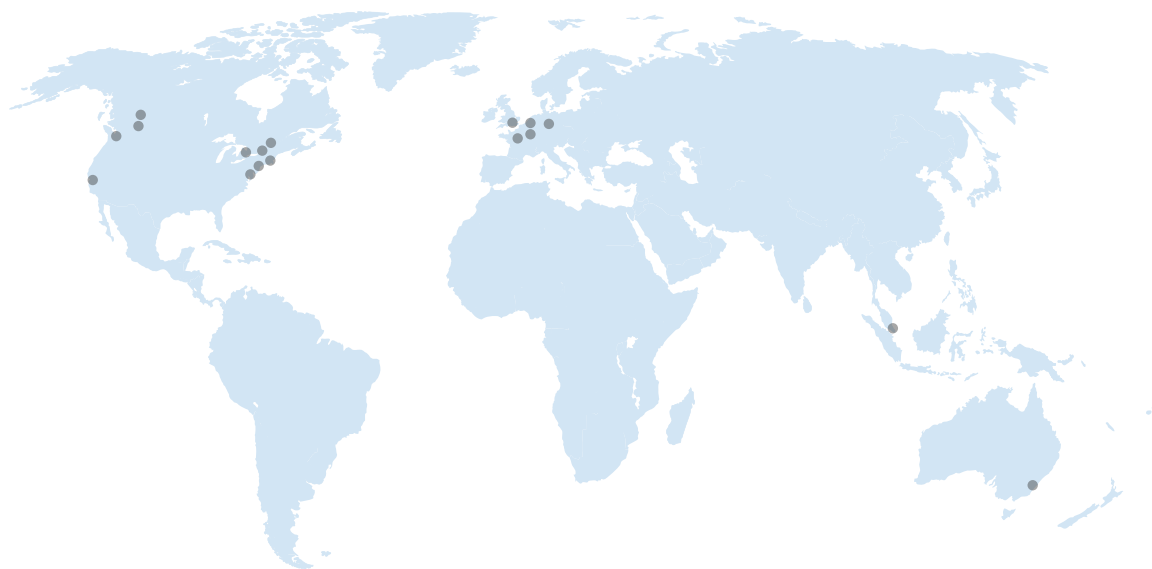


2020 Assets by Geography



Overview of OMERS

Founded in 1962, OMERS is a jointly sponsored, defined benefit pension plan, with 1,000 participating employers ranging from large cities to local agencies, and over half a million active, deferred and retired members. Our members include union and non-union employees of municipalities, school boards, local boards, transit systems, electrical utilities, emergency services and children's aid societies across Ontario. Contributions to the Plan are funded equally by members and employers.



OMERS teams work in Toronto, London, New York, Amsterdam, Luxembourg, Singapore, Sydney and other major cities across North America and Europe – serving members and employers, and originating and managing a diversified portfolio of high-quality investments in public markets, private equity, infrastructure and real estate.

Overview of the OMERS Pension Plans

The OMERS Pension Plans comprise the OMERS Primary Pension Plan (the Primary Plan or the Plan), the Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan, and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (Supplemental Plan).

OMERS Primary Pension Plan

The Primary Plan is a multi-employer, jointly sponsored pension plan, created in 1962 by an Act of the Ontario Legislature, whose members are mainly employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff. The Primary Plan is governed by the OMERS Act, 2006 (OMERS Act), the Pension Benefits Act (Ontario) (PBA), the Income Tax Act (Canada) (ITA) and other applicable legislation. It is registered with the Financial Services Regulatory Authority of Ontario (FSRA) and the Canada Revenue Agency (CRA) under Registration #0345983.

The benefit provisions and other terms of the Primary Plan are set out in the Primary Plan text. The Primary Plan consists of both the defined benefit component and the Additional Voluntary Contribution (AVC) component. Attributes of the defined benefit component of the Primary Plan include:

- 1. Funding** – The defined benefit component of the Primary Plan is funded by equal contributions from participating employers and members, and by the investment earnings of the Primary Plan assets. The AC determines the regulatory minimum and maximum funding requirements in accordance with the PBA and the ITA. The SC sets actual contribution rates and benefits.
- 2. Pensions** – The Primary Plan is designed to provide lifetime defined benefit pensions. These pensions are calculated as a percentage of the member's annual earnings averaged over the highest 60 consecutive months, multiplied by years of credited service.
- 3. Normal Retirement Age** – The normal retirement age (NRA) is 65 years for all Primary Plan members, except for police officers and firefighters, who generally have a normal retirement age of 60 years. Effective January 1, 2021, an OMERS employer can elect to provide NRA 60 benefits to all or a class of paramedics. For unionized employees, access to NRA 60 benefits is subject to negotiation between employers and unions.
- 4. Death Benefits** – The benefits are payable upon the death of a member to a surviving spouse, eligible dependent children, a designated beneficiary, or the member's estate. Depending upon eligibility requirements, the benefits may be paid in the form of a survivor pension, lump sum payment or both.
- 5. Escalation of Pensions** – Inflation protection increases pensions each year, based on the increase in the Canadian Consumer Price Index (CPI), as follows:
 - Benefits earned on or before December 31, 2022 receive full inflation protection, up to a maximum increase of 6%. Any excess is carried forward so it can be used in later years when the CPI increase is less than 6%.
 - Benefits earned on or after January 1, 2023 are subject to shared risk indexing, meaning that the level of inflation protection will depend on the SC's annual assessment of the financial health of the OMERS Plan.
- 6. Disability Pensions** – A disability pension is available at any age to an active member who becomes totally disabled as defined by the Primary Plan. The pension is calculated using a member's years of credited service and the average annual earnings during the member's highest 60 consecutive months of earnings consistent with a normal retirement pension. Generally, disability pensions continue until normal retirement.
- 7. Income Taxes** – The Primary Plan is a Registered Pension Plan as defined in the ITA and is not subject to income taxes for contributions received or investment income earned. The operations of certain entities holding private equity, infrastructure, private credit or real estate investments may be taxable.

AVC Component

The AVC component of the Primary Plan permits members to make additional voluntary contributions on which the member earns the net investment return of the Primary Plan. The liability of the Primary Plan, with respect to the AVC component, is equal to members' AVC contributions, plus (if positive) or minus (if negative) the net investment rate of return earned by the defined benefit component of the Primary Plan over the period of time that the AVC contributions had been invested. Funds invested in AVCs earned the Primary Plan's return of (2.7)% in 2020. In 2019, funds invested in AVCs earned the Primary Plan's return of 11.9%.

Retirement Compensation Arrangement (RCA) for the OMERS Primary Pension Plan

The RCA is an arrangement that provides pension benefits for Primary Plan members with earnings exceeding the amount that generates the maximum pension allowed by the ITA with respect to service after 1991. It is a separate trust arrangement and is not governed by the PBA and is not a Registered Pension Plan under the ITA. The RCA is governed by the OMERS Act, the ITA and other applicable legislation. It is funded on a modified pay-as-you-go basis by equal contributions from participating employers and active members and by the investment earnings of the RCA fund.

Current and future contributions are determined annually to ensure that the existing RCA fund and future investment earnings are expected to be sufficient to pay projected benefits and expenses over the 20-year period following each actuarial valuation date. The RCA net assets available for benefits are invested and accounted for separately from the Primary Plan and the Supplemental Plan, and the accrued pension obligation of the RCA is valued separately from the Primary Plan and Supplemental Plan accrued pension obligations. Expenses of the RCA are paid from the cash flows of the RCA fund.

OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics

The Supplemental Plan became effective on July 1, 2008, pursuant to the requirements of the OMERS Act. The benefit provisions and other terms of the Supplemental Plan are set out in the Supplemental Plan text. The Supplemental Plan is registered with FSRA and with the CRA under Registration #1175892.

Until March 31, 2024, unless the Supplemental Plan has sufficient funds based on the portion of contributions allocated for administrative expenses, any administrative costs of the Supplemental Plan are funded through a startup grant from the Province of Ontario.

Participation in the Supplemental Plan is effective only upon agreement between employee groups and their employer. As at December 31, 2020 and December 31, 2019, no such agreement existed and hence the Supplemental Plan had no assets, no liabilities and no members. 

Primary Plan Funded Status

The Plan's funded status is an indicator of its long-term financial health. During 2020, the Plan's funded ratio remained unchanged at 97%, while its funding deficit decreased from \$3.4 billion to \$3.2 billion. However, unrecognized investment returns decreased from a cumulative gain of \$4.9 billion to a cumulative loss of \$4.4 billion. The Plan's funding risk profile deteriorated in 2020 and remains high.

The following table summarizes the Plan's financial condition at December 31, 2020 and 2019:

\$ billions unless otherwise indicated	December 31, 2020	December 31, 2019
Funding deficit ¹	(3.2)	(3.4)
Funded ratio ²	97%	97%
Nominal discount rate	5.85%	5.90%
Net assets on a smoothed basis	108.6	103.0
Net assets on a fair value basis	104.2	108.0
Pension obligations	111.8	106.4
Unrecognized investment returns ³	(4.4)	4.9

¹ The difference between the net assets on a smoothed basis and the pension obligation

² Net assets on a smoothed basis divided by the pension obligations

³ The difference between the net assets on a fair value basis and the net assets on a smoothed basis

The funded ratio and funding deficit are calculated by comparing pension obligations on a going-concern basis to the smoothed value of assets. Under this approach, investment gains (i.e., returns above the Plan's discount rate) or losses (i.e., returns below the discount rate) are smoothed into the value of assets over a five-year period. In doing so, contribution rates can be set, and benefits designed, without putting undue emphasis on short-term investment performance and volatility. The difference between the fair value and the smoothed value of assets is known as unrecognized net investment gains or losses; these unrecognized amounts will be gradually recognized in the smoothed value of assets, the funded ratio and the funding deficit over the next four years.

The funded ratio was stable in 2020 due to the net effects of the following factors:

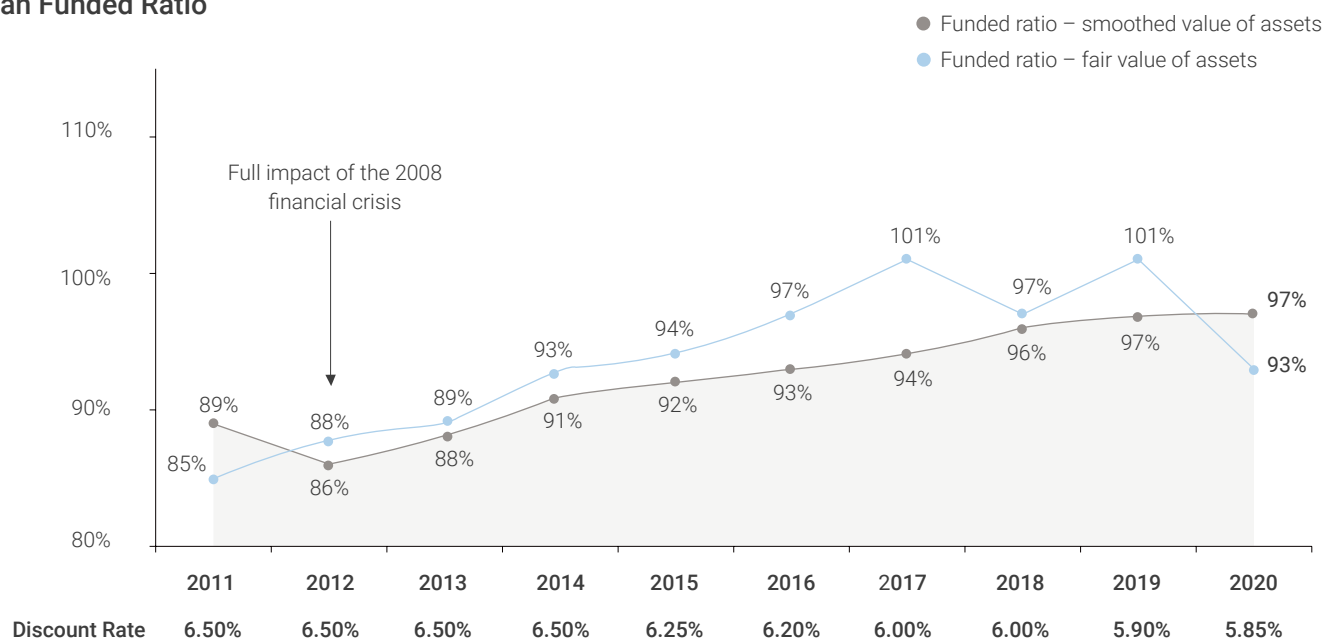
	Funded Ratio %	Deficit \$ billions
Beginning of year	97	(3.4)
Interest on deficit	n/a	(0.2)
Contributions from members and employers to pay down the deficit	1	0.6
Recognized investment returns above the discount rate	-	0.3
Plan experience and other factors	-	0.3
Reduction in the discount rate by 5 basis points	(1)	(0.8)
End of year	97	(3.2)

Although the funded ratio and funding deficit were relatively stable when comparing 2020 to 2019, both metrics deteriorated when measured on a fair value basis, principally because the Plan's one-year investment return was lower than the year-end discount rate. This resulted in a decrease in the funded ratio calculated on a fair value basis from 101% as at December 31, 2019 to 93% as at December 31, 2020, and a change from a surplus of \$1.5 billion calculated on a fair value basis as at December 31, 2019, to a deficit of \$7.6 billion as at December 31, 2020.

	December 31, 2020		December 31, 2019	
	Funded Ratio %	Surplus/(Deficit) \$ billions	Funded Ratio %	Surplus/(Deficit) \$ billions
Smoothed basis	97	(3.2)	97	(3.4)
Unrecognized investment gains/losses	(4)	(4.4)	4	4.9
Fair value basis	93	(7.6)	101	1.5

The following chart tracks the funded status of the Plan over the past 10 years on a fair value and smoothed value of assets basis.

Plan Funded Ratio



The funded ratios in the chart above were determined using a progressively lower discount rate starting in 2015. We reduced the inflation component of our discount rate from 2.25% to 2% in 2015 and since then we have reduced the real discount rate by 40 basis points. We intend to keep lowering the real discount rate over time, as a lower discount rate can help make the Plan more resilient to the funding risks we see on the horizon. We are doing this incrementally so that we balance our long-term financial health with benefit and contribution rate stability. Nonetheless, for long-term strategic and risk management purposes, Management values the Plan's pension obligations, measures its financial health and assesses its funding risk using both the current discount rate and a lower target discount rate.

As at December 31, 2020, the Plan's current blended contribution rate of 21.3% of contributory earnings exceeded the minimum funding contribution rate required by law of 20.3%. The normal cost of benefits accruing in 2021 is 18% of contributory earnings.

The table below presents the impact of a five-basis-point reduction in the real discount rate on the following metrics:

	December 31, 2020	December 31, 2019
Pension obligation	+\$0.8 billion	+\$0.8 billion
Normal cost as a percentage of contributory earnings	+0.2%	+0.2%
Minimum funding requirement	+0.6%	+0.7%

Plan Changes

There were no changes to contribution rates or benefits in 2020. Contribution rates and benefits will remain unchanged in 2021. Pension payments will increase 0.94%, representing 100% of the increase in CPI, consistent with the Plan's text.

As further described in the Highlights section of this Annual Report, the SC approved several changes to plan design in 2020. These changes are intended to increase equity and fairness and to increase flexibility in managing the challenges facing the Plan as described below.

Challenges Facing the Plan

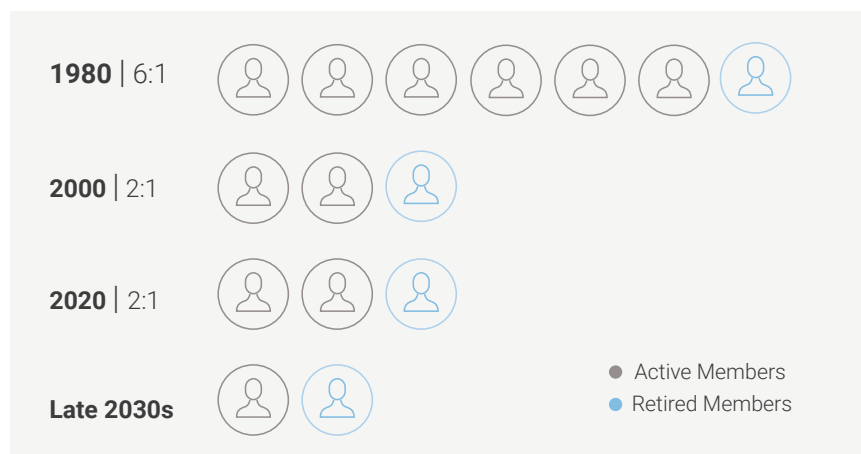
Steps taken by OMERS in recent years to lower the discount rate and change the way that risk is shared between generations of plan members through shared risk indexing help to manage risks that could impair our objective of providing sustainable, affordable and meaningful benefits. However, OMERS funding risk profile deteriorated in 2020 and remains high. The principal factors impacting our funding risk profile are described below.

Increasing Plan Maturity

The OMERS Plan is maturing naturally: its active membership base is declining relative to its retired member population. This maturity could be accelerated by a variety of unexpected circumstances, including increasing longevity, a decline in the growth rate of active membership and shifting retirement patterns.

Previously all plan risk was borne by active members and employers, so plan maturity meant that the cost of funding the Plan was increasingly concentrated in a relatively smaller group of active members. This reduced OMERS capacity to bear risk. The introduction of shared risk indexing improves this capacity: in the future, members receiving benefit payments earned after December 31, 2022 will begin to share in plan risk, as the inflation increases on those benefits will depend on the SC's assessment of the Plan's long-term financial health.

Further, as the ratio of active to retired members continues to decline, annual pension payments will increasingly exceed annual pension contributions; in 2020, these totaled \$5.0 billion and \$4.3 billion respectively. This increases the Plan's reliance on investment income to pay pensions, making the Plan more vulnerable to economic downturns.



The ratio of active members to retired members is a common measure of plan maturity. Our ratio today is less than 2:1. It is expected to reach less than 1:1 in the late 2030s.

Lower, Uncertain and Volatile Investment Return Expectations

The long-term impacts of COVID-19 on the global economy and on future investing opportunities are uncertain. Global growth could be slow and erratic; many experts forecast that interest rates will remain low for a longer period than previously anticipated; and future long-term investment returns may very well be lower than those achieved in the past 10 years. Should our investment returns underperform our long-term return expectations, as they did in 2020, the Plan could require increased contributions, decreased benefits or both to fund the resulting deficit.

To manage this risk, OMERS regularly monitors the suitability of our investment strategies and periodically conducts asset-liability studies to inform the selection of our asset mix. The last detailed asset-liability study was conducted in 2019.

Adverse Demographic Experience

Demographic experience includes unexpected changes in life expectancy (from increased longevity), salary increases, and member retirement and termination trends. If adverse demographic experience leads to actuarial losses, which result in a change to actuarial assumptions, we would be required to increase the valuation of our pension obligations and, therefore, our funding requirements.

Life expectancy, in particular, has steadily increased over time. This means that retirees collect pensions for longer periods, which increases our pension obligations.

We monitor our demographic experience against actuarial assumptions annually and conduct a detailed experience study at least once every five years, with the most recent study completed in 2018.

Workforce Changes and Trends

Increased automation and movements away from traditional full-time employment are causing changes in workforces. Further, the impact of the pandemic on long-term workforce trends remains uncertain at this time. We plan to conduct a membership study to better understand these shifts and their impact on managing the Plan. ○

RCA Funding

The RCA is funded on a modified pay-as-you-go basis and unlike the Primary Plan, is not meant to be prefunded given the tax implications of funding non-registered pension plans. It targets a level of funding that ensures that the existing RCA fund, plus projected contributions and projected investment earnings are, in aggregate, sufficient to pay for benefits and expenses for a period of 20 years following the valuation date.

Because the RCA's partial funding model is based on contributions more than investment returns, it is resilient to lower than expected investment returns.

The RCA's primary risk is that contributions collected will be insufficient to meet its 20-year funding target. This risk is compounded by the fact that the level of RCA contributions is dependent on Primary Plan contribution rates and the number of RCA active members.

The RCA is also subject to increasing plan maturity and its associated risks.

OMERS continually monitors these risks. In 2020, we conducted an interim demographic experience study for the RCA, and as a result, we refined the actuarial assumptions used for the RCA's valuation and funding model at December 31, 2020. These assumptions are set out in Note 7 of the financial statements.

At December 31, 2020, the RCA's net assets totaled \$175 million (2019 - \$162 million) and its accrued pension obligations were \$1,152 million (2019 - \$928 million). 

Investment Results

Net Return

2020: **(2.7)%**

Benchmark: 6.9%

2019: 11.9%

5-year average: 6.5%

Net Investment Income

\$(3.0) billion

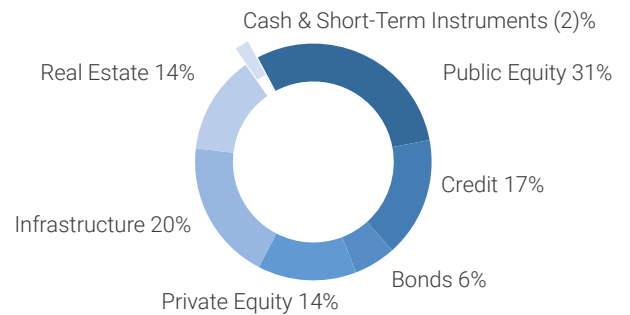
2019: \$11.4 billion

Net Assets

\$107.3 billion

2019: \$110.8 billion

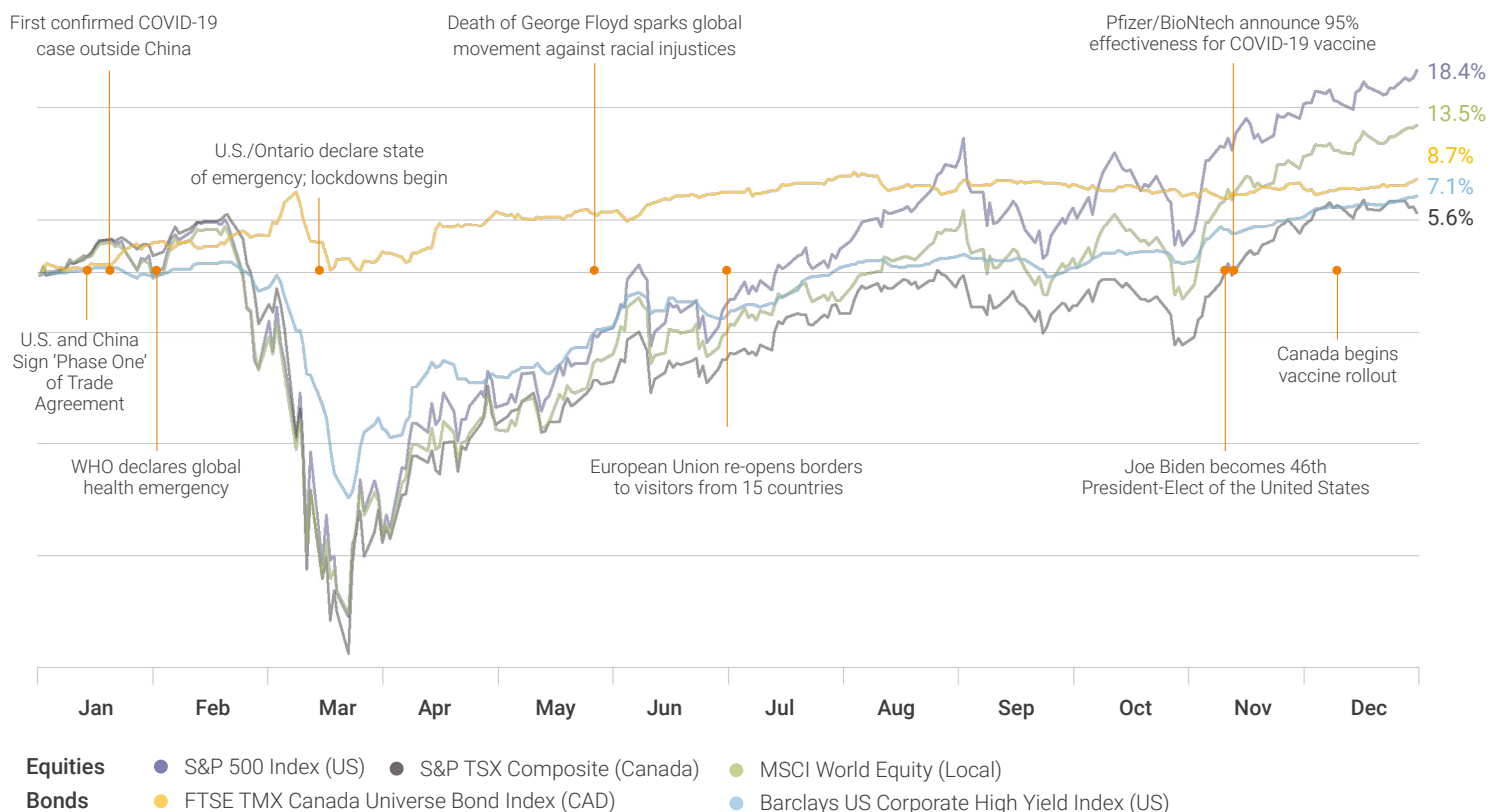
2020 Asset Mix



Economic Environment

The economic environment in 2020 was dominated by the unprecedented and extremely rapid spread of the COVID-19 virus that shuttered economies and disrupted global markets. Lockdowns were quickly enacted around the world and many businesses were forced to temporarily shut down and furlough workers. Financial markets were also heavily impacted by the effects of the global pandemic.

The following chart outlines the significant social, geopolitical and COVID-19 events, and the financial markets indices performance in 2020.



Results

In 2020, the Primary Plan's loss, net of expenses, was 2.7%, or \$3.0 billion. This compares to an absolute benchmark, approved by the AC Board in December 2019, of 6.9% or \$7.4 billion, and a return of 11.9%, or \$11.4 billion in the prior year.

The primary factors explaining this year's negative outcome relative to our benchmark are presented in the Highlights on page 11. Public Investments and our private equity and real estate asset classes significantly underperformed against their benchmarks and prior year performance in 2020. The infrastructure asset class performed strongly in 2020, exceeding its benchmark and continuing to deliver returns similar to 2019.

Investment returns for the Primary Plan and RCA for 2020 and 2019 are included in the table below.

For the years ended December 31,	2020			2019		
	Net Investment Income \$ millions	Net Rate of Return %	Benchmark %	Net Investment Income \$ millions	Net Rate of Return %	Benchmark %
Bonds	66	1.1		287	3.6	
Credit¹	(782)	(4.3)		1,331	8.0	
Public Equity²	(578)	1.5		5,837	20.3	
Cash and Short-Term Instruments	(457)	n/a		199	n/a	
Total Public Investments	(1,751)	(3.1)	5.5	7,654	16.4	6.0
Private Equity	(1,085)	(8.4)	9.0	637	4.6	11.0
Infrastructure	1,743	8.6	7.8	1,708	8.7	7.9
Real Estate³	(1,919)	(11.4)	7.5	1,439	8.3	7.9
Total Primary Plan Fund	(3,012)	(2.7)	6.9	11,438	11.9	7.5
RCA Investment Fund⁴	11	11.6	12.6	17	20.9	21.5

¹ Credit includes private credit investments. These assets have observable public market comparables and are reported with public investments.

² Public equities generated a dollar loss with a positive percentage return. This anomaly is the result of standard industry computation methods, which calculate an annual return by averaging each day's return, with each day weighted equally. In this method, one day's significant dollar loss will have a significant impact on cumulative income for the year, but may not result in a negative percentage return if there are enough days with positive returns to offset. This method neutralizes the impact of capital inflows and outflows.

³ In this MD&A we present our investments and performance by asset class. As such, Oxford Properties' real estate credit business and public equity investment in HKSE-listed ESR Logistics is presented under 'credit' and 'public equity' respectively, and not in 'real estate'. Including the performance of its credit business and investment in ESR Logistics, the Oxford Properties 2020 net loss is -6.8%.

⁴ Excludes the RCA refundable tax balances with the Canada Revenue Agency. The RCA net rate of return including the refundable tax balance in 2020 is 6.4%, compared to 11.1% in 2019.

Historically, OMERS has hedged a large proportion of our exposure to foreign currency, as a means of protecting our investments from the impact of foreign exchange volatility. During 2020, we saw significant market stress in March and April. At that time, we took a number of actions proactively to enhance and protect the Plan's liquidity from the possibility of further adverse market events — including reducing our foreign currency hedging positions to mitigate against the risk of significant cash outflows, had the Canadian dollar continued to weaken. These prudential actions achieved their objectives, though they resulted in currency losses, as the Canadian dollar appreciated after we reduced our hedges. This activity

contributed approximately \$2.2 billion to the overall loss this year. These losses predominantly affected the returns of our public investments, and particularly our credit investments; we estimate that our total public investments would have been 3.4% higher without these losses, and specifically our credit investments would have been 6.0% higher. Our foreign investments in the other asset classes remained almost fully hedged throughout the year and were not primarily impacted by the activities described above.

The Plan's Investment Return History

While we measure our investment performance annually, OMERS emphasizes long-term performance as pensions are paid over decades. Consistent long-term performance is important. The adjacent table sets out the Plan's historical returns over relevant multi-year periods.

Net return for the period ending December 31, 2020				
1-Year	3-Year	5-Year	10-Year	20-Year
(2.7)%	3.7%	6.5%	6.7%	6.0%

The negative performance in 2020 had a significant adverse impact on OMERS long-term, historical investment returns, which decreased from 8.2% on a ten-year basis in 2019 to 6.7% in 2020. This level of performance exceeds our year-end 2020 discount rate of 5.85% but is less than the 7% average annual return expectations set out in our Board-approved Statement of Investment Policies and Procedures. We believe that our portfolio and the investment strategies that shape it (summarized in the Highlights section of this Annual Report), are positioned to capture the returns that we expect will become available once the pandemic abates and economic activity recovers. In the meantime, we believe that emphasis on maintaining liquidity and asset diversification and quality remains appropriate.

Asset Allocation and Exposure

Our Board-approved target asset mix is designed to mitigate long-term risk and deliver long-term returns to meet pension obligations: we diversify our assets across asset type, economic sector and geography. Our long-term asset mix is summarized in the chart below.

	2025 Strategy
Fixed Income	30%
Bonds	10%
Credit	20%
Equities	45%
Public Equities	30%
Private Equities	15%
Real Assets	45%
Infrastructure	22.5%
Real Estate	22.5%
Short-Term Instruments (net cash and equivalents and including economic leverage)	(20)%
Total	100%

Our Asset Classes

Fixed income investments include bonds, both inflation-linked and government, and credit.

Equity investments include public and private equities, either through the purchase of instruments directly, or through the use of derivatives.

Real assets include infrastructure and real estate.

Our net investment asset exposure at December 31, 2020 totaled \$107.3 billion (2019 - \$110.8 billion), as set out in the table below. Net investment asset exposure at the end of 2020 includes administered funds of \$1.5 billion (2019 - \$1.6 billion) and non-investment-related balances of \$0.2 billion (2019 - \$(0.1) billion).

As at December 31,	2020		2019	
	Net Investment Asset Exposure \$ millions	Asset Mix %	Net Investment Asset Exposure \$ millions	Asset Mix %
Fixed Income				
Bonds	6,203	5.8	6,211	5.5
Credit	18,432	17.2	18,310	16.5
	24,635		24,521	
Equities				
Public Equity	33,193	30.9	31,992	28.9
Private Equity	14,780	13.8	15,702	14.2
	47,973		47,694	
Real Assets				
Infrastructure	22,083	20.6	21,348	19.3
Real Estate	15,047	14.0	17,493	15.8
	37,130		38,841	
Short-Term Instruments				
Cash	18,320	17.1	12,413	11.2
Economic Leverage	(20,808)	(19.4)	(12,661)	(11.4)
	(2,488)		(248)	
Total	107,250	100.0	110,808	100.0

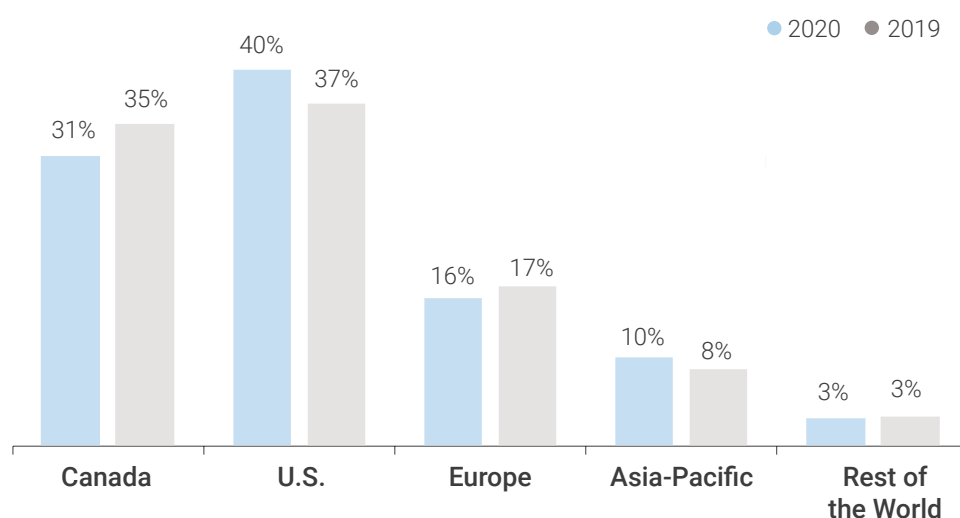
Our asset mix includes physical exposures plus derivative exposures. We include derivative exposures within each asset class and present an offset to “economic leverage,” which is the difference between the exposure to an asset class and the fair value of the derivative in that asset class.

Our net investment asset exposure of \$107.3 billion at the end of 2020 has decreased \$3.5 billion from \$110.8 billion at the end of 2019, primarily due to 2020’s net investment loss.

Geographic Exposure

The chart below presents the Plan's asset exposure by geography. While Canada continues to offer strong long-term investment opportunities, prudence and related risk-management practices make it appropriate to diversify investments across global markets with different growth profiles. This includes increasing our exposure to the Asia-Pacific region, particularly in Australia, China and India.

Total Fund Exposure¹ as at December 31



¹Exposures are presented net of financial leverage and before economic leverage.

Currency Exposure

During 2020, foreign exchange gains of \$0.8 billion were offset by hedging losses of \$3.1 billion, which includes the loss from the appreciation of the Canadian dollar after certain hedges were unwound, as discussed above. Had our foreign exchange exposures been completely unhedged for the full year, we estimate that our 2020 net return would have increased by 2.7%, to approximately 0.0%, ignoring any potential impact from differences in capital availability and deployment.

In 2019, foreign exchange losses of \$3.3 billion were offset by hedging gains of \$3.1 billion. Had our foreign exchange exposures been completely unhedged for the full year, we estimate that our 2019 net return would have decreased by 3.1% to 8.8% compared to the actual net return of 11.9%. Further, we estimate that our cumulative net return over the past five-year period would have been 0.4% lower had we not hedged our foreign currency exposures. In both cases, these estimates ignore any potential impact from differences in capital availability and deployment.

In February 2021, OMERS adopted changes to our risk appetite and long-term strategic hedge ratio ranges; as a result of these changes, we expect lower hedge ratios for major currencies over time, to a lower bound of 0%.

At December 31, 2020, 71% of our asset exposures were either denominated in, or hedged to, Canadian dollars, compared to 92% at the end of 2019.

Our exposures to currencies, net of any hedging effects, are summarized in the table below:

	2020		2019	
	\$ millions	% of portfolio	\$ millions	% of portfolio
Canadian Dollar	76,154	71	101,496	92
United States Dollar	17,954	17	1,252	1
British Pound Sterling	4,328	4	1,345	1
Euro	197	0	564	1
Australian Dollar	1,114	1	426	0
Other	7,503	7	5,725	5
Total	107,250	100	110,808	100

Industry Exposure

OMERS portfolio is diversified across industries. The table below depicts OMERS investment exposure by industry at December 31, 2020 and 2019, net of financial leverage and gross of economic leverage.

As at December 31,	2020	2019
Real Estate	14%	17%
Financials	13%	19%
Utilities	11%	10%
Industrials	11%	10%
Cash & Equivalents	10%	10%
Government	9%	6%
Health Care	8%	8%
Information Technology	6%	7%
Consumer Discretionary	5%	3%
Energy	4%	5%
Communication Services	4%	3%
Consumer Staples	3%	2%
Materials	2%	2%
Total	100%	100%

Liquidity and Capital Resources

We manage our liquidity and capital requirements using a diverse set of funding sources, including income generated from investments, the issuance of commercial paper and term debt by OMERS Finance Trust (OFT), maintaining a portfolio of highly marketable securities, the use of derivatives and contributions from our plan members. Our principal liquidity needs include meeting our pension obligations, funding investment acquisitions, meeting collateral demands related to our use of derivatives, and funding investment management and pension administration expenses.

OFT is an independent entity which issues debt unconditionally and irrevocably guaranteed by AC. OFT also extends loans to entities in which AC has a majority economic interest.

As at December 31, 2020, OMERS had \$19.5 billion in cash and short-term deposits (2019 - \$14.2 billion), \$16.5 billion in marketable securities (2019 - \$21.5 billion) and \$4.1 billion (2019 - \$3.8 billion) in undrawn credit facilities held by OFT: a \$3.8 billion three-year revolving credit facility, which backstops our commercial paper program; and a €250 million revolving credit facility available for general corporate purposes. OFT entered into the latter facility in 2020 with a group of major financial institutions; this facility matures in May 2022 and is similarly guaranteed by AC.

Also during the year, OFT issued three medium term notes:

Amount (local currency)	Term	Maturity	Coupon
USD \$1.0 billion	3 years	2023	1.125%
EUR €1.0 billion	5 years	2025	0.450%
CAD \$1.25 billion	7 years	2027	1.550%

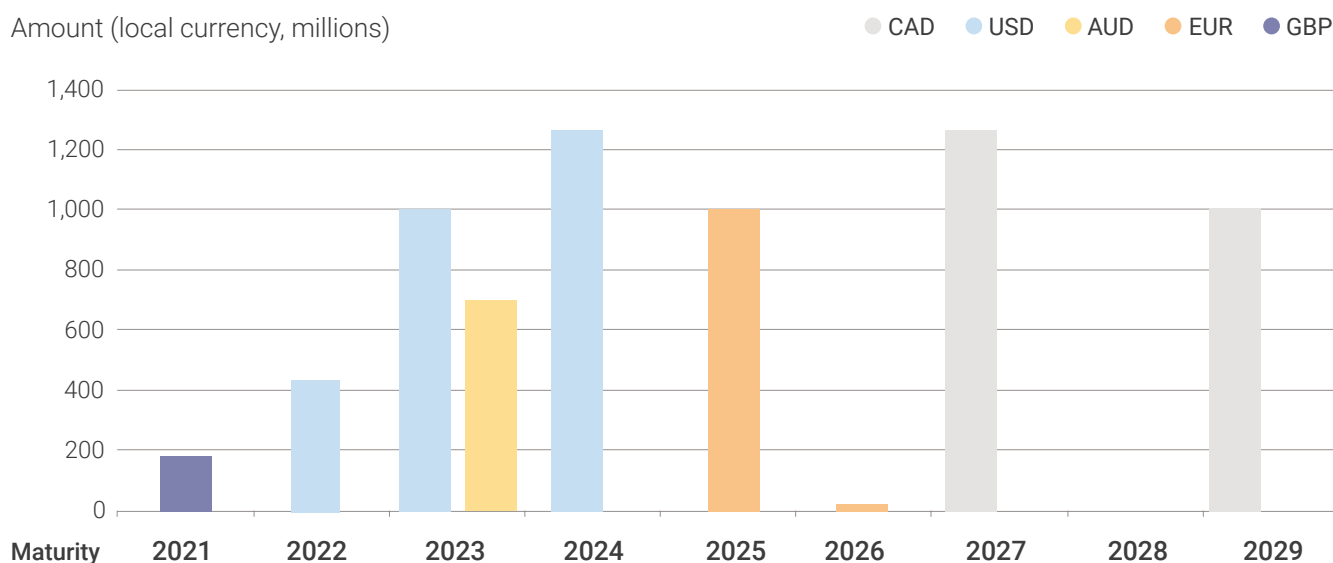
As at December 31, 2020, OFT had \$7.0 billion (2019 - \$2.7 billion) of outstanding term notes and \$2.6 billion (2019 - \$3.5 billion) of outstanding commercial paper. OFT can raise additional liquidity through the issuance of debt guaranteed by AC, subject to leverage limits and board approval, including commercial paper and term-debt.

In addition to OFT's guaranteed debt, AC also unconditionally and irrevocably guarantees \$1.6 billion (2019 - \$0.9 billion) of debt for assets within our infrastructure and real estate businesses. This debt is generally used to fund development projects, credit investments and acquisitions.

Our debt maturity profile is outlined below:

Outstanding Debt Obligations

Debt obligations excluding commercial paper



As at December 31, 2020, the weighted average interest rate on outstanding term-debt was 1.26% (2019 - 2.15%).

We evaluate our 30-day liquidity requirements daily by monitoring a standard liquidity coverage ratio. This evaluation includes stress testing that simulates major market events. On a monthly basis, we evaluate OMERS ability to fund expected cash demands under both normal and stressed conditions using available liquidity sources over a 12-month horizon.

We expect to have sufficient cash on hand to meet liquidity obligations even in the event of a significant market disruption. ○

OMERS is rated by four credit rating agencies.

Agency	Rating
Fitch Ratings	AAA
DBRS	AAA
S&P Global	AA+
Moody's	Aa1

Investment Management and Pension Administration Expenses

Internal investment management expenses were \$276 million in 2020, compared to \$581 million in 2019. The reduction of \$305 million is mainly driven by lower management compensation due to the OMERS total Plan and business unit returns being lower than their benchmarks for 2020. We also incurred lower expenses for office operating costs, meals and travel due to the pandemic.

In addition to internal investment management expenses, we incurred expenses for external manager performance and pooled fund fees of \$106 million in 2020, compared to \$111 million in 2019.

These costs aggregate to a management expense ratio of 38 basis points in 2020, compared to 67 basis points in 2019.

In 2020, our pension administration expenses were \$94 million, compared to \$190 million in 2019. Last year's pension administration expenses included a charge of \$92 million relating to systems development.

We have a system of controls designed to ensure that costs are managed prudently, including an annual Board-approved budget for investment management and pension administration expenses, supplemented by quarterly reporting on incurred and forecasted expenses. ○

Sustainable Investing

As a long-term investor, we focus on identifying and addressing changes that we see or anticipate in the world around us that may affect the value or risk of our investments. This includes frequent review and analysis of rapidly shifting environmental, social and governance (ESG) factors.

We believe that well-run organizations with sound ESG practices will perform better, particularly over the long term. This belief is formalized in our Statement of Investment Policies and Procedures and described in our Sustainable Investing Policy, which applies to all asset classes across OMERS investment portfolio. Central to this policy is our commitment to becoming a leader in sustainable investing.



Our Approach

Sustainable investing at OMERS is grounded in four overarching principles – integration, engagement, collaboration and adaptation. Investment teams in each asset class are responsible for implementing these principles, and their approaches are discussed in the Asset Class Investment Performance section of this MD&A. Sustainability is engrained in our culture and is an integral part of how we invest. A consideration of ESG factors is one of many lenses we use to assess risk and value.

The AC Board approves the OMERS Sustainable Investing Policy on an annual basis, setting our strategic approach, and our senior management is responsible for overseeing its execution. Board members receive regular reporting on our sustainable investing practices, which in 2020, included an in-depth education session on climate change.

Our Sustainable Investing Committee includes representation from across our enterprise and provides a forum to discuss sustainable investing issues, share best practices and advance OMERS knowledge and expertise in these areas.



Integration

ESG factors are integrated into our investment analyses and asset management practices alongside other investment considerations. Our investment approval processes require specific discussion of material ESG risks and opportunities. These factors include climate change, labour practices and human capital, inclusion and diversity, business conduct and board structure, among others.

We believe that as a large institutional investor, we can influence sustainable business practices among our investee companies. We therefore believe that engagement is more impactful than exclusion or divestment. However, we believe there are instances where excluding an industry is appropriate. Based on our criteria, we exclude investments in entities engaged in the manufacturing of the following products:

- Civilian firearms
- Anti-personnel landmines
- Cluster munitions
- Tobacco



Engagement

Our investment teams actively promote sustainable business practices and long-term perspectives through direct engagement with management and boards of directors.

- As investors in publicly traded equities we always exercise our proxy voting rights according to our Proxy Voting Guidelines, which we review and update regularly.
- When investing in private assets we typically acquire governance rights, including board seats. We exert our board-level influence to encourage the investee company to maintain and build on sustainable business practices.

Through this active governance, OMERS influences material ESG performance in our investees' strategies and operations.



Collaboration

We collaborate with like-minded organizations to exchange information and to advocate for better transparency and performance on relevant standards, practices and regulations. We partner with international organizations and like-minded investors to promote collaboration and knowledge-sharing on ESG matters, including:



In 2020:

- OMERS AC CEO Blake Hutcheson joined the CEOs of other large Canadian pension plans in issuing a statement calling for companies to provide consistent and complete ESG information to enable better investment decision-making and capital allocation.
- We continued to formally support the alignment of ESG-related disclosures with standards published by the Sustainable Accounting Standards Board (SASB) and the framework of the Task Force on Climate-related Financial Disclosures (TCFD).
- We advocated to the International Financial Reporting Standards (IFRS) Foundation in support of the creation of a Sustainability Standards Board.
- We worked with our partners in the Investor Leadership Network (ILN) on a report that provides practical tools to support investors in understanding climate-related disclosures of companies and how their decarbonization scenarios align with the Paris Agreement and a pathway to limiting global warming to 1.5°C.

To read the CEO statement, visit omers.com/news.



Adaptation

We recognize that the sustainable investing landscape is rapidly evolving and therefore we are continually assessing and enhancing our capabilities and practices. We remain committed to being transparent and ensuring that our approach remains relevant and effective over time. ○

For more detail on our sustainable investing activities, including current information on our portfolio, visit omers.com/sustainable-investing.

Climate-Related Disclosures

We endorse the TCFD because we believe that climate change presents both long-term risk and opportunities for the Plan's financial returns. Our TCFD-aligned disclosures follow.

Governance

The AC Board, senior management and our Sustainable Investing Committee all have active governance roles in our approach to climate change. The AC Board approves our strategy and policies in this area, senior management adopts guidelines focusing on our specific approaches to ESG and climate change and the Sustainable Investing Committee brings together representatives from across the enterprise for more in-depth discussion and analysis. In 2020, the Board approved the disclosure of our carbon footprint as well as our portfolio carbon intensity reduction goal described below. To increase its understanding of their responsibilities with respect to this matter, the Board also received in-depth expert advice on the potential investment impacts of climate change.

Strategy

Climate change presents both physical and transition risks to OMERS investment portfolio. Physical risks include the risk of loss due to extreme weather events or longer-term shifts in climate patterns. Transition risks include changes in government policy, regulation, consumer preferences and technology, which may increase the costs of certain assets (e.g., carbon pricing) or their marketability (e.g., stranded assets). These changes may impact the value of our investments.

Attractive investment opportunities continue to arise as renewable, low-carbon and next generation energy projects continue to increase. New technologies – even new industries – could evolve as the world transitions and adapts.

Our approach to climate change is aligned with the four pillars of our Sustainable Investing Framework:

**Integration, Engagement,
Collaboration and Adaptation.**

One tool we can use to understand how our portfolio is positioned against various future climate states is scenario analysis. This year, we worked with our partners in the ILN on a report that provides practical tools to support investors in understanding climate-related disclosures of companies and how their decarbonization scenarios align with the Paris Agreement commitment to limit the global average temperature rise to 1.5°C. This provides us with strategic insight to aid our analysis of climate impacts on both a sectoral and company-specific basis.



TCFD is a global standard to promote the enhancement of climate-related disclosures by corporations and other entities. Its framework recommends disclosing details about an organization's governance, strategy, risk management and metrics and targets related to climate change.



Leeward Energy

Risk Management

OMERS has a formal risk framework that governs our approach to identifying and managing risks, including those related to ESG and climate change. We have established a Climate Risk Working Group, comprised of risk professionals from each investment team and representatives from our Sustainable Investing Committee. The mandate of this group includes developing a framework to evaluate climate risk across the portfolio, including our total portfolio carbon footprint.

Where climate change impacts are considered material to a proposed investment, our teams analyze potential impacts to value or to risk—whether positive or negative. They involve internal or external experts as necessary. Each of our asset classes has developed assessment procedures, tailored to their investing approaches and strategies.

We use our influence to address climate change risks specifically through our engagement and proxy voting activities.

Metrics & Targets

In 2020, we continued to evaluate measures to help us understand the implications of climate change to OMERS portfolio. We are disclosing the results of our first total portfolio carbon footprinting exercise based on the recommendations of the TCFD. These carbon footprinting metrics are computed based on assets held as of December 31, 2019 and the most recent emissions data available.

Our methodology:

- Is in line with the TCFD recommendations for Asset Owners and the Greenhouse Gas (GHG) Protocol;
- Includes scope 1 and scope 2 emissions;
- Uses the 'ownership approach,' which sets our proportionate ownership of an asset's carbon footprint equal to OMERS proportionate share of the asset's enterprise value; and
- Used GHG emissions data provided by third-party service provider, S&P Trucost Limited ("Trucost"), an affiliate of S&P Global Market Intelligence, and in some cases this came directly from our portfolio assets. Where emissions were not available, estimates were provided by Trucost based on their Environmentally Extended Input-Output (EEIO) methodology.

This approach allowed us to cover \$80 billion of \$109 billion of OMERS net assets. Carbon accounting is not relevant for cash and certain securities, including foreign exchange hedging contracts, and these amounts have been excluded. We have also excluded securities not covered by Trucost. Certain security types that were not significant in the OMERS portfolio and where data was not visible were also excluded. For more details on the scope of the analysis and further details on our methodology, check out omers.com/climate-change.

We recognize there are limitations to this approach; it is backward-looking and does not encompass all climate-related risks and opportunities each company faces. Portfolio carbon accounting within the financial industry continues to evolve and iterate to address concerns related to completeness and timeliness of measurement. OMERS participates in those initiatives focused on developing more advanced approaches.

The TCFD recommends that asset owners report on their Weighted Average Carbon Intensity (WACI) as well as consider other metrics. We are reporting on overall carbon footprint and WACI.

Our 2019 carbon footprint metrics are:

58 tCO₂e/\$M invested

Carbon Footprint

tonnes of carbon dioxide equivalent (tCO₂e)

199 tCO₂e/\$M revenue

Weighted Average Carbon Intensity (WACI)

(weighted by the asset's value / portfolio value)

We engaged PricewaterhouseCoopers LLP, an independent third party, to conduct a limited assurance engagement on our 2019 carbon footprint metrics. Their assurance report is included in the Reference section of this Annual Report on page 135.

Through this initiative, we have gained valuable insight into, and are able to focus on, areas of carbon intensity in our portfolio. It has also allowed us to establish a carbon reduction goal and provided a benchmark for our own progress. 

OMERS has



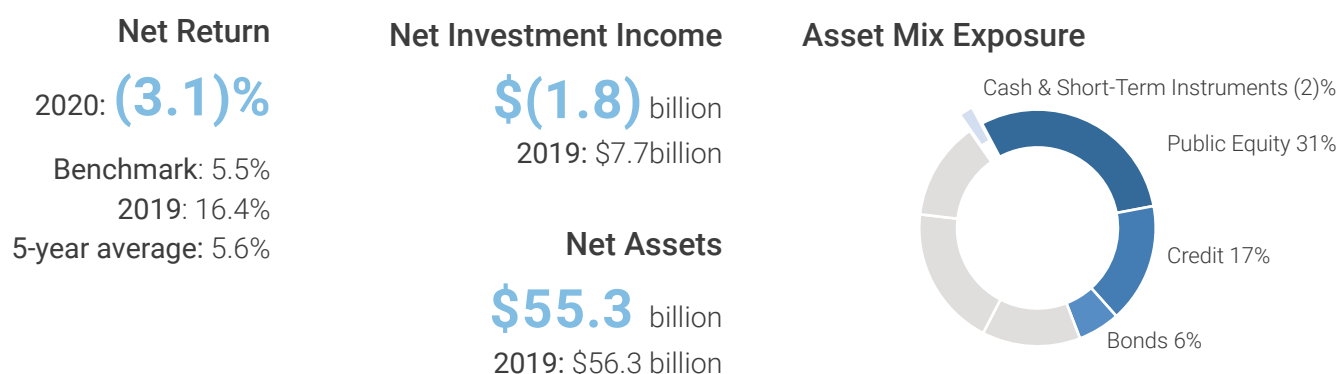
a dedicated and growing allocation to clean energy, which totaled **\$3.3 billion** at the end of 2019.



set a goal to decrease the carbon intensity of our portfolio by **20%** by 2025 (based on the WACI metric) using 2019 as the baseline.

Asset Class Investment Performance

Public Investments



The Plan's cash balance is included in public investments. This balance fluctuates based on public investment activity, as well as changes in collateral received or pledged, and deployment and divestiture activity in our private investment asset classes. For additional information on our Liquidity and Capital Resources, refer to the Investment Results section in this MD&A.

Investment Approach

Our approach to investing in public investments, which include fixed income and public equities, is to focus on high-quality investments that can generate sustainable income and growth, which we believe results in more consistent returns and lower volatility over a multi-year period. We seek investments in companies with strong balance sheets and resilient business models. We partner with leading businesses, operators and best-in-class investors to access investment opportunities around the world. Our objective is to construct a well-diversified portfolio across geographies, sectors, strategies and income streams, that will deliver long-term, consistent and absolute returns to fund pension liabilities.

2020 Performance

Our public investments generated a net loss of 3.1% in 2020, compared to a net return of 16.4% for 2019 and a benchmark of 5.5%. This represents a net investment loss of \$1.8 billion, compared to a net investment gain of \$7.7 billion in 2019.

- **Public equities**, which represented 30.9% of OMERS portfolio as at December 31, 2020, compared to 28.9% of the portfolio as at December 31, 2019, gained 1.5% in 2020, compared to 20.3% in 2019. In 2020, our public equity holdings, which include a significant allocation to financials and energy sectors, performed less well than broad public equity indices. The main public indices have large weightings in technology-enabled growth stocks that delivered better returns during the pandemic.

- **Credit investments**, which represented 17.2% of OMERS portfolio as at December 31, 2020, compared to 16.5% of the portfolio as at December 31, 2019, generated a net loss of 4.3% in 2020, compared to a gain of 8.0% in 2019. Our credit portfolio did not experience any significant creditor defaults or payment deferrals in 2020.
- **Bonds** represented 5.8% of OMERS portfolio as at December 31, 2020, compared to 5.5% of the portfolio as at December 31, 2019, and generated net gains of 1.1% in 2020, compared to a gain of 3.6% in 2019. Our portfolio, which had an average duration of four years as at December 31, 2020, did not significantly benefit from the steep drop in long-term bond yields in 2020.

Capital Allocation

Public investments decreased to \$55.3 billion from \$56.3 billion at the end of 2019 primarily due to losses. In 2020 we also shifted a portion of our public equities to derivative exposure resulting in higher cash. Our overall exposure to public equities increased by \$1.2 billion year-over-year, and there were no significant changes to our exposures to bond and credit assets.

Sustainable Investing Activities

Understanding and evaluating the ESG risks and opportunities that our investee companies face are key components of our investment process. Our actions support, and are consistent with, OMERS Sustainable Investing Policy.

- We encourage responsible corporate behaviour and accountability by speaking directly to management teams and boards of directors, where appropriate, to understand how they are managing ESG risks and opportunities.
 - We assess climate-related shareholder proposals on a case-by-case basis. We generally support proposals that request enhanced disclosure of information on the impact of climate change on a company's operations, as well as associated policies and procedures to address risks and/or opportunities. In 2020 we supported climate-related shareholder proposals that sought the adoption of targets and/or the disclosure of plans to reduce greenhouse gas emissions in line with the Paris Agreement.
 - We cast proxy votes in accordance with our established Proxy Voting Guidelines. We regularly review these guidelines and update them to reflect current issues. We retain flexibility to consider specific circumstances on any matter, so that we can exercise our votes in OMERS best interests. In 2020 we voted on 10,710 proposals, at 1,192 shareholder meetings globally.
 - We have made a commitment to the 30% Club, which encourages boards to meet a 30% threshold for female representation, or alternatively to have sufficient policies and targets in place to increase the number of women at both the board and the executive management level. In 2020 we voted against 111 directors based on our gender diversity voting guideline.
-

Private Equity

Net Return

2020: **(8.4)%**

Benchmark: 9.0%

2019: 4.6%

5-year average: 6.3%

Net Investment Income

\$(1.1) billion

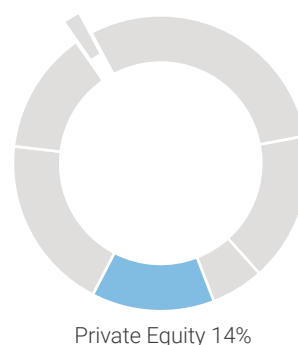
2019: \$0.6 billion

Net Assets

\$14.8 billion

2019: \$15.7 billion

Asset Mix Exposure



Investment Approach

Our approach to investing in private equity is to acquire interests in private companies throughout various phases of the investment lifecycle, including venture, growth and buyout capital across four primary verticals: Business Services, Healthcare, Industrials and Software & Technology - primarily headquartered in North America and Europe.

We invest in companies with solid business fundamentals, strong management teams and opportunities to grow both organically and through acquisitions. Our objective is to generate strong capital returns while appropriately managing risk.

2020 Performance

The private equity asset class net return in 2020 was a loss of 8.4%, compared to a gain of 4.6% in 2019 and our 2020 benchmark of 9.0%. This represents a net loss of \$1.1 billion in 2020, compared to net income of \$0.6 billion in 2019.

Our private equity return was adversely impacted by the pandemic. The effect of widespread lockdowns impacted businesses across our portfolio, particularly those that are consumer-

facing, and slowed down deal activity earlier in the year, causing us to defer exits and acquisitions. Significant measures were taken to support our businesses and mitigate the impact of the pandemic, including optimizing cost structures and working capital and shoring up liquidity. Vue Entertainment, a cinema operator in Europe, was the most significantly impacted investment in the portfolio. Other investments across our four verticals have shown resilience throughout the pandemic or are recovering, operating closer to pre-COVID levels and resuming acquisition activity.

Capital Allocation

Total investments in private equity decreased to \$14.8 billion at the end of 2020, compared to \$15.7 billion as at December 31, 2019. This decrease was primarily driven by the disposition of National Veterinary Associates (a global owner-operator of veterinary and pet care services organizations) and the net loss of \$1.1 billion in 2020 discussed above. These movements were offset by the acquisition of TurnPoint Services (a residential HVAC, plumbing services and electrical services provider in the U.S.).

Sustainable Investing Activities

Our ESG assessment framework is a key step in our diligence process for new investment opportunities. The framework supports and is consistent with the OMERS Sustainable Investing Policy. This robust questionnaire allows us to assess the performance of each target investment against key ESG factors and provides early insights into opportunities where we, as active investors, can support management teams in improving ESG performance. On all new investments, the insights from our ESG diligence are integrated into our value creation plans and help shape the priorities for each business.

New in 2020 was our Private Equity ESG Scorecard, developed to enable a consistent annual evaluation of our portfolio of investments. The Scorecard prioritizes a sub-set of critical ESG factors that both align with OMERS ESG priorities and ultimately enhance the value of each investment. In 2021, insights from these assessments will be integrated into the board agenda and value creation plan for each investment.

While we have been developing our ESG Scorecard, we have continued to work with our portfolio company management teams to advance their ESG agendas. Through our formal board roles and our regular interactions with each business, we have focused on critical ESG factors ranging from cyber security and privacy to carbon footprint, as well as inclusion and diversity. A number of our investments demonstrated their ESG commitment by supporting communities and providing relief programs through the COVID-19 pandemic.



Environmental Resources Management (ERM)

Infrastructure

Net Return

2020: **8.6%**

Benchmark: 7.8%

2019: 8.7%

5-year average: 10.2%

Net Investment Income

\$1.7 billion

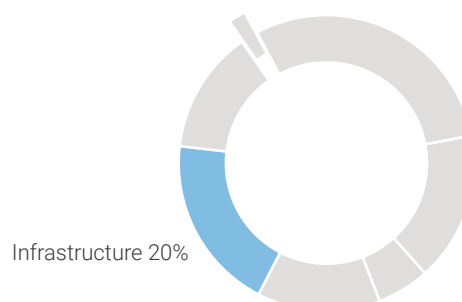
2019: \$1.7 billion

Net Assets

\$22.1 billion

2019: \$21.3 billion

Asset Mix Exposure



Investment Approach

Our approach to investing in infrastructure is to seek reliable income and strong cash flows over the long term through investments in large-scale infrastructure services or businesses in energy, including clean power, social infrastructure, transportation and digital infrastructure – primarily in North America, Europe and the Asia-Pacific region.

The infrastructure services or businesses we invest in generally have high barriers to entry and are often highly regulated and supported by long-term arrangements that provide an effective way to manage risk.

We take a patient and disciplined approach to infrastructure investing and we execute on the prudent diversification of our portfolio. We actively manage the absolute and relative exposures, such as the industrial sector, technology, demographics and geography, through dynamic asset and portfolio management.

2020 Performance

The infrastructure asset class net return was 8.6%, compared to 8.7% for 2019 and our 2020 benchmark of 7.8%. This represents net investment income of \$1.7 billion in 2020, compared to \$1.7 billion in 2019 and an operating cash yield of 4.4% in 2020, compared to 7.1% in 2019.

Our investments in regulatory assets, including power generation and utility distribution, were largely unaffected by the global pandemic and performed strongly as valuations were supported by investor demand for infrastructure assets in these sectors of our portfolio. Our transportation assets were negatively impacted by travel restrictions and stay-at-home orders. Our 2020 return also reflects gains from sales completed or signed during the year.

Capital Allocation

Infrastructure investments increased to \$22.1 billion in 2020, up from \$21.3 billion in 2019. This increase was primarily attributable to the progress made with our capital deployment strategy. During 2020, we invested in two digital infrastructure assets: Deutsche Glasfaser and inxio (a fibre network operator in Germany) and Covage (a fibre wholesale operator in France). We also continued to invest in regulatory assets through our purchase of a stake in TransGrid (an electricity transmission network in Australia).

We completed the dispositions of our interest in Detroit River Tunnel Partnership (operator of the Detroit River Rail Tunnel), Maple TopCo Limited (a smart-metering business in the U.K.), DoProcess LP (an operating subsidiary of Teranet Inc. focused on real estate conveyance in Canada) and a number of smaller legacy investments throughout the portfolio.

Sustainable Investing Activities

When considering a potential investment, we employ the OMERS Infrastructure ESG assessment framework to review relevant ESG factors. The framework supports and is consistent with the OMERS Sustainable Investing Policy. Where analysis indicates a material ESG risk exists, further investigations are conducted, including using external consultants and subject matter experts where appropriate. The conclusions of the analysis are considered by the relevant investment committees as part of the investment approval process. During 2020 we enhanced our approach to how we evaluate ESG practices adopted by portfolio companies to increase our focus on inclusion & diversity, the impact of climate change and the role portfolio companies play in creating social value.

Post-acquisition, OMERS Infrastructure enhances ESG practices across our portfolio as part of the role we take in the active management of our investments in companies. This role includes having regular direct contact with executive teams, participation on boards and related committees and using our governance rights that are commensurate with our equity positions but include negative control rights. In addition, we appoint independent directors to boards, who bring specialized skills and relevant experience where necessary.

We are proud of the various ESG accomplishments across our portfolio in 2020, and particularly the way our portfolio companies helped their communities navigate COVID-19-related challenges.



Real Estate

Net Return

2020: **(11.4)%**

Benchmark: 7.5%

2019: 8.3%

5-year average: 5.5%

Net Investment Income

\$(1.9) billion

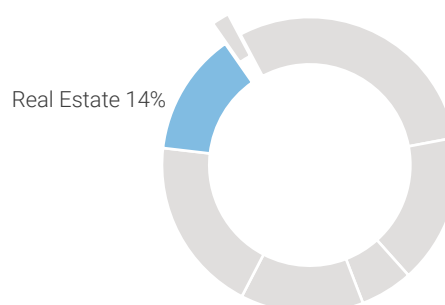
2019: \$1.4 billion

Net Assets

\$15.0 billion

2019: \$17.5 billion

Asset Mix Exposure



Investment Approach

Our approach to investing in real estate is through Oxford Properties Group (Oxford). Oxford is a leading global real estate investment, asset management, development and operations platform. Our approach to investing in real estate is centered on building, buying and growing a network of defined real estate businesses with world-class management teams to meet our capital priorities and deliver sustainable income and capital returns.

Oxford is a disciplined and thematic global real estate investor in high-quality assets in real estate sectors and markets where it can outperform and deliver superior long-term returns. Oxford invests in a diversified portfolio of office, industrial, retail, multi-residential, life sciences, hotel properties, alternative assets, and real estate credits in gateway and growth markets in Canada, the U.S., Europe and Asia-Pacific. Our real estate portfolio consists of 100 million square feet of office, retail and industrial space; 12,200 multi-residential units and 3,000 hotel rooms. Oxford leverages its global experience, scale and network to add value to its investments.

2020 Performance

The real estate asset class net return in 2020 was a loss of 11.4%, compared to a gain of 8.3% in 2019, and our 2020 benchmark of 7.5%. This represents net investment loss of \$1.9 billion in 2020, compared to investment income of \$1.4 billion in 2019.

Performance in 2020 was impacted by operating weakness and asset valuation decreases primarily in our retail and office portfolios as a direct result of COVID-19, partially offset by strong performance in our industrial businesses. Over the course of 2020, our office, hotel and retail assets experienced closures as part of the global lockdowns. In the wake of these events, Oxford worked closely with our tenants and partners to operationalize government relief initiatives and implement pandemic protocols to ensure the safety of our people, our tenants and our assets.

In this MD&A we present our investments and performance by asset class. As such, Oxford Properties' real estate credit business and public equity investment in HKSE-listed ESR Logistics is presented under 'credit' and 'public equity' respectively, and not in 'real estate'. Including the performance of its credit business and investment in ESR Logistics, the Oxford Properties 2020 net loss is -6.8%.

Capital Allocation

Total investment in real estate decreased to \$15.0 billion as at December 31, 2020, compared to \$17.5 billion as at December 31, 2019, primarily as a result of the unrealized mark-to-market losses on the portfolio.

In 2020, Oxford continued to execute on its strategy to re-balance the portfolio, increasing exposure to

the Asia-Pacific region and the industrial and life sciences sectors. This was done through a number of key acquisitions, including the 15% interest in ESR in Asia-Pacific and a 5% interest in U.S.-based Lineage Logistics (a global cold storage business). Also aligned with our strategy, Oxford successfully executed several office sales transactions across North America, the U.K. and Australia, and finalized the sale of a 75% non-managing interest in its Western Canada resort hotel portfolio.

Oxford also continued to make significant progress on more than 30 active development projects. Notably, Oxford submitted a rezoning application to redevelop Canada Square, the 9.2 acre midtown Toronto site, with a 3 million square foot mixed-use masterplan project, and completed the redevelopment of 388 George Street in Sydney, transforming the 1970s office building into a state-of-the-art mixed-use commercial tower.

Sustainable Investing Activities

We take a leadership approach to sustainability that creates value for our business while doing what's right for our customers and communities. Our ESG practices play an important role as Oxford is committed to creating economic and social value and connecting people to exceptional places.

Oxford's sustainability program is driven by a set of guiding principles based on what matters most to our local stakeholders: Climate & Energy, Well-being, Materials & Resources and Communities.

Here are a few highlights of our sustainability activities:

- We have 23% less carbon emissions on a per square foot basis than in 2015 as we get closer to achieving our goal of 30% by 2025;
- Our rooftop solar footprint now totals 213,000 square feet, working towards our target of 1 million square feet by 2024;
- More than 90% of our buildings have achieved an industry-leading green building certification for their region and asset class; and
- Our sustainability performance was ranked in the top 7% of more than 1,200 funds by the industry-leading Global Real Estate Sustainability Benchmark (GRESB), Global ESG Benchmark for Real Assets. 

Learn more about our sustainability efforts in our 2020 sustainability report sustainable.oxfordproperties.com/2020/index.html.

Risk Management

OMERS activities expose us to a broad range of investment and non-investment risks, and therefore our ability to manage these risks is an important capability. Our risk management process, through our “risk appetite statement,” defines our risk profile both quantitatively and qualitatively. Management and the Boards of Directors rely on this risk management process to manage the Plan’s financial health.

We use a risk framework to manage five key risk categories:
Pension, Investment, Operational, Governance and Emerging.

We measure our risk within these categories relative to our risk appetite statement. Doing so assists us in evaluating the Plan’s overall risk profile.

We define risk management as the identification, measurement, mitigation or acceptance of risk.

Risk Governance and Framework

OMERS governance plays a fundamental role in supporting risk management and supports the processes and culture that allow for high-quality decision-making. Our risk culture encompasses the shared values, beliefs and attitudes that shape decision-making and behaviours. OMERS believes that fostering a culture that encourages candour and debate is critical to ensure prudent decision-making. Policies and frameworks articulate our expectations and behaviors for risk-conscious decision-making and include our *Code of Conduct and Ethics*.

The AC and SC Boards have approved OMERS risk frameworks. The risk frameworks describe overall risk management governance and detail the structure for categorizing risks to which the two organizations are exposed. The Boards delegate the day-to-day management of risk to Management. The Chief Risk Officer is responsible for our Risk Management function, which provides independent and objective analysis and risk reporting to both the Executive Leadership Team and to OMERS Boards of Directors. This approach produces a unified risk assessment across both the AC and SC, enabling consistent frameworks to better understand and assess the broad range of risks OMERS faces while also considering opportunities across the two organizations.

The Boards of Directors also approve OMERS risk appetite, which we express through a number of quantitative and qualitative statements that describe the desired level of risk the organization is willing to accept to achieve OMERS strategy and objectives. The Primary Plan risk appetite statement addresses plan risk – also known as funding risk – which is the risk that OMERS is not able to deliver sustainable, affordable and meaningful pensions, which could ultimately result in the need to increase contributions or reduce benefits. Funding risk is inherent in the interaction of five primary risk categories, namely Pension, Investment, Operational, Governance and Emerging risk. “Subsidiary” risk appetite statements address Pension, Investment, Operational and Governance risk at a more granular level.

The risk appetite statements:

- help define the desired level of risk within the Primary Plan and each of the respective risk categories;
- determine the nature, types and degree of risk that OMERS is willing to assume through the articulation of qualitative statements and risk tolerances;

- establish metrics that allow OMERS to quantitatively assess its risk positioning relative to its desired risk appetite, as articulated by the qualitative statements and risk tolerances; and
- provide the Boards and their Committees with the necessary information and transparency required to effectively discharge their risk oversight responsibilities and make key strategic decisions.

We manage our various risks following the “three lines of accountability” approach to ensure clear roles and accountabilities.

1st Line of Accountability “Risk Owner”	Refers to groups that perform OMERS primary business activities to fulfil OMERS business objectives. These groups are responsible for identifying and managing risk as part of their accountability for achieving objectives. These include, for example, pension administration and investments.
2nd Line of Accountability “Risk Partner”	Refers to groups that provide the policies and frameworks to enable risk and compliance to be managed in the first line and provide risk oversight of those who own the primary business activities. These include, for example, compliance and risk management.
3rd Line of Accountability Independent Assurance Provider	Refers to internal audit. This group is an independent, objective assurance and consulting function whose responsibility is to assess OMERS internal controls and to provide recommendations to strengthen controls or improve operating efficiency. Our internal audit function reports directly to the Audit & Actuarial Committee of the AC Board.

Provided in the following pages is a brief overview of each subsidiary risk category, its major components and how we manage specific risks.

Pension Risks

Pension Risk is the risk of significant changes in Plan liabilities and normal cost, or the risk of plan design being inconsistent with design objectives. There are three key elements of Pension risk:

1. the risk of experiencing significant, unexpected changes in OMERS pension liabilities and normal cost due to changes in demographic experience or assumptions;
2. the risk of failing to deliver appropriate value or perceived value to members and employers; and
3. the risk of inequitable sharing of risks across generations and/or across categories of members.

To evaluate and address these risks, we regularly review our assumption-setting philosophy, our assumptions and our methods in accordance with our Funding Policy. We also measure and assess value and equity of the plan design and the actual value that members receive; to help address this risk, in 2020 we adopted “non-full-time expansion”, which increases the Plan’s equity by allowing all non-full-time employees to elect to join the Plan at any time, effective January 1, 2023, as discussed on page 16 of this Annual Report. Finally, we assess the trade-off that must be made between inter-generational equity and contribution and benefit stability. To help manage this trade-off, in 2020 we adopted “shared risk indexing”, which allows both active and retired members to participate in addressing the Plan’s long-term financial health, effective January 1, 2023, as discussed on page 16 of this Annual Report. We continually enhance tools, practices and resources to deliver insights and analysis which help inform strategic decisions.

Investment Risks

Investment Risk is the risk that investments will underperform our required return targets. There are four key elements of Investment Risk:

1. risk of permanent loss of capital. To address this risk, we evaluate and assess market risk, credit risk, counterparty risk, foreign exchange risk and valuation risk, typically using quantitative measures. These risks, and our risk management practices, are discussed in further detail in the Consolidated Financial Statements. In 2020, we iterated our value-at-risk models to begin incorporating a multi-time horizon view;
2. risk of an inappropriate risk-and-return trade-off. We consider this risk in our assessment of the ability of the strategic long-term asset mix to achieve OMERS required returns;
3. liquidity risk, the risk of encountering difficulty meeting financial obligations as they come due. We consider both short-term and longer-term liquidity requirements and use liquidity management tools to promote active planning. In 2020, OMERS continued to adapt processes to enable a more holistic Plan-wide view of liquidity risk. We are updating our liquidity risk framework, formalizing our liquidity contingency plan and refining our approach to stress testing; and
4. risk that we are unable to execute our investment strategies, which we analyze qualitatively.

OMERS regularly evaluates and updates its risk appetite to ensure that it remains relevant given OMERS objectives and the environment in which it operates.

Operational Risks

Operational Risk is the risk of loss or other adverse impacts arising from operational failures, such as failure in people, processes, systems and technology infrastructure. The Operational Risk management program has a range of tools and processes that guide how OMERS identifies, evaluates and tracks mitigation activities on an ongoing basis, including regular internal reporting on specific metrics for each area of risk. Examples of important Operational Risks include:

1. process risk, including our ability to efficiently and effectively manage the day-to-day business operations for pension administration and member and employer interactions, including in times of crisis. In 2020, we enacted our business continuity plans successfully by transitioning to work-from-home protocols enterprise-wide, with no impairment to member services, technology infrastructure or financial controls;
2. people risk, including our ability to attract, retain and engage talent to achieve our strategy. This includes our ability to achieve a diverse and inclusive workforce and environment. In 2020, we launched a new People Strategy and an Inclusion & Diversity Strategy, both of which address people risk;
3. information technology risk, including our ability to support business activities now and in the future, and our ability to protect our members, our employees, and our investment information from external threats and cyber incidents;
4. legal and compliance risk, and our ability to be compliant with laws and regulations, globally;
5. vendor governance risk, and our ability to manage vendors and mitigate potential exposures to OMERS; and
6. change management risk, including our ability to manage significant project and change initiatives effectively to achieve value.

Governance Risks

Governance Risk is the risk of adverse effects due to OMERS quality of decision-making resulting from its governance structure, processes and culture. In addition to its risk management activities outlined above, both OMERS Boards also conduct an annual assessment of governance risks, including an assessment of board structure, competencies and effectiveness to execute their duties.

Emerging Risks

Emerging Risks are defined as risks that are new, evolving or already known, but which lack specificity and/or are difficult to quantify, and individually or in combination, have the potential to gradually or suddenly impact OMERS ability to achieve its objectives.

Our framework defines six key Emerging Risk dimensions: Economic, Environmental, Geopolitical, Government and Regulatory, Societal and Technological. These dimensions support the identification and classification of emerging trends that are most relevant to OMERS and provide a more structured approach to categorizing trends. Any emerging risk we identify may or may not fall within the other four categories of risk noted above. 

As our context evolves – because of the pandemic and otherwise – OMERS will continue to identify, measure and manage those risks that impact the Plan's long-term financial health and our strategy.



Reconciliation of Non-GAAP Measures

Reconciliation of Net Investment Assets

The classification and measurement of certain investment assets and investment liabilities in this MD&A differ from the amounts reported in our Consolidated Financial Statements in accordance with GAAP. The following table sets out the reconciliation of Net Investment Assets and Net Investment Liabilities in Note 3 in the Consolidated Financial Statements, to the Net Investment Asset exposure in this MD&A.

		Reclassifications									
Consolidated Financial Statements		Derivative Exposures ¹	Private Credit Funds ²	Preferred Shares ³	Corporate Bonds ⁴	Public Equity Funds ⁵	Recourse Debt ⁶	OMERS Return Agreement ⁷	Other		MD&A
\$millions as at December 31, 2020											
Fixed Income											Fixed Income
Inflation- Linked Bonds	2,514								(2,514)		
Nominal bonds and Debentures	4,180	2,420			(2,524)				2,127	6,203	Bonds
Private debt and mortgages	10,059	(35)	5,351	1,609	2,524		(1,220)		144	18,432	Credit
Equities											Equities
Public Equity	15,586	18,423		(1,609)		517			276	33,193	Public Equity
Private Equity	20,811		(5,351)			(517)			(163)	14,780	Private Equity
Real Assets											Real Assets
Infrastructure	28,678						(5,488)	(1,231)	124	22,083	Infrastructure
Real Estate	18,316						(3,240)	(590)	561	15,047	Real Estate
Short-Term Instruments											Short-Term Instruments
Cash and Short-Term deposits	19,467						(1,273)	(63)	189	18,320	Cash
		(20,808)								(20,808)	Economic Leverage
Investment Related Assets & Liabilities	(10,996)						11,221		(225)	—	
Total Net Investment Assets	108,615	—	—	—	—	—	—	(1,884)	519	107,250	Total Net Investment Assets

¹ Derivatives are measured at their fair value in the Consolidated Financial Statements. In this MD&A, to arrive at the Plan's ultimate exposure by asset class, derivatives are measured at their exposure value. The effect of derivatives exposure is reflected in each asset class, with an offset to economic leverage. Economic leverage is the difference between the exposure to an asset class and the fair value of the derivatives in the asset class.

² Private credit funds are classified as private equity in the Consolidated Financial Statements, and are classified as credit in this MD&A.

³ Preferred shares are classified as public equity in the Consolidated Financial Statements, and are classified as credit in this MD&A.

⁴ Corporate bonds are classified as nominal bonds and debentures in the Consolidated Financial Statements, and are classified as credit in this MD&A.

⁵ Private funds that are invested in public equities are classified as private equity in the Consolidated Financial Statements, and are classified as public equity in this MD&A.

⁶ Recourse debt is classified as investment liabilities in the Consolidated Financial Statements, and is classified in the respective asset classes which the debt is financing in this MD&A.

⁷ OMERS has entered into agreements that provide eligible clients with access to the performance of its real estate and infrastructure businesses. The real estate and infrastructure assets are gross of the related liabilities on the Consolidated Financial Statements, and net of the related liabilities in this MD&A.

Reconciliation of Net Investment Income

The following table sets out the reconciliation of Net Investment Income for each asset class and in total, as reported in Note 8 in the Consolidated Financial Statements, to the Net Investment Income in this MD&A. 

		Reclassifications									
Consolidated Financial Statements	Derivative Exposures ¹	Private Credit Funds ²	Preferred Shares ³	Corporate Bonds ⁴	Public Equity Funds ⁵	Recourse Debt ⁶	Contractual Agreements ⁷	Other Items	MD&A		
In \$ millions as at December 31, 2020											
Fixed Income										Fixed Income	
Inflation-linked bonds	(156)	(114)						270	—		
Nominal bonds and debentures	(1,130)	1,243		27			(1)	(73)	66		
Private debt and mortgages	185	(1,203)	84	52	(66)		11	155	(782)		
Equities										Equities	
Public Equity	(620)	212		(52)	(80)		8	(46)	(578)		
Private Equity	(927)	19	(84)		80	18	15	(206)	(1,085)		
Real Assets										Real Assets	
Infrastructure	1,856					26	(133)	(6)	1,743		
Real Estate	(1,989)					(9)	69	10	(1,919)		
Cash and short-term deposits	(195)	(157)		39		(35)	6	(115)	(457)		
Total Investment Income	(2,976)	—	—	—	—	—	(25)	(11)	(3,012)		
Income credited under contractual agreements	(25)						25	11	11		
Net Investment Income (Loss)	(3,001)	—	—	—	—	—	—	—	—		

¹ Loss from derivatives for fixed income assets is classified as nominal bonds and debentures in the Consolidated Financial Statements, and is classified based on the asset exposure in this MD&A.

² Income from private credit funds are classified as private equity in the Consolidated Financial Statements, and are classified as credit in this MD&A.

³ Income from preferred shares is classified as public equity in the Consolidated Financial Statements, and is classified as credit in this MD&A.

⁴ Losses from corporate bonds is classified as nominal bonds and debentures in the Consolidated Financial Statements, and is classified as credit in this MD&A.

⁵ Loss from private funds that are invested in public equities is classified as private equity in the Consolidated Financial Statements, and is classified as public equity in this MD&A.

⁶ Interest income related to recourse debt is classified as short-term deposits in the Consolidated Financial Statements, and is classified in the respective asset classes which the debt is financing in this MD&A.

⁷ OMERS has entered into contractual agreements to invest funds on behalf of the Board of Trustees of Ryerson University and the Transit Windsor Fund. OMERS has also entered into agreements that provide eligible clients with access to the performance of its real estate and infrastructure businesses. The investment income related to these contracts is reported gross in Total Investment Income in the Consolidated Financial Statements, and net in this MD&A.

ISSUER

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GUARANTOR

OMERS Administration Corporation

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US\$1,100,000,000

OMERS Finance Trust

US\$600,000,000 3.500% Senior Notes due 2032

US\$500,000,000 4.000% Senior Notes due 2052

Unconditionally and irrevocably guaranteed by

OMERS Administration Corporation



OFFERING MEMORANDUM

April 19, 2022

Joint Book-Running Managers

HSBC

RBC Capital Markets

Scotiabank

TD Securities

Co-Managers

BMO Capital Markets

CIBC Capital Markets

National Bank of Canada Financial Markets