OFFERING MEMORANDUM

€750,000,000
OMERS Finance Trust
3.125% Senior Notes due 2029

Unconditionally and irrevocably guaranteed by

OMERS Administration Corporation

OMERS Finance Trust (the "Issuer") is offering €750,000,000 aggregate principal amount of 3.125% Senior Notes due 2029 (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 Notes will mature on January 25, 2029 (the "Maturity Date"), unless previously redeemed.

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 euro and bear interest from (and including) January 25, 2024 to (but excluding) the Maturity Date at a fixed rate of 3.125% per annum, payable annually in arrears on January 25 of each year, beginning on January 25, 2025.

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 the 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 16 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: 99.450% plus accrued interest, if any, from January 25, 2024.

We expect that delivery of the Notes will be made to investors in book-entry form under the New Safekeeping Structure (the "NSS") through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream") (together, Euroclear and Clearstream are referred to herein as the "ICSDs"), on or about January 25 , 2024. Upon issuance, the Notes will be represented by one or more global notes in registered form (the "Global Notes" and each a "Global Note"), which is expected to be deposited with a common safekeeper ("Common Safekeeper") for the ICSDs and registered in the name of a nominee of the Common Safekeeper.

The Notes are intended to be held in a manner which will allow the Notes to be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations ("Eurosystem Eligibility"). This means that the Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper (and registered in the name of a nominee of one of the ICSDs acting as Common Safekeeper) and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

Joint Book-Running Managers

BNP PARIBAS **Citigroup** **Crédit Agricole CIB** **TD Securities**

The date of this Offering Memorandum is January 25, 2024

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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 January 18, 2024.

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 Prospectus Investors in the European Economic Area", "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 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. 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" as such term is defined in National Instrument 33-105—*Underwriting Conflicts* 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 EEA Retail Investor (as hereinafter defined) in the European Economic Area ("EEA"). For these purposes, an "EEA 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 EEA Retail

Investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any EEA Retail Investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE / ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY TARGET MARKET

Solely for the purposes of Crédit Agricole Corporate and Investment Bank's (the "EU Manufacturer's") product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (a) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II), and (b) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (an "EU distributor") should take into consideration the EU Manufacturer's target market assessment; *however*, an EU distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the EU Manufacturer's target market assessment) and determining appropriate distribution channels.

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 UK Retail Investor (as hereinafter defined) in the United Kingdom ("UK"). For these purposes, a "UK 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 Financial Services and Markets Act 2000 (as amended, 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 UK Retail Investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any UK Retail Investor in the UK may be unlawful under the UK PRIIPs Regulation.

In the UK, 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 UK, 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 UK only to relevant persons and will, in the UK, be engaged in only with relevant persons.

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

Solely for the purposes of the product approval process of BNP Paribas, Citigroup Global Markets Limited and The Toronto-Dominion Bank (the "UK Manufacturers"), 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 "UK distributor") should take into consideration the UK Manufacturers' target market assessment; however, a UK 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 UK Manufacturers' target market assessment) and determining appropriate distribution channels.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 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 majority of 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 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.

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 at 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 unaudited condensed interim consolidated financial statements of the Guarantor as at and for the six month period ended June 30, 2023, including the notes thereto, attached as Annex A to this Offering Memorandum;

- the audited consolidated financial statements of the Guarantor as at and for the years ended December 31, 2022 and 2021, including the notes thereto and the independent auditor's audit report thereon, contained in the Guarantor's 2022 Annual Report (on pages 83-123 (inclusive)), attached as Annex B to this Offering Memorandum;

- the 2022 Management's Discussion and Analysis, attached as Annex C 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 the Guarantor's 2021 Annual Report (on pages 72-112 (inclusive)), attached as Annex D to this Offering Memorandum; and

- the 2021 Management's Discussion and Analysis, attached as Annex E 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:

- 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 Ukraine/Russia war, Canada and U.S.-China tension, increasing political sensitivities in China and potential escalation and broadening of the war between Israel and Hamas;
- prolonged and acute stress from high global inflation;
- the impact of a global pandemic similar to that caused by the coronavirus, or COVID-19, outbreak;
- increasing plan maturity;
- uncertain and volatile investment returns;
- fluctuations in interest rates;
- climate change;
- demographics;
- 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," "2023 Unaudited Interim Consolidated Financial Statements" (contained in Annex A), "2022 Annual Audited Consolidated Financial Statements" (contained in Annex B), "2022 Management's Discussion and Analysis" (contained in Annex C), "2021 Annual Audited Consolidated Financial Statements" (contained in Annex D) and "2021 Management's Discussion and Analysis" (contained in Annex E) 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 unaudited condensed interim consolidated financial statements of AC, which includes the OMERS Pension Plans (as defined below) as at and for the six months ended June 30, 2023 (the "Unaudited Interim Consolidated Financial Statements") and audited consolidated financial statements of AC, which include the OMERS Pension Plans (defined below) as at and for the years ended December 31, 2022 and 2021, and as at and for the years ended December 31, 2021 and 2020 (the "Audited Consolidated Financial Statements" and, together with the Unaudited Interim Consolidated Financial Statements, the "Financial Statements") annexed to this Offering Memorandum. The 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 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, references to "US$" are to "U.S. dollars" and references to "€" are to euro, being the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

All references to "net assets" are to net assets available for benefits, as set out in Note 5 to the 2023 Unaudited Interim Consolidated Financial Statements and Note 6 to the 2022 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 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 over 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 June 30, 2023, the Primary Plan's net assets totaled C$127 billion, as compared to C$124 billion as of December 31, 2022. 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 Primary Plan to satisfy the obligations under the Guarantee.

Competitive Strengths

Long-Term View. We maintain a long-term investment horizon, since pensions are paid over decades. We pursue long-term, consistent, absolute real investment returns that meet or exceed the average annual expectation of approximately 5% set out in our Board-approved Primary Plan Statement of Investment Policies and Procedures

("SIP&P"). 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$127 billion in net assets as at June 30, 2023. 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. 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 92% of the Primary Plan's assets internally as at December 31, 2022, 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 articulated in our Statement of Investment Beliefs, SIP&P and Sustainable Investing Policy, each of which are approved by the Guarantor's Board. As a fiduciary, our approach to sustainable investing is grounded in assessments of how ESG factors, including climate change, inform or influence the value, risk and opportunity of our investments. This approach is grounded in three key actions: Integration, Collaboration and Engagement throughout the investment life cycle.

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. The Guarantor's Board approves our risk appetite statements that provide a framework to assess the desired amount of risk the enterprise believes is appropriate to take in pursuit of our 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 four subsidiary risk categories: Investment, Operational, Pension, and Governance. 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 oversees the design of the Primary Plan to ensure its continued sustainability and to meet stakeholders' needs. OMERS Sponsors Corporation continuously assesses the Primary Plan's 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 to C$127 billion as at June 30, 2023 from C$124 billion as at December 31, 2022.

We invest in high-quality assets, diversified across asset type, economic sector and geographic market. We have a target asset mix approved by the Guarantor's Board designed to mitigate long-term risk and deliver long-term returns 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 select 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 buyout and earlier stage 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 developer. We pair 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 industrial, office, retail, residential, life sciences, hotel, credit and niche alternative assets in Canada, the U.S., Europe and Asia-Pacific.

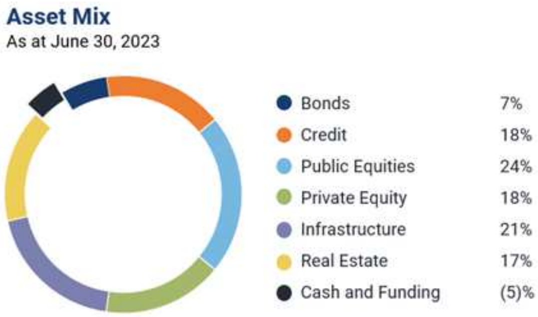
To arrive at the Primary Plan's ultimate exposure by asset class, our asset mix includes physical exposures plus derivative exposures. Net economic derivative exposures are included within each relevant asset class and a corresponding offset (equal to the sum of all of net economic derivative exposures across all assets classes) is presented in the "Cash and Funding" category.

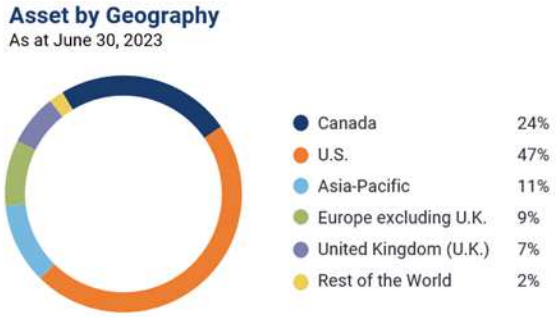
	As at December 31, 2022 (C$ in millions)	
	Investment Assets	**Asset Mix (%)**
Fixed Income		
Bonds	C$ 9,970	7.9
Credit	26,037	20.6
Equities		
Public Equity	29,652	23.5
Private Equity	23,215	18.4
Real Assets		
Infrastructure	26,311	20.8
Real Estate	21,202	16.8
Short-term Instruments		
Cash and Funding	(10,130)	(8.0)
Total	C$ 126,257	100.0%
Less: Administered Funds and Other Balances	2,051	
Total Primary Plan	C$ 124,206	

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 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 approved in early August 2023 and effective January 1, 2024 is summarized in the chart below.

Long-term Target Asset Mix	Approved (%)
Fixed Income	**43.0**
Government Bonds	17.0
Public Credit	14.0
Private Credit	12.0
Equities	**37.0**
Public Equities	19.0
Private Equities	18.0
Real Assets	**40.0**
Infrastructure	22.0
Real Estate	18.0
Cash and Funding (includes cash and equivalents, recourse debt and derivatives)	(20.0)

The following charts show OMERS exposure by asset class and by geography as at June 30, 2023:





The following charts show OMERS exposure by asset class and by geography as at December 31, 2022:

OMERS hedges a proportion of our exposure to foreign currencies using derivative contracts: at December 31, 2022, 47% of our net exposure was exposed to foreign currencies, compared to 42% at the end of 2021.

Returns

As at June 30, 2023:

During the six-month period from January 1 to June 30, 2023, OMERS generated a net investment return of 3.1%, or a gain of $3.8 billion. Over the 12 months ended June 30, 2023, the Primary Plan earned a net investment return of 7.8%, or a gain of $9.2 billion. At June 30, 2023, net assets totaled $127.4 billion, an increase of $7.9 billion over the last 12 months. As a pension plan that pays benefits over generations, we are a long-term investor and over the last 10 years OMERS has earned an average net return of 7.8%.

Investment performance highlights for the six months ended June 30, 2023:

- Rising interest rates continued to support returns from bond and credit investments.
- Public equities delivered strong returns from our core holdings in high-quality, large-cap stocks in the technology, communication, financials, and consumer discretionary sectors.
- Private equity assets earned a positive return as operational improvements and tuck-under acquisitions increased portfolio company earnings.
- Our globally diversified infrastructure assets continued to generate steady income and generated net valuation gains primarily from our fiber optic networks.

- Our real estate assets recognized valuation declines as a result of pressure from higher interest rates and lower market demand for space in the office sector. These declines offset the stable income collected by our properties, profits from completed development projects and valuation gains in high-quality retail assets, residential properties and hotels which benefited from favorable leasing activities.

- Foreign exchange detracted from our net investment results by approximately 1.0%, primarily due to weakening of the U.S. dollar relative to the Canadian dollar.

As at December 31, 2022:

2022 was an exceptionally challenging year for investors globally. Economic news was dominated by central banks aggressively raising interest rates and reducing liquidity support to markets in order to combat soaring inflation, which was fueled by the overhang of government stimulus from the COVID-19 pandemic, war in Europe and extended pandemic lockdowns in China. These factors negatively impacted growth, triggering recession in European jurisdictions and increasing the risk of recession in Canada and the United States. As a result of these factors, global stock markets and bond markets both suffered sharp declines in the year.

Our active efforts to navigate the changing environment enabled us to earn a net return of 4.2%, adding $4.9 billion of investment income to the Primary Plan as of December 31, 2022.

Five main factors explain performance in 2022 relative to our benchmark.

1. Losses in public equities and bonds resulting from significant declines in global markets, driven by a highly uncertain macroeconomic environment, detracted from results.

Protecting our return from these losses were:

2. Our significant allocations to private investments (real estate, infrastructure, private equity), all delivered strong returns;

3. Favoring higher-yielding, short-term credit over lower-yielding long-term bonds proved resilient to rising interest rates;

4. Currency diversification improved returns as investors sought a safe haven in U.S. dollars, and roughly one-third of our portfolio is denominated in U.S. dollars; and

5. Mark-to-market gains on fixed-rate, long-term debt financed in prior years with lower borrowing rates.

Our private equity, infrastructure and real estate asset classes each exceeded their one-year absolute net investment return benchmarks. Our public investments – which comprise public equities, bonds and credit – did not achieve their absolute benchmarks, though their performance was in line with or exceeded relevant broad market indices.

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 we maintain a long-term investment horizon, since 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 5% average annual real return expectation set out in the Guarantor’s Board-approved SIP&P.

The table below sets out the Primary Plan's 2022 net return, and our historical net returns over relevant multi-year periods. The table excludes the net return related to the six months ended June 30, 2023.

	1-Year	2-Year	3-Year	4-Year	5-Year	10-Year
Net Return	**4.2%**	**9.8%**	**5.4%**	**7.0%**	**6.1%**	**7.5%**
Benchmark	**7.2%**	**6.9%**	**6.9%**	**7.0%**	**7.1%**	**7.4%**

Over the preceding five years, investors experienced unprecedented market events, resulting in volatility in returns across much of the investing environment. The Primary Plan's short-term returns reflect this volatility, as our 3- and 5-year returns are below their respective benchmarks, and 2- and 4-year returns have met or exceeded them. The Primary Plan's 10-year net return has exceeded the benchmark of 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	€750,000,000 aggregate principal amount of 3.125% Senior Notes due January 25, 2029.
Principal Amount	€750,000,000 aggregate principal amount.
Currency of Payment	All payments of interest and principal, including payments made upon any redemption of the Notes, will be made in euro. If the euro is unavailable to the Issuer or, in the case of the Guarantee, to the Guarantor, due to the imposition of exchange controls or other circumstances beyond the Issuer's control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of, or within, the international banking community, then all payments in respect of the Notes will be made in Canadian dollars or U.S. dollars until the euro is again available to the Issuer or, in the case of the Guarantee, to the Guarantor. See "Description of Notes —Issuances in Euro."
Interest Rate..	3.125% per annum.
Issue Date	January 25, 2024.
Interest Payment Dates	Interest on the Notes will be payable annually in arrears on January 25 of each year, commencing on January 25, 2025. Interest on the Notes will accrue from January 25, 2024.
Maturity Date..	January 25, 2029.
Issue Price..	99.450% of the principal amount, plus accrued interest, if any, from January 25, 2024.
Form and Denomination	The Notes will be issued in the form of one or more Global Notes fully registered in the name of a nominee of, and deposited with, or on behalf of, a Common Safekeeper for the ICSDs. Investors may hold their beneficial interests in the Global Notes directly through an ICSD if they have an account with an ICSD or indirectly through organizations which have accounts with the ICSDs. Except in the limited circumstances described in this Offering Memorandum, owners of beneficial interests in the Notes will not be entitled to have Notes registered in their names, will not receive or be entitled to receive Notes in definitive form and will not be considered holders of Notes. See "Book-Entry Delivery and Form" for a further discussion. The Issuer will issue the Notes in minimum

	denominations of €250,000 and integral multiples of €1,000 in excess thereof.
Clearance, Settlement and Eurosystem Eligibility	The Notes will be cleared through Clearstream and Euroclear. The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended upon issue to be deposited with one of the ICSDs as a Common Safekeeper (and registered in the name of a nominee of one of the ICSDs acting as Common Safekeeper) and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.
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 €741,995,000, after deducting the underwriting discounts and commissions and estimated offering expenses. The Issuer intends to use the net proceeds from the sale of the Notes 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. 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 the 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 Notes. See "Description of Notes—Payment of Additional Amounts."
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 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 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 offered hereby, unless such additional notes are fungible for U.S. and Canadian tax purposes with the Notes offered 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 and London 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 and the London Paying Agency Agreement, among the Issuer, the Issuer Trustee, the Guarantor and The Bank of New York Mellon, London Branch, as London paying agent.
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, including holders of the Notes 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.
London Paying Agent....................................	The Bank of New York Mellon, London Branch.
Securities Identification Numbers...............	144A ISIN: XS2690137885
	144A Common Code: 269013788

	Regulation S ISIN: XS2690137612 Regulation S Common Code: 269013761
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 periods ended June 30, 2023 and 2022, which has been derived from the Unaudited Interim Consolidated Financial Statements and for the years ended December 31, 2022, 2021, and 2020, which has been derived from the Audited Consolidated Financial Statements.

These tables should be read in conjunction with the Unaudited Interim Consolidated Financial Statements and the notes to those statements, 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

	Six Months Ended June 30, (C$ in millions)	As at December 31, (C$ in millions)		
	2023	**2022**	**2021**	**2020**
Net Assets Available for Benefits				
Assets				
Investments	C$146,680	C$153,389	C$136,112	C$119,611
Investment-related assets	1,796	1,745	1,177	2,189
Contributions receivable				
Employers	189	181	174	174
Members	189	181	174	174
Other assets	230	310	253	352
Total Assets	149,084	155,806	137,890	122,500
Liabilities				
Investment-related liabilities	17,252	27,095	12,850	13,185
Amounts payable under contractual agreements	4,006	3,975	3,771	3,401
Other liabilities	267	354	350	339
Total Liabilities	21,525	31,424	16,971	16,925
Net Assets Available for Benefits	C$ 127,559	C$ 124,382	C$ 120,919	C$ 105,575
Accrued Pension Obligation and Surplus (Deficit)				
Primary Plan				
Defined benefit component				
Accrued pension obligation	C$ 130,864	C$ 128,789	C$ 119,342	C$ 111,820
Surplus (Deficit)				
Funding (deficit) surplus	(4,510)	(6,678)	(3,131)	(3,211)
Actuarial value adjustment to net assets available for benefits	(540)	578	3,062	(4,444)
(Deficit) Surplus	(5,050)	(6,100)	(69)	(7,655)
Additional Voluntary Contributions component	1,551	1,517	1,454	1,235
Accrued Pension Obligation and Surplus (Deficit) of the Primary Plan	127,365	124,206	120,727	105,400
Retirement Compensation Arrangement				
Accrued pension obligation	1,253	1,235	1,144	1,152
(Deficit) Surplus	(1,059)	(1,059)	(952)	(977)
Accrued Pension Obligation and Surplus (Deficit) of the Retirement Compensation Arrangement	194	176	192	175
Accrued Pension Obligation and Surplus (Deficit)	C$ 127,559	C$ 124,382	C$ 120,919	C$ 105,575

Consolidated Statements of Changes in Net Assets Available for Benefits

	Six Months Ended June 30,		For the year ended December 31, (C$ in millions)		
	2023	**2022**	**2022**	**2021**	**2020**
Changes due to investment activities					
Net investment income (loss)	C$3,781	(513)	C$4,912	C$16,437	C$(3,001)
Total changes due to investment activities	3,781	(513)	4,912	16,437	(3,001)
Changes due to pension activities					
Contributions	2,557	2,351	4,624	4,528	4,415
Benefits paid	(3,103)	(3,035)	(5,960)	(5,516)	(5,125)
Pension administrative expenses	(58)	(51)	(113)	(105)	(94)
Total changes due to pension activities	(604)	(735)	(1,449)	(1,093)	(804)
Total Increase (Decrease)	3,177	(1,248)	3,463	15,344	(3,805)
Net assets available for benefits, beginning of period	124,382	120,919	120,919	105,575	109,380
Net assets available for benefits, end of period	C$127,559	C$119,671	C$ 124,382	C$120,919	C$105,575

Consolidated Statements of Changes in Pension Obligations

	Six Months Ended June 30, (C$ in millions)		For the year ended December 31, (C$ in millions)		
	2023	**2022**	**2022**	**2021**[1]	**2020**[1]
OMERS Primary Pension Plan					
Defined benefit component					
Accrued pension obligation, beginning of period	C$128,789	C$119,342	C$119,342	C$111,820	C$106,443
Interest accrued on benefits	3,661	3,390	6,811	6,496	6,239
Benefits accrued	1,993	1,941	4,053	3,843	3,642
Benefits paid	(3,029)	(2,964)	(5,861)	(5,428)	(5,046)
Experience losses (gains), net	(550)	2,900	2,800	898	(401)
Changes in actuarial assumptions and methods					
Reduction of the discount rate			-	1,713	804
Increase in the short-term inflation assumption			1,644	-	-
Other			-		139
Accrued pension obligations, end of period	130,864	124,609	128,789	119,342	111,820
Additional Voluntary Contributions Component					
Additional Voluntary Contributions obligation, beginning of period	1,517	1,454	1,454	1,235	1,244
Contributions	66	46	68	82	78
Withdrawals	(56)	(54)	(65)	(55)	(53)
Attributed net investment income (loss)	24	(2)	60	192	(34)
Additional Voluntary Contributions obligation, end of period	1,551	1,444	1,517	1,454	1,235
Retirement Compensation Arrangement					
Accrued pension obligation, beginning of period	1,235	1,144	1,144	1,152	928
Interest accrued on benefits	19	18	35	36	29
Benefits accrued	17	17	35	44	27
Benefits paid	(18)	(17)	(34)	(33)	(26)
Experience (gains) losses, net	-	23	38	(65)	(22)
Changes in actuarial assumptions and methods					-
Reduction of the discount rate			-	10	-
Increase in the short-term inflation assumption			17	-	-
Other			-	-	216
Accrued pension obligation, end of period	C$1,253	C$1,185	C$1,235	C$1,144	C$1,152

[1] "Increase in the short-term inflation assumption" was included in "Others" for that year's presentation.

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

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.

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 war between Russia and Ukraine and potential escalation and broadening of the war between Israel and Hamas in the Gaza Strip, for example, have 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. The negative economic and financial costs of the war have impacted the broader global economy, notably via global energy and food markets. These events have adversely affected the global economy and specific international, regional and domestic markets and could have an adverse effect on us. This risk could continue to rise if the war escalates and/or sanctions increase. 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.

Inflation and related central bank responses may lead to unfavorable financial markets and economic conditions which could materially and adversely affect our business, results of operations and financial condition.

Our investments are materially affected by conditions in the financial markets and economic conditions in the global economy. Financial markets and economic conditions could be negatively impacted by many factors beyond our control, such as rising interest rates or inflation, central bank responses to inflation in the form of interest rate increases and monetary tightening, slowing or negative growth rates and fiscal or other economic policy of governments and central banks. Uncertainty about the pace of monetary tightening and the pace of future interest rate increases by major central banks has already resulted in significant volatility in fixed income and equity markets around the world which may continue for a prolonged period of time and have a material adverse effect on many of the assets we invest in around the world. These developments have led to slower economic growth across major economies around the world, which could result in lower mark-to-market or valuations of assets that we own which could have a material adverse effect on our business, results of operations and financial condition. Furthermore, price inflation above our long-term assumption increases the cost-of-living adjustments applied to pension benefits in pay, resulting in higher-than-expected benefit payments and pension obligations. Wage inflation above our long-term assumptions also results in higher pension obligations. This is because pension benefits are based on the best 60 months of member earnings. The extent to which inflation and central bank policies may affect our business and results of operations will depend on future developments, which are highly uncertain and cannot be predicted.

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, recession, 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 most directly 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.

In response to higher inflation, major central banks including, the U.S. Federal Reserve, the European Central Bank, the Bank of England and the Bank of Canada have raised key interest rate levels. While rate increases have been paused by many of the major central banks, future inflation and changes in key interest rates and the pace of those changes are uncertain. A period of sharply rising interest rates or a prolonged period of high 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. These effects of interest rate changes or from other sustained economic stress or a recession, among other factors, could have a material adverse effect on our business, financial condition, liquidity, and results of operations.

Additionally, increases in interest rates could have a material impact on discount and terminal capitalization rates, discount rates and/or valuation multiples which are key variables in the determination of the fair value of our real estate, infrastructure assets and private equity investments. Increases in either capitalization rates or discount rates or decreases in valuation multiples would have a negative impact on these private asset valuations, all else equal. Moreover, portfolio companies that are unable to pass through rising costs to consumers are likely to be the most impacted.

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.

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 herein could also impact relative currency values.

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

Our Sustainable Investing Policy describes our overall approach to ESG integration, which is guided by our three overarching pillars: Integration, Collaboration and Engagement and 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. Moreover, there is currently no clear definition (legal or regulatory) of “green,” “social,” “sustainable,” “transitional” or equivalently labeled projects or assets, or of which precise attributes are required for a particular project or asset to be defined as “green,” “social,” “sustainable,” “transitional” or such other equivalent label. Assurance cannot be given that such a clear definition or consensus will develop over time. As a result, our sustainable investing efforts may fail to achieve their objectives which could have an adverse effect on our investment performance.

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, including banks. 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. The failure of certain financial institutions, namely banks, may increase the possibility of a sustained deterioration of financial market liquidity, or illiquidity at clearing, cash management and/or custodial financial institutions. The failure of a bank (or banks) with which we have a commercial relationship could adversely affect, among other things, our ability to pursue key strategic initiatives, including by affecting our ability to borrow from financial institutions on favorable terms. 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, 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.

Risks associated with global climate change and any related environmental factors, 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 heatwaves, floods, hurricanes and other storms could damage investments and/or interrupt operations. Significant volatility in temperatures, 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, including physical and transition risks, 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.

The COVID-19 pandemic has negatively impacted the global economy and a resurgence of COVID-19, or other similar pandemic, may continue to impact the global economy.

The COVID-19 pandemic has caused and may continue to cause significant harm to the U.S., Canadian and global economies. It also had and may continue to have an ongoing adverse impact on our business, including our operations and financial condition, as a result of, among other things, its negative impact on financial markets and workforce disruption due to continued periods away from physical workplaces in certain regions and illness and health concerns, any of which may adversely affect our business, operations and financial condition.

The extent to which COVID-19, and the related impact on the global economy, may continue to affect our business, results of operations and financial condition, will depend on future developments that are uncertain and cannot be predicted, including the emergence and spread of new variants of the COVID-19 virus and/or other concurrent or overlapping pandemics and health crises, the availability, adoption and efficacy of future treatments and vaccines, future actions taken by governmental authorities, central banks and other third parties, and the impact of the COVID-19 pandemic on our employees, employers and companies and assets we invest in, any of which may exacerbate the other risks described herein.

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 over 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 including as a result of 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 certain laws and regulations, including 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.

Service delivery failure by our vendors may impede our ability to realize operational or strategic objectives.

No assurance can be made that the vendors on which we materially rely will provide the services we require of them. If such vendors are unable to provide the required services (e.g., network failure by telecommunications provider), and we are unable to implement alternative solutions (if available) 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.

Pension Risks

The Primary Plan may be adversely affected if a major employer or multiple employers cease participation in the Primary Plan.

Employers who currently participate in the Primary Plan are not mandated to do so, and though difficult, they could 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 thereafter receive lower contributions, with no reduction in accrued benefits already earned. This reduction in contributions could reduce our ability to deploy capital to grow the Primary Plan's asset base, and could therefore reduce our funded status. Further, the secession of one major employer could have a compounding effect on other employers, resulting in additional decreases to contribution levels.

Several other factors could negatively impact our cash flow and our risk profile.

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.

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

Additionally, life expectancy has steadily increased over time, which means retirees collect pensions for longer periods. Once pensions are in payment, any costs related to them which turn out to be greater than previously 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 heightened uncertainty associated with longevity risk due to the difficulty in predicting future drivers of longevity improvements.

Many of these factors could decrease contributions or increase aggregate benefit payments. A change in these factors could also lead to OMERS shifting its strategy or target asset mix, which may change our risk profile.

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 Guarantor's 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. In addition, it may be difficult to identify and attract directors with such required competencies. 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

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 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 affect the interests of all holders of the Notes generally. These provisions permit defined majorities to bind all holders of the Notes, including holders of the Notes 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.

An active secondary market in respect of the Notes might never be established or might be illiquid and this could adversely affect the value at which you could sell the 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, one might never develop. If a market does develop, it 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 is not developed or maintained, then the market or trading price and liquidity of investments in the 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 price or value of the Notes. A lowering of any credit ratings applied to the Notes or with respect to the

Guarantor may have an adverse effect on the market price or value or the liquidity of the 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 a fixed interest rate. 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 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 majority of 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.

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 price 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 euro, 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.

The Notes permit the Issuer to make payments in Canadian dollars or U.S. dollars if it is unable to obtain euro.

If the euro is unavailable to the Issuer or, in the case of the Guarantee, to the Guarantor, due to the imposition of exchange controls or other circumstances beyond the Issuer's control, or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the Notes will be made in Canadian dollars or U.S. dollars until the euro is again available to the Issuer or, in the case of the Guarantee, to the Guarantor, or so used. The amount payable on any date in euro will be converted into Canadian dollars at the daily average exchange rate published by the Bank of Canada for the applicable day or converted into U.S. dollars at the rate mandated by the U.S. Federal Reserve Board as of the close of business on the second business day prior to the relevant payment date or, in the event the U.S. Federal Reserve Board has not mandated a rate of conversion, on the basis of the then most recent U.S. dollar/euro exchange rate published in *The Wall Street Journal* on or most recently prior to the second business day prior to the relevant payment date. Any payment in respect of the Notes so made in Canadian dollars or U.S. dollars will not constitute an event of default under the Notes.

Trading in the clearing systems is subject to minimum denomination requirements.

The terms of the Notes provide that Notes will be issued with a minimum denomination of €250,000 and multiples of €1,000 in excess thereof. It is possible that the clearing systems may process trades that could result in amounts being held in denominations smaller than the minimum denomination. If definitive Notes are required to be issued in relation to such Notes in accordance with the provisions of the relevant Global Note, a holder who does not have the minimum denomination or a multiple of €1,000 in excess thereof in its account with the relevant clearing system at the relevant time may not receive its entitlement in the form of a definitive Note unless and until such time as its holding satisfies the minimum denomination requirement.

Eurosystem eligibility of the Notes may not be achieved.

The Notes are intended to be held in a manner which will allow the Notes to benefit from Eurosystem eligibility, but such eligibility (as at the issue date of the Notes or at any date) is in the sole discretion of the European Central Bank. Such Eurosystem eligibility recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met. Should the European Central Bank determine that the Notes satisfy Eurosystem eligibility criteria, the European Central Bank may at any time during the life of the Notes change its Eurosystem eligibility criteria and/or determine that the Notes no longer satisfy Eurosystem eligibility criteria. We have no obligation to maintain Eurosystem eligibility or meet Eurosystem eligibility criteria either upon issue or at any or all times during the life of the Notes.

The Global Note(s) will be held by or on behalf of Euroclear and Clearstream and, therefore, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented on the issue date thereof by one or more Global Note(s) which will be held under the NSS with a Common Safekeeper for the ICSDs. Except in certain limited circumstances described under "Description of Notes—Certificated Notes," investors will not be entitled to receive definitive Notes. Euroclear and Clearstream will maintain records of the beneficial interests in the Global Note(s) and, whilst the Notes are in global form, investors will be able to trade their beneficial interests only through the ICSDs.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of a nominee for a Common Safekeeper for the ICSDs for distribution to their accountholders. A holder of a beneficial interest in a Global Note must rely on the procedures of the ICSDs to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in a Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act directly only to the extent that they are enabled in accordance with the procedures of the ICSDs to appoint appropriate proxies.

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 €741,995,000, after deducting the underwriting discounts and commissions and estimated offering expenses. The Issuer intends to use the net proceeds from the sale of the Notes for investment purposes, which may include among other things, making investments in or buying securities of third parties and/or providing financing to the Guarantor and/or to one or more direct or indirect subsidiaries of the Guarantor.

CURRENCY CONVERSION

Principal and interest payments in respect of the Notes will be payable in euro. If the euro is unavailable to the Issuer or, in the case of the Guarantee, to the Guarantor, due to the imposition of exchange controls or other circumstances beyond the Issuer's control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the Notes will be made in Canadian dollars or U.S. dollars until the euro is again available to the Issuer or, in the case of the Guarantee, to the Guarantor, or so used. The amount payable on any date in euro will be converted into Canadian dollars at the daily average exchange rate published by the Bank of Canada for the applicable day or converted into U.S. dollars at the rate mandated by the U.S. Federal Reserve Board as of the close of business on the second business day prior to the relevant payment date or, in the event the U.S. Federal Reserve Board has not mandated a rate of conversion, on the basis of the then most recent U.S. dollar/euro exchange rate published in *The Wall Street Journal* on or most recently prior to the second business day prior to the relevant payment date. Any payment in respect of the Notes so made in Canadian dollars or U.S. dollars will not constitute an event of default under the Notes. The Issuer shall notify the Fiscal and Paying Agent or the London Paying Agent, as applicable, in writing of such currency conversion, the relevant currency into which the amount payable in euro shall be converted for the purposes of payment and the applicable conversion rate, and then provide the amount so payable in the applicable currency on or prior to the payment date on such Notes in accordance with the Fiscal and Paying Agency or the London Paying Agency Agreement, as applicable.

Investors will be subject to foreign exchange risks as to payments of principal and interest that may have important economic and tax consequences to them. See "Risk Factors." You should consult your own financial and legal advisors as to the risks involved in an investment in the Notes.

CAPITALIZATION

The following table sets forth AC's cash and cash equivalents and capitalization on a consolidated basis as at June 30, 2023 (i) on a historical basis and (ii) as adjusted to reflect this 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 "2022 Management's Discussion and Analysis" (Annex B hereto), "2021 Management's Discussion and Analysis" (Annex D hereto), "Use of Proceeds," and the Financial Statements included elsewhere in this Offering Memorandum.

	As at June 30, 2023			
	Actual		**As adjusted to reflect this offering**	
	(in millions of C$)			
Cash and cash equivalents	C$	19,578	C$	20,649
Debt financing liabilities				
Commercial paper [1]	C$	2,075	C$	2,075
Recourse credit facilities		686		686
Term Notes:				
USD 2.50% due May 2, 2024		1,617		1,617
EUR 0.45% due May 13, 2025		1,354		1,354
USD 1.10% due March 26, 2026		1,196		1,196
CAD 1.55% due April 21, 2027		1,133		1,133
USD 4.000% due April 20, 2028		1,288		1,288
CAD 2.60% due May 14, 2029		923		923
USD 3.500% due April 19, 2032		732		732
USD 4.000% due April 19, 2052		548		548
Notes offered hereby[1]		-		1,077
Total borrowings		11,552		12,629
Net assets available for benefits		127,559		127,553
Total capitalization[2]	C$	139,111	C$	140,182

(1) Outstanding amounts denominated in U.S. dollars converted to Canadian dollars using the 4pm London fix closing rate published by WM/Reuters on June 30, 2023.

(2) Since June 30, 2023, there has been no material change to the Issuer's capitalization and indebtedness apart from the issuance on November 15, 2023 of US$1,000,000,000 of 5.500% Senior Notes due November 15, 2033, resulting in an increase of C$1,323 in Term Notes and an increase of C$1,313 in Cash and cash equivalents, in each case converted using the 4pm London fix closing rate published by WM/Reuters on June 30, 2023.

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 over 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 June 30, 2023, the Primary Plan's net assets totaled C$127 billion, as compared to C$124 billion as of December 31, 2022. 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 Primary Plan 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 active members, and by the net 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%, provided the pension is still in pay.

    - 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 and permanently 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 and is subject to a cap set out in the Primary Plan. 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 on 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 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$176 million at December 31, 2022, compared to C$192 million at December 31, 2021.

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 net 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, 2022 and December 31, 2021, 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 maintain a long-term investment horizon, since pensions are paid over decades. We pursue long-term, consistent, absolute real investment returns that meet or exceed the average annual return expectation of approximately 5% set out in our Board-approved Primary Plan SIP&P. 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$127 billion in net assets as at June 30, 2023. 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. 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 92% of the Primary Plan's assets internally as at December 31, 2022, 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 ESG practices will perform better, particularly over the long term. This belief is articulated in our Statement of Investment Beliefs, SIP&P and Sustainable Investing Policy, each of which are approved by the Guarantor's Board. As a fiduciary, our approach to sustainable investing is grounded in assessments of how ESG factors, including climate change, inform or influence the value, risk and opportunity of our investments. This approach is grounded in three key actions: Integration, Collaboration and Engagement throughout the investment life cycle.

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. The Guarantor's Board approves our risk appetite statements that provide a framework to assess the desired amount of risk the enterprise believes is appropriate to take in pursuit of our 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 four subsidiary risk categories: Investment, Operational, Pension, and Governance. 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.

<u>Financial Resiliency</u>

Plan Design. OMERS Sponsors Corporation oversees the design of the Primary Plan to ensure its continued sustainability and to meet stakeholders' needs. OMERS Sponsors Corporation continuously assesses the Primary Plan's 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.

<u>Institutional Resiliency</u>

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 to C$127 billion as at June 30, 2023 from C$124 billion as at December 31, 2022.

We invest in high-quality assets, diversified across asset type, economic sector and geographic market. We have a mix approved by the Guarantor's Board designed to mitigate long-term risk and deliver returns 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 select 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 buyout and earlier stage 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. We consider Oxford to be a leading global real estate investor, manager and developer. We pair 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 industrial, office, retail, residential, life sciences, hotel, credit and niche alternative assets in Canada, the U.S., Europe and Asia-Pacific.

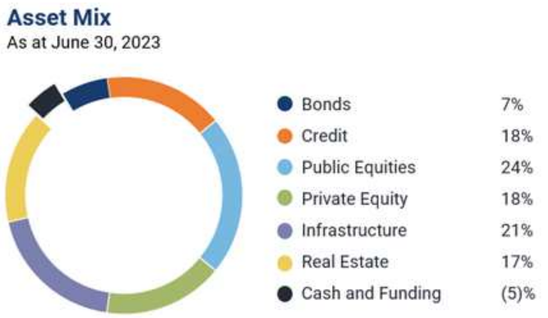
To arrive at the Primary Plan's ultimate exposure by asset class, our asset mix includes physical exposures plus derivative exposures. Net economic derivative exposures are included within each relevant asset class and a corresponding offset (equal to the sum of all of net economic derivative exposures across all assets classes) is presented in the "Cash and Funding" category.

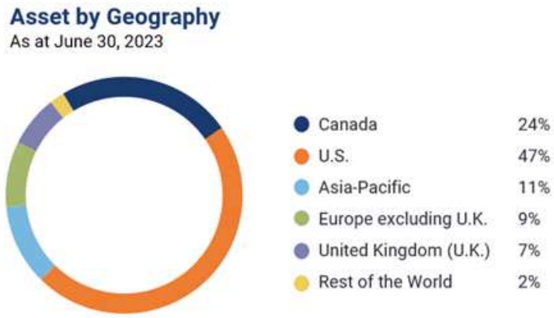
	As at December 31, 2022 (C$ in millions)	
	Investment Assets	Asset Mix (%)
Fixed Income		
Bonds	C$ 9,970	7.9
Credit	26,037	20.6
Equities		
Public Equity	29,652	23.5
Private Equity	23,215	18.4
Real Assets		
Infrastructure	26,311	20.8
Real Estate	21,202	16.8
Short-term Instruments		
Cash and Funding	(10,130)	(8.0)
Total	C$ 126,257	100.0%
Less: Administered Funds and Other Balances	2,051	
Total Primary Plan	C$ 124,206	

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 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 approved in early August 2023 and effective January 1, 2024 is summarized in the chart below.

Long-term Target Asset Mix	Approved (%)
Fixed Income	**43.0**
Government Bonds	17.0
Public Credit	14.0
Private Credit	12.0
Equities	**37.0**
Public Equities	19.0
Private Equities	18.0
Real Assets	**40.0**
Infrastructure	22.0
Real Estate	18.0
Cash and Funding (includes cash and equivalents, recourse debt and derivatives)	(20.0)

The following charts show OMERS exposure by asset class and by geography as at June 30, 2023:





The following charts show OMERS exposure by asset class and by geography as at December 31, 2022:

OMERS hedges a proportion of our exposure to foreign currencies using derivative contracts: at December 31, 2022, 47% of our net exposure was exposed to foreign currencies, compared to 42% at the end of 2021.

Returns

As at June 30, 2023:

During the six-month period from January 1 to June 30, 2023, OMERS generated a net investment return of 3.1%, or a gain of $3.8 billion. Over the 12 months ended June 30, 2023, the Primary Plan earned a net investment return of 7.8%, or a gain of $9.2 billion. At June 30, 2023, net assets totaled $127.4 billion, an increase of $7.9 billion over the last 12 months. As a pension plan that pays benefits over generations, we are a long-term investor and over the last 10 years OMERS has earned an average net return of 7.8%.

Investment performance highlights over the six months ended June 30, 2023:

- Rising interest rates continued to support returns from bond and credit investments.
- Public equities delivered strong returns from our core holdings in high-quality, large-cap stocks in the technology, communication, financials, and consumer discretionary sectors.
- Private equity assets earned a positive return as operational improvements and tuck-under acquisitions increased portfolio company earnings.
- Our globally diversified infrastructure assets continued to generate steady income and generated net valuation gains primarily from our fiber optic networks.

- Our real estate assets recognized valuation declines as a result of pressure from higher interest rates and lower market demand for space in the office sector. These declines offset the stable income collected by our properties, profits from completed development projects and valuation gains in high-quality retail assets, residential properties and hotels which benefited from favorable leasing activities.

- Foreign exchange detracted from our net investment results by approximately 1.0%, primarily due to weakening of the U.S. dollar relative to the Canadian dollar.

As at December 31, 2022:

2022 was an exceptionally challenging year for investors globally. Economic news was dominated by central banks aggressively raising interest rates and reducing liquidity support to markets in order to combat soaring inflation, which was fueled by the overhang of government stimulus from the COVID-19 pandemic, war in Europe and extended pandemic lockdowns in China. These factors negatively impacted growth, triggering recession in European jurisdictions and increasing the risk of recession in Canada and the United States. As a result of these factors, global stock markets and bond markets both suffered sharp declines in the year.

Our active efforts to navigate the changing environment enabled us to earn a net return of 4.2%, adding $4.9 billion of investment income to the Primary Plan as of December 31, 2022.

Five main factors explain performance in 2022 relative to our benchmark.

1. Losses in public equities and bonds resulting from significant declines in global markets, driven by a highly uncertain macroeconomic environment, detracted from results.

Protecting our return from these losses were:

2. Our significant allocations to private investments (real estate, infrastructure, private equity), all delivered strong returns;

3. Favoring higher-yielding, short-term credit over lower-yielding long-term bonds proved resilient to rising interest rates;

4. Currency diversification improved returns as investors sought a safe haven in U.S. dollars, and roughly one-third of our portfolio is denominated in U.S. dollars; and

5. Mark-to-market gains on fixed-rate, long-term debt financed in prior years with lower borrowing rates.

Our private equity, infrastructure and real estate asset classes each exceeded their one-year absolute net investment return benchmarks. Our public investments – which comprise public equities, bonds and credit – did not achieve their absolute benchmarks, though their performance was in line with or exceeded relevant broad market indices.

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 we maintain a long-term investment horizon, since 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 5% average annual real return expectation set out in the Guarantor's Board-approved SIP&P.

The table below sets out the Primary Plan's 2022 net return, and our historical net returns over relevant multi-year periods. The table excludes the net return related to the six months ended June 30, 2023.

	1-Year	2-Year	3-Year	4-Year	5-Year	10-Year
Net Return	**4.2%**	**9.8%**	**5.4%**	**7.0%**	**6.1%**	**7.5%**
Benchmark	**7.2%**	**6.9%**	**6.9%**	**7.0%**	**7.1%**	**7.4%**

Over the preceding five years, investors experienced unprecedented market events, resulting in volatility in returns across much of the investing environment. The Primary Plan's short-term returns reflect this volatility, as our 3- and 5-year returns are below their respective benchmarks, and 2- and 4-year returns have met or exceeded them. The Primary Plan's 10-year net return has exceeded the benchmark of 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 3,300 employees as of January 18, 2024. Approximately 1,850 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 January 18, 2024, 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 & Risk 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(6).

Name and Country of Residence	Position/Title	Business Address
George L. Cooke(1)(2)(3)(4)(5)(6) .... *Canada*	Member and Chair	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Susan Arab(1)(5)(6) .... *Canada*	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
John Armstrong(3)(4) .... *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)(5)(6) .... *Canada*	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada

Name and Country of Residence	Position/Title	Business Address
Michael Fenn[(4)(6)] .... *Canada*	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Karen Figueiredo[(2)(3)(5)] .... *Canada*	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Danielle Harrison[(1)(2)] .... *Canada*	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Cliff Inskip[(2)(4)] .... *Canada*	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Diane Kazarian[(1)(3)] .... *Canada*	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Rajiv Silgardo[(1)(4)] .... *Canada*	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Kevin Skerrett[(1)(3)] .... *Canada*	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Penny Somerville[(1)(4)] .... *Canada*	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
David Tsubouchi[(2)(5)(6)] .... *Canada*	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Yung Wu[(4)(6)] .... *Canada*	Member	EY Tower 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada

(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.
(6) Member of the Member Services Committee.

Board Committees

Through six 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, Member Services, 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 and risk 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 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.

Member Services Committee

The Member Services Committee assists the Guarantor's Board in meeting its fiduciary oversight and related obligations in relation to plan administration and operations (including communications and technology) matters and reviewing plan design and contribution rate proposals. This includes, among other things, reviewing plan design and contribution rate proposals and decisions made by OMERS Sponsors Corporation regarding their impact on the current membership, overseeing the review of pension administration systems and development programs and overseeing OMERS enterprise data and technology plan and OMERS approach to cybersecurity.

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.

Name, Province or State and Country of Residence	Position/Title
Blake Hutcheson *Ontario, Canada*	President and Chief Executive Officer
Bob Aziz *Ontario, Canada*	Chief Operating Officer
Deb Barnes *Ontario, Canada*	Chief Risk Officer
Ralph Berg *London, UK*	Chief Investment Officer
Michael Kelly *Ontario, Canada*	Chief Legal & Sustainability Officer
Nancy Nazer *Ontario, Canada*	Chief Human Resources Officer
Jonathan Simmons *Ontario, Canada*	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, Appeals and Member Services 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 is a member of the MaRS Energy Board and 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, 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 and currently is a mentor for the Queen's PhD/Community Initiative Program. 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.

Susan Arab. Susan Arab was appointed to the Guarantor's Board effective April 18, 2023, on the nomination of the Canadian Union of Public Employees (CUPE). She serves as a member of the Board's Audit & Actuarial Committee, the Appeals Committee, and the Member Services Committee. Ms. Arab was employed by CUPE for almost 30 years before retiring in July 2022. While with CUPE, Ms. Arab performed many pension-related roles including Pension Research Specialist. Ms. Arab has over 17 years of pension trustee or board member experience, having served as a member of the Board of Directors of InBenefits, a trustee and co-chair of a multi-sector target pension plan sponsored by CUPE and SEIU. Ms. Arab was also elected trustee and later co-chair on the CUPE Employees' Pension Plan. Currently, Ms. Arab provides part-time research consulting to the University Pension Plan (UPP) where she gives strategic advice on how to promote the UPP among university employers and plan members. Ms. Arab has a certificate in Pension Law from York University, Osgoode Hall, a M.A. in Political Science from York University, and a B.A. from Carleton University.

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 Chair of the Board's Human Resources Committee and serves as a member of the Investment 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. He successfully completed the ICD-Rotman Directors Education Program and received his ICD.D designation in March 2023.

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 Board's 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 serves as Chair of the Board's Governance & Risk Committee and a member of the Member Services 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. 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 was appointed to the Guarantor's Board effective January 1, 2013 as one of the two Directors nominated by the Association of Municipalities of Ontario (AMO). Mr. Fenn is serving his fourth term as a director on the Guarantor's Board and is a member of the Board's Investment Committee and the Member Services Committee. Mr. Fenn has been an Ontario Deputy Minister under three Premiers, municipal chief administrator in Hamilton and Burlington, and the founding CEO of both Metrolinx and regional health authority Mississauga Halton LHIN. He works as a management consultant and public policy researcher. 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 2019, Mr. Fenn was appointed Special Advisor to the Ontario government on regional municipal government reform and, in 2018, as Visiting Fellow (Infrastructure) at Western University's Ivey Business School. His published research reports have addressed: infrastructure investment risks; regional collaboration in the Greater Toronto Area; municipal priorities after COVID; '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 decade ending in 2021, Mr. Fenn was Facilitator of discussions on policing issues in Northeastern Ontario First Nations, jointly appointed by the Grand Chief of the Mushkegowuk Cree and the Ontario Solicitor General. A recipient of the Lieutenant Governor's Medal of Distinction in Public Administration for Ontario, Mr. Fenn has also received the highest awards for career achievement from Ontario's two leading municipal management organizations and appointment to the AMO 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. He is co-editor of a 2023 book from University of Toronto Press on the role of city managers in Canada.

Karen Figueiredo. Karen Figueiredo was appointed to the Guarantor's Board effective May 19, 2022 on the nomination of the Ontario Public Service Employees Union. She serves as a member of the Board's Governance & Risk Committee, Human Resources Committee, and Appeals Committee. Ms. Figueiredo has over three decades of experience in the Canadian pension industry as pension actuary, investment consultant, business leader, corporate pension plan sponsor and employee benefits leader. She is currently an independent consultant, focused on helping individuals and families with their financial wellbeing. Ms. Figueiredo spent over five years in Sun Life's corporate HR team, responsible for North American employee retirement and benefits plans and for global governance of their retirement plans. Prior to Sun Life, she had a lengthy career with Willis Towers Watson (WTW) as a retirement and investment consultant. Ms. Figueiredo is a respected business leader and expert on all aspects of institutional defined benefit pension plan management including design, financing, administration, investment strategy, asset-liability management, compliance and governance. Ms. Figueiredo has contributed to development of pension policy at the federal and provincial levels, including as past chair of the Actuarial Advisory Committee of Ontario's pension regulator. She is currently a volunteer on the Chartered Professional Accountants of Canada Pension Investment Management Committee, independent member of Health Insurance Reciprocal of Canada's Finance Committee, and Vice Chair and member of the Board of Trustees of Royal St. George's College Foundation. Karen has a Bachelor of Commerce (Honours) from the University of Manitoba. She is a Fellow of the Canadian Institute of Actuaries and the Society of Actuaries and recently obtained the Advanced Certificate in 3H Financial Planning from the FP Canada Institute™. She successfully completed the ICD-Rotman Directors Education Program and received her ICD.D designation in June 2023.

Danielle Harrison. Danielle Harrison was appointed to the Guarantor's Board effective January 1, 2024 on the nomination of the Ontario Association of Police Services Boards. Ms. Harrison serves as a member of the Board's Audit & Actuarial Committee and the Governance & Risk Committee. Ms. Harrison is an accomplished leader with an extensive background in finance, risk, and actuarial science. During her 30-year career in insurance, banking and investments, she has thrived in a diverse range of executive roles within prominent Canadian financial services organizations. She has held key senior positions including Head of Corporate Strategy, Chief Risk Officer, Actuary and Vice President Capital Governance representing publicly traded and privately held companies as well as a cooperative, and a crown corporation. Ms. Harrison holds an Honours Bachelor of Mathematics degree in Actuarial

Science and a minor in Statistics from the University of Waterloo. She is a Fellow of the Casualty Actuarial Society and a Fellow of the Canadian Institute of Actuaries. Ms. Harrison has been involved with a number of industry and not-for-profit organizations and is the recipient of an Award of Distinction from the Canadian Institute of Actuaries in recognition of her extensive volunteerism.

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 Board's Governance & Risk Committee and 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. Previously he spent over 30 years in the financial services industry at CIBC and Export Development Canada. He retired from CIBC as Managing Director and Head of the Bank's 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 Nova Scotia Utility & Review Board, and the Standing Senate Committee on National Finance. He serves as Board Chair of Ontario Non-Union Education Trust and Past Board Chair of Serenia Life Financial. Previously he served on the Boards of JCM Power Corporation, Oakville Enterprises Corporation, Oakville Hydro, and CIBC World Markets plc. His charitable activities include serving as Board Chair of Kerr Street Mission Foundation and Founder and Executive Director of a charitable foundation active in international education. Mr. Inskip has an MBA and a B.A.Sc. (civil engineering) from the University of British Columbia and has a Diploma in Corporate Treasury Management. He holds Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM) designations and is a fellow of the Association of Corporate Treasurers (FCT) and a retired Fellow of the Canadian Securities Institute (FCSI). He received his Chartered Director (C.Dir.) designation from The Directors College and is a member of Professional Engineers Ontario (P.Eng).

Diane Kazarian. Diane Kazarian was appointed to the Guarantor's Board effective January 1, 2023 on the nomination of the Ontario Association of Children's Aid Societies. She serves as a member of the Board's Audit & Actuarial Committee and Human Resources Committee. Ms. Kazarian was previously Managing Partner of the Greater Toronto Area at PricewaterhouseCoopers Canada (PwC) and led PwC's largest Canadian market, managing more than 4,000 professionals and 300 partners across all key sectors. Ms. Kazarian is chair of the board of St. Joseph's Health Centre Foundation and sits on the boards of Choice Properties Real Estate Investment Trust, Gibson Energy Inc., Unity Health Toronto, The Appleby College Foundation, and Bryant University. Ms. Kazarian holds a Bachelor of Science in Business Administration from Bryant University. She is a Fellow of the Chartered Professional Accountants (FCPA) of Ontario and Chartered Professional Accountants (CPA) of Ontario and a recipient of Canada's Most Powerful Women: Top 100 Award.

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 Audit & Actuarial Committee and Investment Committee. 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 a member of the Board of Trustees of Alignvest Student Housing Trust and of the Board of Directors of the Mount Pleasant Group. 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 Board's 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 Board's Audit & Actuarial 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 Bachelor 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 is Chair of the Board's Appeals Committee and the Member Services Committee and serves as a member of the Governance & Risk 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 honourary 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*, three novels in *The Chinese Door* series, and his newest novel entitled *Zeke*.

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 Board's Investment Committee and Member Services 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. (TSE: ATE) 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 held for nine years. In 2014 he was also 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 and the President of OMERS Investment Management. Prior to this, he was with Oxford Properties Group where he held the position of Executive Vice President and Chief Legal Counsel. 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 currently sits on the Boards, and several committees, of Bruce Power (Board Chair), Brewers Retail (Lead Director), and Woodbine Entertainment Group and was a member of the Oakville Hospital Foundation Board from 1992 to 2003. 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 Oakville, Ontario.

Deb Barnes. Deb Barnes is the Chief Risk Officer of OMERS. Ms. Barnes was appointed Chief Risk Officer in June 2023. Ms. Barnes brings a results-oriented approach to risk management and a dedication to developing diverse teams. Ms. Barnes joined OMERS in 2020 as the Managing Director, Capital Markets Risk. Prior to OMERS, Ms. Barnes spent 15 years at QIC, an Australian-headquartered asset management firm that specializes in Fixed Income, Infrastructure, Private Equity and Real Estate. Ms. Barnes began her career in Risk in 2016 after 10 years in QIC's Global Fixed Income team. From 2011 to 2015 Ms. Barnes led QIC's Global Trading function from London which executed trades across fixed income, currency, equity and commodity markets. Ms. Barnes graduated from the University of Queensland (Australia) in 2005 with a Bachelor of Economics and a Bachelor of Information Technology. Over the last 8 years, Ms. Barnes' commitment to learning has led to Executive Education studies at the Stanford Graduate School of Business, Wharton School of the University of Pennsylvania and the Harvard Business School (HBS) in the areas of leadership and advanced risk management. Since 2018, Ms. Barnes has returned to HBS annually to present to their Executive Education cohort on the application of learnings from the Risk Management for Corporate Leaders program. In 2019 Ms. Barnes was appointed to the University of Queensland's Advisory Board for the UQ School of Economics and the Advisory Board for Trust, Ethics and Governance.

Ralph Berg. Ralph Berg is the Chief Investment Officer of OMERS. Mr. Berg is responsible for the global strategy across all of OMERS investment activities. Mr. Berg has 28 years of investment industry experience and joined OMERS in 2013. Mr. Berg served as Global Head of OMERS Capital Markets from 2021 to 2023, leading a world-class team responsible for public market investments representing nearly half of OMERS net investment assets. Before that, Mr. Berg spent eight years with OMERS Infrastructure, including six as Executive Vice President and Global Head of Infrastructure overseeing the growth and management of a portfolio of high-quality assets that now extends across five continents. Under Mr. Berg's leadership, OMERS capital markets and infrastructure portfolios became significantly broader, deeper and more sophisticated across sectors and geographies. Prior to joining OMERS, Mr. Berg was a Managing Director and Head of European Energy at Credit Suisse, where he spent seven years advising clients in M&A, IPO and structured finance transactions. Before that, he worked in the Energy team at Deutsche Bank in New York and London for almost 12 years. Mr. Berg holds a Law degree from Universidad de Buenos Aires, and investment strategy, leadership and business qualifications from The Wharton School, IMD Business School and Emory University – Goizueta Business School.

Michael Kelly. Michael Kelly is the Chief Legal & Sustainability Officer of OMERS. He oversees OMERS Legal Division and is involved in various matters relating to investment and pension law, regulatory affairs and corporate governance. Mr. Kelly is actively involved in Board and Committee functions and oversees the Board Secretariat. In his role as Chief Sustainability Officer, and having developed OMERS Sustainable Investing Framework, he chairs the Sustainable Investing Committee, which brings together representatives from business units and functional areas across OMERS to further our goals and objectives relating to sustainable investing, including our approach to climate change and our net zero and related interim carbon reduction goals. He also represents OMERS on various domestic and international organizations focused on governance and sustainable investing including the Sustainable Finance Action Council, the Canadian Coalition for Good Governance and the Investor Leadership Network. In his prior role, Mr. Kelly was the Executive Vice President and General Counsel of Borealis Infrastructure (now OMERS Infrastructure) and prior to that practiced law at large international firms in Toronto, London, England and Ottawa. Mr. Kelly holds an Honours Bachelor of Business Administration from Wilfrid Laurier University (1989), a JD/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 for 3,000+ team members globally, including OMERS People Strategy. Fueled by her passion to empower each employee, Ms. Nazer's ambition has been to elevate the employee experience at OMERS by nurturing everyone's sense of belonging, growth, and wellbeing. Ms. Nazer was named one of the 2022 Best 50 Executives in Canada and she has led OMERS to achieve numerous awards recognizing OMERS unique culture, including Canada's Most Admired Corporate Cultures, Best Workplaces in Canada, Best Workplaces in Ontario, Best Workplaces for Women, Best Workplaces in Financial Services & Insurance, and Greater Toronto's Top 100 Employers. Prior to joining OMERS, Ms. Nazer was Senior Vice President, Organization Development with Rogers Communications. During her tenure at TD Bank, Ms. Nazer held 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.

Jonathan Simmons. Jonathan Simmons is OMERS Chief Financial and Strategy Officer. He joined OMERS in January 2014 as Chief Financial Officer. He became responsible for strategic planning and asset-liability management in 2021. During his time at OMERS, Mr. Simmons' responsibilities have included oversight of OMERS risk function and 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. Mr. Simmons is a Fellow of the Institute of Chartered Professional Accountants (FCPA) of Ontario. Mr. Simmons 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.

Name, Province or State and Country of Residence	Position/Title	Business Address
Michael Kelly .... *Ontario, Canada*	Director	EY Tower, 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada

Rheal Ranger .... *Ontario, Canada*	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.

Name, Province or State and Country of Residence	**Position/Title**	**Business Address**
Jonathan Simmons.................................. *Ontario, Canada*	President	EY Tower, 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Brandon Weening................................... *Ontario, Canada*	Executive Vice President, Corporate Finance	EY Tower, 100 Adelaide St W, Toronto, Ontario M5H 0E2, Canada
Greg Bohne... *Ontario, Canada*	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

Jonathan Simmons. Jonathan Simmons' biographical information is described above. See "—Guarantor—Key Executive Officers—Jonathan Simmons" in this Offering Memorandum.

Brandon Weening. Brandon Weening is Executive Vice President, Corporate Finance, of the Issuer and joined the Issuer in January 2018. In 2019, he established the Issuer's international financing program including the Issuer's investor relations program. In addition to his duties with the Issuer, he also serves as the Executive Vice President, Corporate and Capital Markets Finance of AC. In this role, Mr. Weening is responsible for the finance, back- and middle-office functions for AC's capital markets investing business, including trade support and performance reporting. Mr. Weening also leads AC's investor and credit rating relations and international financing activities; enterprise-wide financial planning for investment returns, deployment, and expenses; IFRS financial reporting; procurement, including vendor governance; and finance operations, including automations, data analytics, and long-term platform roadmaps for corporate finance functions. Mr. Weening is Executive Sponsor of the OMERS Diversabilities Employee Resource Group and a member of AC's Operations Committee. Mr. Weening joined OMERS in 2014, and previously held roles at a public real estate company, General Electric and Deloitte. Brandon holds a BComm (Hons) from Queen's University; he is also a CPA, CA.

Greg Bohne. Greg Bohne is Vice President, Corporate Financing of the Issuer and joined the Issuer in January 2020. In this role he oversees the Issuer's commercial paper and term note borrowing programs, including all aspects of investor relations. In addition to his duties with the Issuer, he also serves as the Vice President, Corporate Financing of AC. In this role, Mr. Bohne is also responsible for certain AC finance operations and financing activities. Mr. Bohne joined OMERS in 2020 and served as Director, Corporate Finance and Director, Risk Management. Prior to joining OMERS, he worked in various roles at Wells Fargo, Bank of Montreal and the Clinton Foundation. Mr. Bohne holds a Master of Business Administration degree from the Schulich School of Business at York University, a Bachelor of Arts from Davidson College and is a CFA ® charterholder.

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

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 OMERS 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 during which time 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 June 30, 2023, there was C$2,075 million commercial paper outstanding.

The Issuer has a credit facility available from a syndicate of banks up to the amount of C$4.3 billion, which facility is guaranteed by the Guarantor. As at June 30, 2023, there were no drawdowns on this credit facility.

As at the date of this Offering Memorandum, the following notes issued by the Issuer are outstanding: (i) US$1,000,000,000 5.500% senior notes due November 15, 2033, issued on November 15, 2023, which notes are guaranteed by the Guarantor; (ii) US$1,000,000,000 4.00% senior notes due April 20, 2028, issued on April 20, 2023, which notes are guaranteed by the Guarantor; (iii) US$600,000,000 3.500% senior notes due April 19, 2032, issued on April 19, 2022, which notes are guaranteed by the Guarantor; (iv) US$500,000,000 4.000% senior notes due April 19, 2052, issued on April 19, 2022, which are guaranteed by the Guarantor; (v) US$1,000,000,000 1.100% senior notes due March 26, 2026, issued on March 26, 2021, which notes are guaranteed by the Guarantor; (vi) C$1,250,000,000 1.55% Series B senior notes due April 21, 2027, issued on April 21, 2020, which notes are guaranteed by the Guarantor; (vii) C$1,000,000,000 2.60% Series A senior notes due May 14, 2029, issued on May 14, 2019, which notes are guaranteed by the Guarantor; (viii) US$1,250,000,000 2.500% senior notes due May 2, 2024, issued on May 2, 2019, which notes are guaranteed by the Guarantor; and (ix) €1,000,000,000 0.450% senior notes due May 13, 2025, issued 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, the Fiscal and Paying Agency Agreement and the London Paying Agency Agreement.

The Notes are being issued pursuant to 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") and the London Paying Agency Agreement to be entered into on the settlement date for the Notes (the "London Paying Agency Agreement"), among the Issuer, the Issuer Trustee, the Guarantor and The Bank of New York Mellon, London Branch, as London paying agent (the "London 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 and the London 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;
- are issued in €750,000,000 initial aggregate principal amount; and
- will mature on January 25, 2029.

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 (as supplemented by the London 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 and the London 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 Notes bear interest at the rate of 3.125% per annum. The first interest period shall be the period from and including the issue date of the Notes to but not including January 25, 2024. 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 Notes will be payable annually in arrears on January 25 of each year (each, an "Interest Payment Date"), commencing January 25, 2025, and ending on the Maturity Date (unless redeemed earlier) to holders of record on the first business day (being for this purpose a day on which Euroclear and Clearstream are open for business) immediately preceding the applicable Interest Payment Date (whether or not a Business Day, as defined below) (the "Record Date").

Interest on the Notes will be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid or duly provided for on the Notes (or January 25, 2024 if no interest has been paid on the Notes), to but excluding the next scheduled Interest Payment Date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association.

The Notes will bear interest on overdue principal, and overdue interest, at the rate otherwise applicable to the Notes, all as described in the Fiscal and Paying Agency Agreement (as supplemented by the London 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 any day (other than a Saturday or Sunday) (i) on which commercial banks and foreign exchange markets settle payments and are open for business in London, (ii) in the event that any payment by the Issuer on the Notes is to be made in U.S. dollars, which is not a day on which banking institutions in the City of New York are authorized or required by law, regulation or executive order to close and, (iii) in the event that any payment by the Issuer on the Notes is to be made in euro, on which the real-time gross settlement system operated by the Eurosystem (or any successor or replacement system) (the T2 System), or any successor thereto, is open.

Issuance in Euro

Initial holders will be required to pay for the Notes in euro, and all payments of interest and principal, including payments made upon any redemption of the Notes, will be payable in euro. The Notes will be sold in denominations of €250,000 and integral multiples of €1,000 in excess thereof. If, on or after the date of this Offering Memorandum, the euro is unavailable to the Issuer due to the imposition of exchange controls or other circumstances beyond the Issuer's control, or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the Notes will be made in Canadian or, in the Issuer's sole discretion, U.S. dollars until the euro is again available to the Issuer. The amount payable on any date in euro will be converted into Canadian dollars at the daily average exchange rate published by the Bank of Canada for the applicable day or converted into U.S. dollars at the rate mandated by the U.S. Federal Reserve Board as of the close of business on the second business day prior to the relevant payment date or, in the event the U.S. Federal Reserve Board has not mandated a rate of conversion, on the basis of the then most recent U.S. dollar/euro exchange rate published in *The Wall Street Journal* on or most recently prior to the second business day prior to the relevant payment date. Any payment in respect of the Notes so made in Canadian dollars or U.S. dollars will not constitute an event of default under the Notes. Neither the Fiscal and Paying Agent nor the London Paying Agent shall have any responsibility for any calculation or conversion in connection with the foregoing.

Investors will be subject to foreign exchange risks as to payments of principal and interest that may have important economic and tax consequences to them. See "Risk Factors."

The Fiscal and Paying Agent and London 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 London Paying Agent acts as the Issuer's agent with respect to the Notes through its corporate trust office in London upon the terms and conditions contained in the London Paying Agency Agreement. At any time, other than on a day during the thirty (30) calendar day period preceding any payment date for the Notes, the London Paying Agent may resign by giving at least thirty (30) calendar days' prior written notice to the Issuer; and the London Paying Agent's agency shall be terminated and its duties shall cease upon expiration of such thirty (30) calendar days or such lesser period of time as shall be mutually agreeable to London Paying Agent and Issuer. At any time, following at least thirty (30) calendar days' prior written notice (or such lesser period of time as shall be mutually agreeable to the London Paying Agent and the Issuer) from the Issuer, the London Paying Agent may be removed from its agency.

Each of the Fiscal and Paying Agent and the London 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 or London Paying Agent for payment of the Notes will be held in trust by it for the benefit of the holders of the 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. Each of the Fiscal and Paying Agent and London 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 the Notes upon the occurrence of an event of default. Notwithstanding the foregoing, owners of beneficial interests in the Notes will not be entitled to have the Notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form (except in the circumstances described under "–Definitive Notes") and will not be considered the owners or holders of the Notes for the purposes of payment on the Notes or otherwise. Accordingly, each person owning a beneficial interest in a Note must rely on the procedures of the clearing systems (or, if such person is not an accountholder, on the procedures of the accountholder through which such person owns its interest and the clearing systems) in order to exercise any rights of a holder of Notes.

Payments of interest and principal will be made in accordance with the procedures set forth under "Book-Entry, Delivery and Form" 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 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 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 offered hereby, unless such additional notes are fungible for U.S. and Canadian tax purposes with the Notes 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 will be in force at all times while the Notes are Outstanding.

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

Eurosystem Eligibility

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended upon issue to be deposited with a Common Safekeeper for the ICSDs (and registered in the name of a nominee of the Common Safekeeper) and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

Definitive Notes

We will issue definitive Notes to each person that Euroclear or Clearstream identifies as the beneficial owner of the Notes represented by a Global Note upon surrender by Euroclear or Clearstream of the Global Note if:

(a) Euroclear or Clearstream is closed for business for a continuous period of at least 14 days (other than by reason of legal holidays) or announces an intention to permanently cease business;

(b) an event of default has occurred and is continuing; or

(c) we would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream which would not be suffered were the Notes in definitive form and a certificate to such effect signed by our authorized signatory is given to the Fiscal and Paying Agent.

Thereupon (in the case of (a) or (b) above) the holder of a Global Note (acting on behalf of one or more of the accountholders) may give notice to us and the London Paying Agent and (in the case of (c) above) we may give notice to the noteholders of the intention to exchange the Global Note for Notes in definitive form on or after the Exchange Date (as defined below).

On or after the Exchange Date, the holder of the Global Note may, or in the case of (c) above, shall surrender it to or to the order of the London Paying Agent. In exchange for the Global Note, we shall deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes, security printed in accordance with any applicable legal and stock exchange requirements. On exchange of the Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, “Exchange Date” means a day specified in the notice requiring exchange falling not less than 60 days after that on which the notice requiring exchange is given and being a day on which banks are open for general business in London, the place in which the specified office of the London Paying Agent is located and, except in case of exchange pursuant to (a) above, in the place in which Euroclear and Clearstream are located.

In all cases, definitive Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the holder of the relevant Global Notes.

We will not be liable for any delay by the holder of a Global Note identifying the holders of beneficial interests in the Global Note, and we and the London Paying Agent may conclusively rely on, and will be protected in relying on, instructions from Euroclear or Clearstream for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the definitive Notes to be issued).

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 Notes together with accrued interest thereon will mature and is payable on January 25, 2029. The Notes will not be redeemable prior to maturity at the option of the Issuer (except 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.

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 (i) 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 (ii) 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, or (iii) is an entity in respect of which the Issuer is a "specified entity" (as defined in subsection 18.4(1) of the proposed rules relating to "hybrid mismatch arrangements" (the "Hybrid Mismatch Proposals") included in Bill C-59, *An Act to implement certain provisions of the fall economic statement tabled in Parliament on November 21, 2023 and certain provisions of the budget tabled in Parliament on March 28, 2023* (first reading: November 30, 2023) ("Bill C-59");

- which is subject to such Relevant Taxes by reason of the holder of the Note or Beneficial Holders (or any fiduciary, settler, 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 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) January 18, 2024 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 as described under "—Payment of Additional Amounts" or the Guarantee; or

- on or after the later of (i) January 18, 2024 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;

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 the 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 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.

Notices

Notices to holders of the Notes will be mailed to the registered holders and any notice shall be deemed to have been given on the date of mailing. Notwithstanding the foregoing, so long as the Notes are represented by a Global Note, notices to holders may be given by delivery to Clearstream and Euroclear, and such notices shall be deemed to be given on the date of delivery to Clearstream and Euroclear.

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 the Notes:

(1) default in the payment of any interest on the Notes 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 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 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 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; *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 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 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 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 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 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 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 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;
  - the principal of on any Notes 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, 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, 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, by adopting an Extraordinary Resolution, may waive the Default or Event of Default for all Notes. An Extraordinary Resolution means a resolution:

(i) approved by the holders of Notes representing not less than 66⅔% 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 representing not less than 50% of the Outstanding principal amount of the Notes were present in person or by proxy; or

(ii) approved by a resolution in writing signed by holders of Notes representing not less than 66⅔% of the Outstanding principal amount of the Notes.

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 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 (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). 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 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 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 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 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 (hereinafter referred to as "covenant defeasance"). If the Issuer exercises the covenant defeasance option, the obligations under the Notes 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 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 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 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 pursuant to a Special Resolution (which we define below). Certain changes to the Notes can only be made with the written consent or the affirmative vote or approval of a special supermajority of holders of Notes pursuant to a Special Resolution. In the absence of an appropriate Special Resolution, the Issuer and the Guarantor may not:

- 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 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 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 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 representing not less than 75% of the Outstanding principal amount of the Notes were present in person or by proxy; or

(ii) approved by a resolution in writing signed by holders of Notes representing not less than 75% of the Outstanding principal amount of the Notes.

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, any other change to the Fiscal and Paying Agency Agreement and the Notes would require approval by the holders of Notes 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 majority of 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 registered, global form in minimum denominations of €250,000 and in integral multiples of €1,000 in excess thereof. The Notes will be issued on the issue date thereof only against payment in immediately available funds, 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").

The Global Notes will be in registered form without interest coupons.

Each such Global Note will be deposited with a Common Safekeeper for Euroclear and Clearstream and will be registered in the name of a nominee of the Common Safekeeper. We will not issue definitive notes to you for the Notes you purchase, except in the limited circumstances described in "Description of Notes" above.

Beneficial interests in the Global Notes will be represented, and transfers of such beneficial interest will be effected, through accounts of financial institutions acting on behalf of beneficial owners as direct or indirect participants in Clearstream or Euroclear. Investors may hold beneficial interests in Notes directly through Clearstream or Euroclear, if they are participants in such systems, or indirectly through organizations that are participants in such systems. The address of Clearstream is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg, and the address of Euroclear is 1 Boulevard Roi Albert II, B-1210 Brussels, Belgium. We have no responsibility for any aspect of the records kept by Clearstream or Euroclear or any of their direct or indirect participants. We also do not supervise these systems in any way.

Beneficial interests in the Global Notes will be shown on, and transfers of beneficial interests in the Global Notes will be made only through, records maintained by Clearstream or Euroclear and their participants. When you purchase Notes through the Clearstream or Euroclear systems, the purchases must be made by or through a direct or indirect participant in the Clearstream or Euroclear system, as the case may be. The participant will receive credit for the Notes that you purchase on Clearstream's or Euroclear's records, and, upon its receipt of such credit, you will become the beneficial owner of those Notes. Your ownership interest will be recorded only on the records of the direct or indirect participant in Clearstream or Euroclear, as the case may be, through which you purchase the Notes and not on Clearstream's or Euroclear's records. Neither Clearstream nor Euroclear, as the case may be, will have any knowledge of your beneficial ownership of the Notes. Clearstream's or Euroclear's records will show only the identity of the direct participants and the amount of the Notes held by or through those direct participants. You will not receive a written confirmation of your purchase or sale or any periodic account statement directly from Clearstream or Euroclear. You should instead receive those documents from the direct or indirect participant in Clearstream or Euroclear through which you purchase the Notes. As a result, the direct or indirect participants are responsible for keeping accurate account of the holdings of their customers. The London paying agent will wire payments on the Notes to the Common Safekeeper as the holder of the Global Notes. The London paying agent and we will treat the Common Safekeeper or any nominee of the Common Safekeeper (or any of their respective successors) as the owner of the Global Notes for all purposes. Accordingly, the London paying agent and we will have no direct responsibility or liability to pay amounts due with respect to the Global Notes to you or any other beneficial owners in the Global Notes. Any redemption or other notices with respect to the Notes will be sent by us directly to Clearstream or Euroclear, which will, in turn, inform the direct participants (or the indirect participants), which will then contact you as a beneficial holder, all in accordance with the rules of Clearstream or Euroclear, as the case may be, and the internal procedures of the direct participant (or the indirect participant) through which you hold your beneficial interest in the Notes. Clearstream or Euroclear will credit payments to the cash accounts of Clearstream customers or Euroclear participants in accordance with the relevant system's rules and procedures, to the extent received by its depositary.

Clearstream and Euroclear have established their procedures in order to facilitate transfers of the Notes among participants of Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue or change those procedures at any time. The registered holder of the Notes will be the nominee of the Common Safekeeper.

Initial Settlement

Investors will follow the settlement procedures applicable to conventional eurobonds in registered form. It is intended that Notes will be credited to the securities custody accounts of Clearstream and Euroclear holders on the settlement date on a delivery against payment basis. None of the Notes may be held through, no trades of the Notes will be settled through, and no payments with respect to the Notes will be made through, The Depository Trust Company in the United States.

Secondary Market Trading

Any secondary market trading of book-entry interests in the Notes will take place through participants in Clearstream and Euroclear in accordance with the normal rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in registered form.

It is important to establish at the time of trading of any Notes where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Clearstream and Euroclear on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream and Euroclear on the same Business Day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to make or receive a payment or delivery of the Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream or Euroclear is used.

Clearstream

Clearstream is incorporated under the laws of Luxembourg as a professional depositary. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream customers through electronic book-entry changes in accounts of Clearstream customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream in any of a number of currencies, including U.S. dollars, Japanese Yen and British Pounds sterling. Clearstream provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream also deals with domestic securities markets in several countries through established depository and custodial relationships.

Clearstream is registered as a bank in Luxembourg, and as such is subject to regulation by the *Commission de Surveillance du Secteur Financier* and the *Banque Centrale du Luxembourg*, which supervise and oversee the activities of Luxembourg banks. Clearstream's customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream is available to other institutions that clear through or maintain a custodial relationship with an accountholder of Clearstream. Clearstream has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream and Euroclear.

The ability of an owner of a beneficial interest in a Note held through Clearstream to pledge such interest to persons or entities that do not participate in the Clearstream system, or otherwise take action in respect of such interest, may be limited by the lack of a certificated note for such interest because Clearstream can act only on behalf of Clearstream's customers, who in turn act on behalf of their own customers. The laws of some jurisdictions may require that certain persons take physical delivery of securities in certificated form. Consequently, the ability to transfer beneficial interests in the Notes to such persons may be limited. In addition, beneficial owners of Notes held through the Clearstream system will receive payments of principal, interest and any other amounts in respect of the Notes only through Clearstream accountholders.

Euroclear

Euroclear holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its accountholders. Euroclear provides various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear also deals with domestic securities markets in several countries through established depository and custodial relationships. Euroclear customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear is available to other institutions that clear through or maintain a custodial relationship with accountholders in Euroclear.

The ability of an owner of a beneficial interest in a Note held through Euroclear to pledge such interest to persons or entities that do not participate in the Euroclear system, or otherwise take action in respect of such interest, may be limited by the lack of a certificated note for such interest because Euroclear can act only on behalf of Euroclear's customers, who in turn act on behalf of their own customers. The laws of some jurisdictions may require that certain persons take physical delivery of securities in certificated form. Consequently, the ability to transfer beneficial interests in the Notes to such persons may be limited. In addition, beneficial owners of Notes held through the Euroclear system will receive payments of principal, interest and any other amounts in respect of the Notes only through Euroclear accountholders.

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 may generally be exchanged for interests in another Global Note. 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.

The Fiscal and Paying Agent and the London Paying Agent shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer or exchange imposed under the Fiscal and Paying Agency Agreement or under applicable law with respect to any transfer or exchange of any interest in any note (including any transfers between or among participants or other beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, the Fiscal and Paying Agency Agreement and the London Paying Agency Agreement, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

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 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 (or any interest therein) may be purchased, sold, pledged or otherwise transferred only in minimum principal amounts of €250,000 and integral multiples of €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 the Notes:

"THE NOTES EVIDENCED HEREBY, AND THE RELATED GUARANTEE, MAY BE PURCHASED AND TRANSFERRED ONLY IN MINIMUM PRINCIPAL AMOUNTS OF €250,000 AND INTEGRAL MULTIPLES OF €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 January 25, 2024, 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 (or any interest therein) may be purchased, sold, pledged or otherwise transferred only in minimum principal amounts of €250,000 and integral multiples of €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 €250,000 AND INTEGRAL MULTIPLES OF €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 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."

(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 the 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 only. 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 section 1.1 of 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 section 1.1 of 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 *Report of Exempt Distribution* 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

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

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

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

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

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

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: financementdessocietes@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

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

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 débentures 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 only 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 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 a Holder: (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 euro, 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 euro 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) or a "substantive CCPC" (as proposed to be defined in the Tax Act in the legislation included in Bill C-59) 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.

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.

A Resident Holder's adjusted cost base of a Note will generally include any amount paid to acquire the Note plus the amount of any discount that is required to be included in the income of the Resident Holder in the year the Resident Holder acquires such Note as discussed above. Further, the adjusted cost base of a Note acquired by a Resident Holder will be determined by averaging the cost of such Note with the adjusted cost base of all other Notes that are identical property to such Note for purposes of the Tax Act owned by the Resident Holder as capital property at that time, if any.

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" or a "substantive CCPC" (as proposed to be defined in the Tax Act in the legislation included in Bill C-59) 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, (v) is not an entity in respect of which the Issuer is a "specified entity" as defined in the Hybrid Mismatch Proposals, and (vi) 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.

This summary does not address the possible application of the Hybrid Mismatch Proposals to a Non-Resident Holder (i) that disposes of a Note to a person or entity with which it does not deal at arm's length or to an entity that is a "specified entity" (as defined in the Hybrid Mismatch Proposals) with respect to the Non-Resident Holder or in respect of which the Non-Resident Holder is a "specified entity" (as defined in the Hybrid Mismatch Proposals), or (ii) that disposes of a Note under, or in connection with a "structured arrangement" (as defined in the Hybrid Mismatch Proposals). Such Non-Resident Holders should consult their own tax advisors.

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 or currencies, traders in securities or currencies 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. Subject to the discussion below regarding the foreign currency rules, 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. 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. Subject to the discussion below regarding foreign currency rules, 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. 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.

Foreign Currency Rules

Special tax rules apply to securities denominated in a currency other than the U.S dollar such as the Notes. The rules applicable to foreign currency securities generally require some or all of the gain or loss on the sale, exchange, or other disposition of the Notes to be recharacterized as ordinary income or loss. The rules applicable to foreign currency securities are complex and may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections may depend on the U.S. Holder's particular situation. U.S. Holders are urged to consult their own tax advisors regarding the application of the special rules for foreign currency securities to ownership and disposition of the Notes.

A U.S. Holder who uses the cash method of accounting and who receives a payment of stated interest on the Notes will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at the time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency.

An accrual method U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income that has accrued and is otherwise required to be taken into account with respect to a Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. The U.S. Holder will recognize ordinary income or loss with respect to accrued interest income on the date the income is actually received. The amount of ordinary income or loss recognized will equal the difference between the U.S. dollar value of the interest received on the Notes (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above).

An accrual method U.S. Holder may elect to translate interest income into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

A U.S. Holder's tax basis in the Notes will be the U.S. dollar value amount of the foreign currency amount paid for the Notes, determined on the date of the purchase. A U.S. Holder who purchases a Note with previously owned foreign currency will recognize ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the Note on the date of purchase.

Gain or loss realized upon the sale, exchange, redemption, retirement, or other taxable disposition of a Note that is attributable to fluctuation in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the U.S. dollar value of the foreign currency purchase price of the Note, determined on the date the payment is received or the Note is disposed of, and (ii) the U.S. dollar value of the foreign currency purchase price of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency securities described above. The foreign currency gain or loss will be recognized only to the extent of the total gain or loss realized by the U.S. Holder on the sale, exchange or other taxable disposition of the Note. The source of the foreign currency gain or loss will be determined by reference to the residence of the U.S. Holder or the "qualified business unit" of the U.S. Holder on whose books the Note is properly reflected. Any gain or loss realized by these U.S. Holders in excess of the foreign currency gain or loss will be capital gain or loss. The deductibility of capital losses is subject to limitations. In addition, if a U.S. Holder recognizes loss above certain thresholds, the U.S. Holder may be required to file a disclosure statement with the IRS (as described below under "– Reportable Transactions").

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange, redemption, or other taxable disposition of a Note equal to the U.S. dollar value of the foreign currency, determined at the time of sale, exchange, redemption, or other taxable disposition. If the Notes are traded on an established securities market, a cash method U.S. holder who buys or sells a Note is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result from currency fluctuations between the trade date and the settlement date of the purchase or sale. An accrual method U.S. Holder may elect the same treatment for all purchases and sales of Notes provided that the Notes are traded on an established securities market. This election cannot be changed without the consent of the IRS. In all other cases, U.S. Holders will generally realize foreign currency exchange gain or loss to the extent the value of the foreign currency received on the settlement date differs from the value of the foreign currency on the date of the sale or other taxable disposition of the Notes, and the U.S. Holder's basis in the foreign currency received on the settlement date will equal the U.S. dollar value of the foreign currency received at the spot rate in effect on that date.

Reportable Transactions

A U.S. Holder that participates in a "reportable transaction" will be required to disclose its participation to the IRS. If securities are denominated in a foreign currency, as in the case of the Notes, a U.S. Holder that recognizes a loss with respect to the Notes that is characterized as an ordinary loss due to changes in currency exchange rates (under any of the rules discussed above) would be required to report the loss on IRS Form 8886 (Reportable Transaction Statement) if the loss exceeds the thresholds. For individuals and trusts, this loss threshold is US$50,000 in any single taxable year. For other types of taxpayers and other types of losses, the thresholds are higher. U.S Holders should consult with their own tax advisors regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of the Notes.

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, 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"), a first home savings account ("FHSA") 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,TFSA or FHSA, the holder of the TFSA, FHSA 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, FHSA 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, FHSA 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 January 18, 2024, the initial purchasers, BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank and The Toronto Dominion Bank (the "Initial Purchasers"), 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 Notes
BNP Paribas	€ 187,500,000
Citigroup Global Markets Limited	187,500,000
Crédit Agricole Corporate and Investment Bank	187,500,000
The Toronto-Dominion Bank	187,500,000
Total	€ 750,000,000

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 offering price 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 price at which the Notes are offered may be changed at any time without notice.

To the extent that any initial purchaser that is not a registered broker-dealer in the United States effects any sales of the Notes in the United States, such initial purchaser will do so through its affiliate that is a U.S. registered broker-dealer.

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 January 25, 2024, 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 January 25, 2024, 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

The 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 the Notes will develop and continue after the offering. The initial purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the 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 market 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 Initial Purchasers, they will not during the period beginning on January 18, 2024, and continuing to and including January 25, 2024, 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, BNP Paribas (the "Stabilization Manager") (or persons acting on its behalf), may over-allot Notes or effect transactions with a view to supporting the market price of the 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 Stabilization 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 Initial Purchasers 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 the Notes. They may also cause the price of the 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 January 25, 2024, which will be the fifth Business Day following January 18, 2024 (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, or 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" as such term is defined in National Instrument 33-105—*Underwriting Conflicts*, 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 EEA Retail Investor in the EEA. For the purposes of this provision, the expression "EEA 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 EU 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 EU Prospectus Regulation. The expression "EU 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 UK Retail Investor in the UK. For the purposes of this provision, the expression "UK 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 UK MiFIR.

This Offering Memorandum has been prepared on the basis that any offer of Notes in the UK 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 UK 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 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 UK.

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, as amended from time to time.

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 of 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 promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time.

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 2001 of Singapore (as modified or amended from time to time, the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

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 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; (ii) the part of the offering or any amendment to the offering memorandum did not fairly represent the report opinion or statement of the expert, or (iii) the part of the offering memorandum or any amendment to the offering memorandum was not a fair copy of or extract from the report, opinion or statement of the expert;

(d) 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 purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of, or an extract from, the person's or company's own report, opinion or statement as 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;

(e) no person who or company that sells securities on behalf of the issuer or selling security holder will be liable if that person or company can establish that he, she or it cannot reasonably be expected to have had knowledge of any misrepresentation in the offering memorandum or any amendment to it;

(f) in no case shall the amount recoverable exceed the price at which the securities were offered; and

(g) 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 gave reasonable general notice that it was so sent or delivered;

(b) after the filing of the offering memorandum or any amendment to it and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or any amendment to it, the person or company withdrew the person's or company's consent to it and gave reasonable general notice of the person's or company's withdrawal and the reason for it;

(c) 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;

(d) with respect to any part of the offering memorandum or of any amendment to it purporting to be made on the person's or company's own authority as an expert or purporting to be a copy of, or an extract from, the person's or company's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert (i) the person or company had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the offering memorandum or of any amendment to if fairly represented the person's or company's report, opinion or statement; or (ii) on becoming aware that the part of the offering memorandum or of any amendment to it did not fairly represent the person's or company's report, opinion or statement as an expert, the person or company immediately advised the Financial and Consumer Affairs Authority of Saskatchewan and gave reasonable general notice that such use had been made of it and that the person or company would not be responsible for that part of the offering memorandum or of any amendment to it; or

(e) with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, the statement was a correct and fair representation of the statement or copy of or extract from the document and the person or company had reasonable grounds to believe, and did believe, that the statement was true.

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.

The liability for damages of all persons and companies referred to above is joint and several, provided that the court may deny the right to recover a contribution where, in all the circumstances of the case, it is satisfied that to permit recovery of a contribution would not be just and equitable.

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 Saskatchewan Financial Services Commission.

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, and, subject to certain additional defences, 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.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

(a) the Offering Memorandum or amendment to the Offering Memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(b) after delivery of the Offering Memorandum or amendment to the Offering Memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the Offering Memorandum or amendment to the Offering Memorandum the person or company withdrew the person's or company's consent to the offering memorandum or amendment to the Offering Memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or

(c) with respect to any part of the Offering Memorandum or amendment to the Offering Memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a misrepresentation, or (B) the relevant part of the offering memorandum or amendment to offering memorandum 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.

Further, no person or company, other than the issuer, will be liable with respect to any part of the Offering Memorandum or amendment to the Offering Memorandum not purporting (a) to be made on the authority of an expert, or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company: (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the Offering Memorandum or amendment to the Offering Memorandum, the misrepresentation is deemed to be contained in the Offering Memorandum or an amendment to the Offering Memorandum.

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 (i) the Issuer; (ii) the selling security holder on whose behalf the distribution was made; (iii) every person who was a director of the Issuer at the date of the Offering Memorandum; (iv) every person who signed the Offering Memorandum, 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 purchaser 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, 2022 and 2021, and as at and for the years ended December 31, 2021 and 2020 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, 2022 and 2021 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 June 30, 2023, the date of the Unaudited Interim 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 June 30, 2023.

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 form of Global Notes, the Notes in definitive form and the Guarantee; and
- any audited annual and unaudited interim 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 sold pursuant to Regulation S and the Notes sold pursuant to Rule 144A have been accepted for clearance and settlement through the facilities of Euroclear and Clearstream under Common Codes 269013761 and 269013788, respectively. The international securities identification number, or ISIN, for the Notes sold pursuant to Regulation S is XS2690137612 and for the Notes sold pursuant to Rule 144A is XS2690137885.

Consents and Authorizations

As of January 18, 2024, 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.

Non-disclosure of the Issuer's accounts would not be likely to mislead investors with regard to facts and circumstances that are essential for assessing the Notes.

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 provided that so long as the Notes are represented by a Global Note, notices to holders may be given by delivery to Clearstream and Euroclear, and such notices shall be deemed to be given on the date of delivery to Clearstream and Euroclear. In addition, so 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.luxse.com.

INDEX TO ANNEXES

ANNEX A: 2023 Unaudited Interim Consolidated Financial Statements

Condensed Interim Consolidated Financial Statements

OMERS Administration Corporation

As at and for the six months ended June 30, 2023 and 2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited)

(in millions of Canadian dollars) As at	June 30, 2023	December 31, 2022
Net Assets Available for Benefits		
Assets		
Investments (note 3)	**$ 146,680**	$ 153,389
Investment-related assets (note 3)	**1,796**	1,745
Contributions receivable		
From employers	**189**	181
From members	**189**	181
Other assets	**230**	310
Total Assets	**149,084**	155,806
Liabilities		
Investment-related liabilities (notes 3 and 4)	**17,252**	27,095
Amounts payable under contractual agreements	**4,006**	3,975
Other liabilities	**267**	354
Total Liabilities	**21,525**	31,424
Net Assets Available for Benefits	**$ 127,559**	$ 124,382
Accrued Pension Obligation and (Deficit) Surplus		
Primary Plan (note 5)		
Defined Benefit component		
Accrued pension obligation	**$ 130,864**	$ 128,789
(Deficit) Surplus		
Funding deficit	**(4,510)**	(6,678)
Actuarial value adjustment to net assets available for benefits	**(540)**	578
	(5,050)	(6,100)
Additional Voluntary Contributions component	**1,551**	1,517
Accrued Pension Obligation and (Deficit) Surplus of the Primary Plan	**127,365**	124,206
Retirement Compensation Arrangement		
Accrued pension obligation	**1,253**	1,235
(Deficit) Surplus	**(1,059)**	(1,059)
Accrued Pension Obligation and (Deficit) Surplus of the Retirement Compensation Arrangement	**194**	176
Accrued Pension Obligation and (Deficit) Surplus	**$ 127,559**	$ 124,382

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(unaudited)

(in millions of Canadian dollars) For the six months ended June 30,		2023		2022
Changes Due to Investment Activities				
Net investment income (loss) (note 6)	**$**	**3,781**	$	(513)
Total Changes Due to Investment Activities		**3,781**		(513)
Changes Due to Pension Activities				
Contributions		**2,557**		2,351
Benefits paid		**(3,103)**		(3,035)
Pension administrative expenses		**(58)**		(51)
Total Changes Due to Pension Activities		**(604)**		(735)
Total Increase (Decrease)		**3,177**		(1,248)
Net Assets Available for Benefits, Beginning of Period		**124,382**		120,919
Net Assets Available for Benefits, End of Period	**$**	**127,559**	$	119,671

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN PENSION OBLIGATIONS

(unaudited)

(in millions of Canadian dollars) For the six months ended June 30,	**2023**	2022
OMERS Primary Pension Plan (note 5)		
Defined Benefit Component		
Accrued pension obligation, beginning of period	**$ 128,789**	$ 119,342
Interest accrued on benefits	**3,661**	3,390
Benefits accrued	**1,993**	1,941
Benefits paid	**(3,029)**	(2,964)
Experience (gains) losses, net	**(550)**	2,900
Accrued Pension Obligation, End of Period	**130,864**	124,609
Additional Voluntary Contributions Component		
Additional Voluntary Contributions obligation, beginning of period	**1,517**	1,454
Contributions	**66**	46
Withdrawals	**(56)**	(54)
Attributed net investment income (loss)	**24**	(2)
Additional Voluntary Contributions Obligation, End of Period	**1,551**	1,444
Retirement Compensation Arrangement		
Accrued pension obligation, beginning of period	**$ 1,235**	$ 1,144
Interest accrued on benefits	**19**	18
Benefits accrued	**17**	17
Benefits paid	**(18)**	(17)
Experience (gains) losses, net	**—**	23
Accrued Pension Obligation, End of Period	**$ 1,253**	$ 1,185

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

NOTES TO THE CONDENSED INTERIM 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 as defined in the OMERS Act and is trustee of the pension funds. The OMERS pension plans are comprised of 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 (collectively, the OMERS Pension Plans). 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 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.

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 and with the Canada Revenue Agency under Registration #0345983.

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. The defined benefit component is funded by equal contributions from participating employers and from active members, and by net investment earnings of the Primary Plan assets.

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.

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 active members and by the net investment earnings of the RCA fund.

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 Condensed Interim Consolidated Financial Statements (Interim 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 and have been prepared in accordance with CPA Canada Handbook Section 4600 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the information and disclosure required in an annual set of consolidated financial statements. These Interim Financial Statements should be read in conjunction with the annual consolidated financial statements and the accompanying notes included in the OMERS 2022 Annual Report. The Interim Financial Statements follow the same accounting policies and methods used in preparation of the audited 2022 annual consolidated financial statements.

Comparative figures relating to future financial commitments have been revised to conform to the current year's presentation as set out in Note 8 – *Guarantees, Commitments and Contingencies*.

These Interim Financial Statements were approved by AC's Board of Directors on August 16, 2023.

Use of Estimates and Judgments

Preparing these Interim 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, and private debt investments, as well as derivatives and pension obligations. The recent increases in interest rates and the persistent pace of inflation contributes to heightened uncertainty related to estimates and assumptions for these valuations. 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.

Accrued Pension Obligation

The June 30, 2023 accrued pension obligation is determined by accumulating the December 31, 2022 accrued pension obligation with normal cost and interest and by deducting benefit payments in the period. Adjustments are made for other known experience, if considered material.

NOTE 3

Investments

A. Investments at Fair Value

Investments and investment-related assets and liabilities at fair value by asset class are as follows:

As at	**June 30, 2023**	December 31, 2022
Fixed Income		
Inflation-linked bonds	**$ 2,653**	$ 2,670
Nominal bonds and debentures	**11,575**	13,822
Private debt and mortgages	**8,687**	8,955
Total Fixed Income	**22,915**	25,447
Equities		
Public equities	**16,256**	16,602
Private equities	**32,573**	31,128
Total Equities	**48,829**	47,730
Real Assets		
Infrastructure investments	**30,370**	29,742
Real Estate investments	**24,988**	24,633
Total Real Assets	**55,358**	54,375
Short-Term Instruments		
Cash and short-term deposits	**19,578**	25,837
Total Investments	**146,680**	153,389
Investment-Related Assets		
Investment receivables	**565**	553
Deferred, prepaid and other assets	**48**	54
Derivatives	**1,056**	496
Pending trades	**127**	642
Total Investment-Related Assets	**1,796**	1,745
Investment-Related Liabilities		
Investment liabilities (note 4)	**(16,833)**	(25,894)
Derivatives	**(293)**	(1,087)
Pending trades	**(126)**	(114)
Total Investment-Related Liabilities	**(17,252)**	(27,095)
Net Investment Assets	**$ 131,224**	$ 128,039

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. Level 1 primarily includes publicly-listed equity investments, cash and derivative contracts traded on a public exchange.

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 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 June 30,				**2023**
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed Income	**$ —**	**$ 14,228**	**$ 8,687**	**$ 22,915**
Public Equity	**15,877**	**—**	**379**	**16,256**
Private Equity	**—**	**—**	**32,573**	**32,573**
Infrastructure	**—**	**—**	**30,370**	**30,370**
Real Estate	**—**	**—**	**24,988**	**24,988**
Short-Term Instruments	**4,286**	**15,292**	**—**	**19,578**
Investment-Related Assets	**72**	**1,724**	**—**	**1,796**
Investment-Related Liabilities	**(58)**	**(17,194)**	**—**	**(17,252)**
Net Investment Assets	**$ 20,177**	**$ 14,050**	**$ 96,997**	**$ 131,224**

As at December 31,				2022
	Level 1	Level 2	Level 3	Total
Fixed Income	$ —	$ 16,492	$ 8,955	$ 25,447
Public Equity	16,371	—	231	16,602
Private Equity	—	—	31,128	31,128
Infrastructure	—	—	29,742	29,742
Real Estate	—	—	24,633	24,633
Short-Term Instruments	3,052	22,785	—	25,837
Investment-Related Assets	16	1,729	—	1,745
Investment-Related Liabilities	(52)	(27,043)	—	(27,095)
Net Investment Assets	$ 19,387	$ 13,963	$ 94,689	$ 128,039

(b) The following table presents the changes in Level 3 investments for the period ended June 30, 2023:

	Fair Value Dec 31, 2022	Included in Total Investment Income (Loss)	Transfers In[i]	Transfers Out[i]	Purchases	Sales and Return of Capital[ii]	Fair Value June 30, 2023	Unrealized Gains (Losses) Attributable to Investments in the Period[iii]
Fixed Income	$ 8,955	$ 289	$ —	$ —	$ 1,126	$ (1,683)	$ 8,687	$ (211)
Public Equity	231	6	—	—	159	(17)	379	(9)
Private Equity	31,128	739	—	(60)	3,075	(2,309)	32,573	200
Infrastructure	29,742	814	—	—	967	(1,153)	30,370	2
Real Estate	24,633	5	60	—	946	(656)	24,988	(318)
Total	$ 94,689	$ 1,853	$ 60	$ (60)	$ 6,273	$ (5,818)	$ 96,997	$ (336)

The following table presents the changes in Level 3 investments for the period ended June 30, 2022:

	Fair Value Dec 31, 2021	Included in Total Investment Income (Loss)	Transfers In[i]	Transfers Out[i][iv]	Purchases	Sales and Return of Capital[ii]	Fair Value June 30, 2022	Unrealized Gains (Losses) Attributable to Investments in the Period[iii]
Fixed Income	$ 9,393	$ (118)	$ —	$ (875)	$ 1,730	$ (1,951)	$ 8,179	$ (261)
Public Equity	224	—	—	—	—	(4)	220	(4)
Private Equity	25,333	1,951	60	(17)	2,747	(3,404)	26,670	1,147
Infrastructure	29,691	843	—	—	1,063	(3,197)	28,400	145
Real Estate	23,604	1,940	—	(60)	2,453	(2,958)	24,979	1,353
Total	$ 88,245	$ 4,616	$ 60	$ (952)	$ 7,993	$ (11,514)	$ 88,448	$ 2,380

(i) Transfers between Private Equity and Real Estate represent asset class transfers.

(ii) Includes realized foreign exchange gains and losses.

(iii) Separately identifies unrealized gains (losses) that are also included in the 'Included in Total Investment Income (Loss)' column.

(iv) Transfers out of Private Equity include an investment which became publicly traded. Transfers out of Fixed Income include investments where quoted market prices are obtained.

(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. In each case, 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.

Significant valuation inputs for private equity investments are 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 investment 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 one significant input may result in changes to a number of underlying assumptions which could amplify or reduce the impact on the valuation.

As at				**June 30, 2023**	December 31, 2022
	Significant Inputs	**Range of Inputs**	**Change in Significant Inputs**	**Change in Net Investment Assets**	Change in Net Investment Assets
Private credit	Discount rate	3.8% - 23.3% (2022: 3.8% - 24.0%)	**+/- 50 bps**	$ **-/+67**	$ -/+72
Private equity	EBITDA Multiple	4.5X - 21.5X (2022: 4.5X - 21.5X)	**+/- 0.50x**	**+/-930**	+/-865
Infrastructure investments	Discount rate	7.0% - 15.8% (2022: 7.0% - 15.8%)	**+/- 25 bps**	**-/+1,820**	-/+1,545
Real estate investments	Discount rate	4.8% - 12.0% (2022: 4.4% - 10.0%)	**+/- 25 bps**	**-/+711**	-/+701
Real estate investments	Terminal capitalization rate	3.1% - 8.5% (2022: 3.0% - 8.5%)	**+/-25 bps**	**-/+1,095**	-/+1,099

The above sensitivity analysis excludes fund investments totaling $8,304 (December 31, 2022: $8,128) 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. Derivative Financial Instruments

The following table summarizes AC's use of derivatives. Notional values 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 values are used to determine the gains (losses) and fair values of the derivative contracts; they are not recorded as assets or liabilities on the Condensed Interim Consolidated Statement of Financial Position. Notional values do not necessarily represent the amount of potential market risk or credit risk arising from derivatives.

As at	**June 30, 2023**			December 31, 2022		
		Fair Value			Fair Value	
	Notional Value	**Assets**	**Liabilities**	Notional Value	Assets	Liabilities
Fixed Income						
Interest Rate Contracts						
Swaps	**$ 294**	**$ 1**	**$ —**	$ 225	$ 11	$ (2)
Futures	**1,196**	**—**	**(1)**	2,602	1	(1)
Total Interest Rate Contracts		**1**	**(1)**		12	(3)
Credit Default Contracts						
Swaps	**8,247**	**—**	**—**	10,467	—	—
Swaptions						
- purchased	**277**	**1**	**—**	435	1	—
Total Credit Default Contracts		**1**	**—**		1	—
Total Fixed Income		**2**	**(1)**		13	(3)
Equities						
Equity Contracts						
Swaps	**10,289**	**265**	**(166)**	14,286	158	(329)
Futures	**3,971**	**40**	**(1)**	3,786	5	(11)
Options						
- written	**3,337**	**—**	**(51)**	3,326	—	(54)
- purchased	**4,605**	**98**	**—**	4,278	159	—
Total Equity Contracts		**403**	**(218)**		322	(394)
Commodity Contracts						
Futures	**1,709**	**32**	**(6)**	1,449	10	(7)
Total Equities		**435**	**(224)**		332	(401)
Foreign Exchange Contracts						
Forwards	**33,220**	**613**	**(62)**	32,043	142	(683)
Options						
- written	**903**	**—**	**(6)**	791	—	—
- purchased	**1,010**	**6**	**—**	2,558	9	—
Total Foreign Exchange Contracts		**619**	**(68)**		151	(683)
Total		**$ 1,056**	**$ (293)**		$ 496	$ (1,087)

D. Investment Risk

AC's primary long-term investment risk is that the value of its assets and the capacity of those assets to generate investment income 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.

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 inputs.

(i) Foreign Exchange Rates

AC pays pensions in Canadian dollars and manages a highly diversified portfolio of long-term investments, many of which are denominated in foreign currencies. AC centrally manages the strategy for foreign currency and assumes certain foreign exchange risks, measuring and considering them in the context of overall portfolio objectives, alongside other investment related risks discussed elsewhere. Net investment assets by currency exposure, after the impact of currency hedging, are as follows:

As at	**June 30, 2023**		December 31, 2022	
Currency	**Net Exposure**	**% of Total**	Net Exposure	% of Total
United States Dollar	**$ 41,066**	**31 %**	$ 37,632	30 %
Euro	**6,883**	**5**	5,268	4
British Pound Sterling	**6,578**	**5**	5,554	4
Australian Dollar	**3,564**	**3**	3,078	2
Indian Rupee	**1,966**	**2**	2,042	2
Hong Kong Dollar	**1,911**	**1**	2,347	2
All Other	**4,178**	**3**	4,172	3
Total Foreign Currency Exposure	**66,146**	**50**	60,093	47
Canadian Dollar	**65,078**	**50**	67,946	53
Total	**$ 131,224**	**100 %**	$ 128,039	100 %

Foreign Currency Sensitivity

After giving effect to the impact of foreign currency hedges and holding constant all other variables and underlying values, a five per cent increase or decrease in the value of the Canadian dollar against all foreign currencies, to which OMERS is exposed, would result in an approximate $3,307 (December 31, 2022: $3,005) decrease or increase in AC’s net assets as shown below:

As at	**June 30, 2023**	December 31, 2022
Currency	**Change in Unrealized Loss/Gain**	Change in Unrealized Loss/Gain
United States Dollar	**$ -/+ 2,053**	$ -/+ 1,882
Euro	**-/+ 344**	-/+ 263
British Pound Sterling	**-/+ 329**	-/+ 278
Australian Dollar	**-/+ 178**	-/+ 154
Indian Rupee	**-/+ 98**	-/+ 102
Hong Kong Dollar	**-/+ 96**	-/+ 117
All Other	**-/+ 209**	-/+ 209
Total	**$ -/+ 3,307**	$ -/+ 3,005

(ii) Interest Rate Risk

AC's primary exposure to interest rate changes in its 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. AC's exposure to interest rate changes in its investment liabilities relates primarily to term notes. Investments with fixed rates of interest will decrease in market value while liabilities with fixed rates of interest will increase in market value as interest rates rise, and vice versa.

Sensitivity to changes in interest rates

AC's exposure to a 50 basis point increase (decrease) in interest rates, 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 $102 (December 31, 2022: $181). 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's investment in publicly-traded equities is achieved through both physical holdings and derivative exposures. A ten per cent increase (decrease) in the aggregate value of these public equities would result in an approximate increase (decrease) in public equity exposures and an unrealized gain (loss) of $3,038 (December 31, 2022: $2,995).

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 certain of 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 $188 (December 31, 2022: $103).

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 arrangements. 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;
- estimates ratings using an internal rating process, if no rating is available from selected reputable credit rating agencies for credit investments; 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 June 30,					**2023**
	Sovereign Governments	**Provincial Governments**	**Corporate**	**Total**	**% of Total**
AAA	**$ 8,016**	**$ —**	**$ 3**	**$ 8,019**	**19 %**
AA	**7,302**	**60**	**12,356**	**19,718**	**47**
A	**—**	**—**	**1,235**	**1,235**	**3**
BBB	**—**	**—**	**3,915**	**3,915**	**9**
Below BBB	**—**	**—**	**7,366**	**7,366**	**17**
Unrated	**—**	**—**	**2,240**	**2,240**	**5**
Total	**$ 15,318**	**$ 60**	**$ 27,115**	**$ 42,493**	**100 %**

As at December 31,					2022
	Sovereign Governments	Provincial Governments	Corporate	Total	% of Total
AAA	$ 9,686	$ —	$ 4	$ 9,690	19 %
AA	15,022	60	11,001	26,083	51
A	—	—	1,444	1,444	3
BBB	95	—	4,186	4,281	8
Below BBB	—	—	7,498	7,498	15
Unrated	—	—	2,288	2,288	4
Total	$ 24,803	$ 60	$ 26,421	$ 51,284	100 %

Unrated securities in the table above relate to private real estate debt and mortgages with a weighted average loan-to-value ratio at the time of issuance of no greater than 75%.

(ii) Margin and Collateral

AC is a counterparty to financial instruments that are subject to margin arrangements. 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 to and provided by 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 borrower 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 because the risks and rewards of the securities remain with the lender.

AC enters into securities repurchase transactions under Global Master Repurchase Agreements (GMRA), whereby AC sells securities to counterparties and simultaneously agrees to buy them back at a predetermined price in the future. Collateral is exchanged between the counterparties based on the current value of the securities sold under the agreements. AC does not derecognize any securities sold because the associated risks and rewards remain with AC.

AC is permitted to sell or repledge collateral in the absence of default, with the exception of initial margin on OTC derivatives. The equivalent cash or securities must be returned to the counterparty should the counterparty demand a return of collateral. The fair value of collateral sold or repledged is $nil (December 31, 2022: $nil).

The fair value of collateral pledged and received, as well as securities sold under repurchase agreements, is as follows:

As at	**June 30, 2023**	December 31, 2022
Derivative-related		
Collateral received	**$ 1,301**	$ 911
Collateral pledged	**709**	2,195
Securities borrowing		
Collateral pledged	**869**	1,346
Securities sold under repurchase agreements		
Net amounts of securities sold under repurchase agreements	**4,032**	12,503
Collateral pledged	**4,035**	12,512

(iii) Right of Netting and Offset

AC is a counterparty to financial instruments that are subject to netting and offset arrangements. 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 Condensed Interim 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 Interim 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 Condensed Interim 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 June 30,				Related amounts not set off in the Condensed Interim Consolidated Statement of Financial Position		2023
	Gross amounts of recognized Financial Instruments	**Less amounts offset in Interim Financial Statements**	**Net amounts presented in Interim Financial Statements**	**Amounts subject to netting arrangements**	**Financial collateral (received) pledged**	**Net amount**
Financial Assets						
Derivative assets	$ **1,056**	$ **—**	$ **1,056**	$ **(265)**	$ **(631)**	$ **160**
Pending trade receivable	$ **1,350**	$ **(1,223)**	$ **127**	$ **—**	$ **—**	$ **127**
Total Financial Assets	$ **2,406**	$ **(1,223)**	$ **1,183**	$ **(265)**	$ **(631)**	$ **287**
Financial Liabilities						
Derivative liabilities	$ **(293)**	$ **—**	$ **(293)**	$ **265**	$ **—**	$ **(28)**
Securities sold short	**(570)**	**—**	**(570)**	**—**	**570**	**—**
Securities sold under repurchase agreements	**(5,255)**	**1,223**	**(4,032)**	**—**	**4,032**	**—**
Total Financial Liabilities	$ **(6,118)**	$ **1,223**	$ **(4,895)**	$ **265**	$ **4,602**	$ **(28)**

As at December 31,				Related amounts not set off in the Condensed Interim Consolidated Statement of Financial Position		2022
	Gross amounts of recognized Financial Instruments	Less amounts offset in Interim Financial Statements	Net amounts presented in Interim Financial Statements	Amounts subject to netting arrangements	Financial collateral (received) pledged	Net amount
Financial Assets						
Derivative assets	$ 496	$ —	$ 496	$ (351)	$ (9)	$ 136
Total Financial Assets	$ 496	$ —	$ 496	$ (351)	$ (9)	$ 136
Financial Liabilities						
Derivative liabilities	$ (1,087)	$ —	$ (1,087)	$ 351	$ 168	$ (568)
Securities sold short	(1,013)	—	(1,013)	—	1,013	—
Securities sold under repurchase agreements	(12,503)	—	(12,503)	—	12,503	—
Total Financial Liabilities	$ (14,603)	$ —	$ (14,603)	$ 351	$ 13,684	$ (568)

c) Liquidity Risk

Liquidity risk is the risk that AC will encounter difficulty in meeting cash flow obligations as they come due. 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 monitors its liquidity position to ensure sufficient liquid assets are available to meet cash and collateral requirements and other obligations.

As at June 30, 2023, AC maintained $23,618 of liquid assets comprised of $19,578 cash and short-term deposits, $2,653 inflation-linked bonds, $5,422 Canadian and United States government securities, all net of $4,035 pledged collateral (December 31, 2022: $23,071 of liquid assets comprised of $25,837 cash and short-term deposits, $2,670 inflation-linked bonds, $7,076 Canadian and United States government securities, all net of $12,512 pledged collateral).

(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	**June 30, 2023**				December 31, 2022			
	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]	**$ 4,176**	**$ 6,421**	**$ 3,228**	**$ 13,825**	$ 3,720	$ 6,573	$ 3,321	$ 13,614
Securities sold short	**54**	**447**	**69**	**570**	158	448	407	1,013
Securities sold under repurchase agreements	**4,032**	**—**	**—**	**4,032**	12,503	—	—	12,503
Payables and other liabilities	**679**	**—**	**—**	**679**	936	—	—	936
Interest rate contracts	**1**	**—**	**—**	**1**	3	—	—	3
Equity contracts	**218**	**—**	**—**	**218**	394	—	—	394
Commodity contracts	**6**	**—**	**—**	**6**	7	—	—	7
Foreign exchange contracts	**68**	**—**	**—**	**68**	683	—	—	683
Total	**$ 9,234**	**$ 6,868**	**$ 3,297**	**$ 19,399**	$ 18,404	$ 7,021	$ 3,728	$ 29,153

(i) Includes commercial paper which is due within 1 year of $2,075 (December 31, 2022: $1,618).

Since December 31, 2022, there have been no significant changes in composition or maturity for Amounts Payable Under Contractual Agreements of $4,006 (December 31, 2022: $3,975) and Other Liabilities of $267 (December 31, 2022: $354).

The term to maturity of AC's derivative liabilities based on notional value is as follows:

As at	**June 30, 2023**				December 31, 2022			
	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	**$ 817**	**$ —**	**$ —**	**$ 817**	$ 2,081	$ —	$ —	$ 2,081
Equity contracts	**7,991**	**—**	**—**	**7,991**	16,156	—	—	16,156
Commodity contracts	**255**	**—**	**—**	**255**	620	—	—	620
Foreign exchange contracts	**4,787**	**—**	**—**	**4,787**	22,846	—	—	22,846
Total	**$ 13,850**	**$ —**	**$ —**	**$ 13,850**	$ 41,703	$ —	$ —	$ 41,703

(ii) Commercial paper

OMERS Finance Trust (OFT), whose beneficiaries are subsidiaries of AC, is authorized to issue up to an equivalent of $5,000 (December 31, 2022: $5,000) in commercial paper, which is unconditionally and irrevocably guaranteed by AC. As directed by the OMERS 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 $2,075 was issued as at June 30, 2023 (December 31, 2022: $1,618).

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 a $3,900 (December 31, 2022: $3,900) revolving credit facility with a syndicate of well-capitalized banks to backstop the commercial paper program and to use for other general corporate purposes. As at June 30, 2023, $nil was drawn against this facility (December 31, 2022: $nil).

NOTE 4

Investment Liabilities

AC's investment liabilities are as follows:

As at	June 30, 2023	December 31, 2022
Debt	**$ 11,552**	$ 11,442
Securities sold short	**570**	1,013
Securities sold under repurchase agreements	**4,032**	12,503
Payables and other liabilities	**679**	936
Total	**$ 16,833**	$ 25,894

Total debt with recourse to AC is comprised of the following:

As at	June 30, 2023			December 31, 2022		
	Fair Value	**Cost**	**Weighted Average Interest Rate**	Fair Value	Cost	Weighted Average Interest Rate
Real Estate						
Credit facilities	**$ 260**	**$ 260**	**5.79 %**	$ 419	$ 419	4.66 %
Infrastructure						
Secured debt	**426**	**246**	**5.56**	519	411	3.83
OMERS Finance Trust						
Commercial paper [(i)]	**2,075**	**2,075**	**4.97**	1,618	1,618	4.26
Term notes	**8,791**	**9,468**	**2.28**	8,886	9,510	1.85
Total	**$ 11,552**	**$ 12,049**	**2.96 %**	$ 11,442	$ 11,958	2.39 %

(i) As at June 30, 2023, commercial paper outstanding has maturities from July 4, 2023 to October 12, 2023 with interest rates ranging from 3.16% to 5.40%.

OFT is authorized to issue term notes, which are unconditionally and irrevocably guaranteed by AC. As at June 30, 2023, term notes totaling $8,791 are outstanding (December 31, 2022: $8,886) and details are shown in the table below:

Maturity	Original Term	Currency	Principal Amount	Coupon
May 2, 2024	5 years	USD	1,250	2.500%
May 13, 2025	5 years	EUR	1,000	0.450%
March 26, 2026	5 years	USD	1,000	1.100%
April 21, 2027	7 years	CAD	1,250	1.550%
April 20, 2028	5 years	USD	1,000	4.000%
May 14, 2029	10 years	CAD	1,000	2.600%
April 19, 2032	10 years	USD	600	3.500%
April 19, 2052	30 years	USD	500	4.000%

NOTE 5

OMERS Primary Pension Plan

A summary of the Condensed Interim Financial Statements of the Primary Plan is as follows:

Condensed Interim Statement of Financial Position

As at		June 30, 2023		December 31, 2022
Net Assets Available for Benefits	$	**127,365**	$	124,206
Accrued Pension Obligation and (Deficit) Surplus				
Defined benefit component				
Accrued pension obligation	$	**130,864**	$	128,789
(Deficit) Surplus				
Funding deficit		**(4,510)**		(6,678)
Actuarial value adjustment of net assets		**(540)**		578
		(5,050)		(6,100)
Additional Voluntary Contributions component obligation		**1,551**		1,517
Total Primary Plan Accrued Pension Obligation and (Deficit) Surplus	$	**127,365**	$	124,206

Condensed Interim Statement of Changes in Net Assets Available for Benefits

For the six months ended June 30,		2023		2022
Statement of Changes in Net Assets				
Net investment income (loss)	$	**3,770**	$	(493)
Contributions		**2,532**		2,331
Benefits paid		**(3,085)**		(3,018)
Pension administrative expenses		**(58)**		(51)
Total Increase (Decrease)		**3,159**		(1,231)
Net Assets Available for Benefits, Beginning of Period		**124,206**		120,727
Net Assets Available for Benefits, End of Period	$	**127,365**	$	119,496

The primary economic actuarial assumptions used in the actuarial valuation of the Primary Plan as at June 30, 2023 are unchanged from December 31, 2022.

The Primary Plan's financial position is summarized as follows:

As at		June 30, 2023		December 31, 2022
Primary Plan fair value of net assets available for benefits	$	**127,365**	$	124,206
Less: Additional Voluntary Contribution net assets		**1,551**		1,517
Defined benefit net assets available for benefits		**125,814**		122,689
Less: Actuarial value adjustment		**(540)**		578
Actuarial value of net assets available for benefits		**126,354**		122,111
Less: Defined Benefit accrued pension obligation		**130,864**		128,789
Funding deficit of actuarial value of net assets available for benefits over accrued pension obligation		**(4,510)**		(6,678)
Actuarial value adjustment to net assets available for benefits		**(540)**		578
(Deficit) Surplus of net assets available for benefits over accrued pension obligation	$	**(5,050)**	$	(6,100)

The change in the actuarial value adjustment is as follows:

	For the six months ended June 30, 2023	For the year ended December 31, 2022
Expected interest on beginning actuarial value adjustment (i)	$ 23	$ 203
Current year returns below the actuarial smoothing rate not recognized in the year (i)	(830)	(2,397)
Prior years' returns above the actuarial smoothing rate recognized in the year	(311)	(290)
Decrease in actuarial value adjustment	(1,118)	(2,484)
Actuarial value adjustment, beginning of period	578	3,062
Actuarial value adjustment, end of period	$ (540)	$ 578

(i) Based on the actuarial smoothing rate in effect during the period of 7.97% (2022: 6.63%).

The actuarial value adjustment is constrained such that the resulting actuarial value of net assets is no more than 15% different from the fair value of net assets. As at June 30, 2023 this constraint had no impact on the actuarial value adjustment.

NOTE 6

Net Investment Income (Loss)

The OMERS Pension Plans' investment income (loss) by asset class is as follows:

For the six months ended June 30,					2023
	Investment Income	Net Gain (Loss) on Investment Assets and Liabilities	Total Investment Income (Loss)	Investment Management Expenses	Net Investment Income (Loss)
Fixed Income					
Inflation-linked bonds	$ 5	$ (17)	$ (12)	$ (5)	$ (17)
Nominal bonds and debentures	226	44	270	(12)	258
Private debt and mortgages	359	(96)	263	(49)	214
Total Fixed Income	590	(69)	521	(66)	455
Equities					
Public equities	211	734	945	(57)	888
Private equities	317	311	628	(114)	514
Total Equities	528	1,045	1,573	(171)	1,402
Real Assets					
Infrastructure	670	(1)	669	(75)	594
Real estate	338	(382)	(44)	(10)	(54)
Total Real Assets	1,008	(383)	625	(85)	540
Short-Term Instruments					
Cash and short-term deposits	223	(78)	145	(3)	142
Derivatives	—	1,336	1,336	—	1,336
Investment liabilities	(99)	95	(4)	—	(4)
Total Investment Income (Loss)	$ 2,250	$ 1,946	$ 4,196	$ (325)	$ 3,871
Less: Income credited under contractual agreements					90
Net Investment Income (Loss)					$ 3,781

For the six months ended June 30,					2022
	Investment Income	Net Gain (Loss) on Investment Assets and Liabilities	Total Investment Income (Loss)	Investment Management Expenses	Net Investment Income (Loss)
Fixed Income					
Inflation-linked bonds	$ 6	$ (24)	$ (18)	$ (6)	$ (24)
Nominal bonds and debentures	122	(659)	(537)	(9)	(546)
Private debt and mortgages	259	(335)	(76)	(47)	(123)
Total Fixed Income	387	(1,018)	(631)	(62)	(693)
Equities					
Public equities	210	(2,919)	(2,709)	(52)	(2,761)
Private equities	560	1,344	1,904	(151)	1,753
Total Equities	770	(1,575)	(805)	(203)	(1,008)
Real Assets					
Infrastructure	607	232	839	(63)	776
Real estate	465	1,421	1,886	(10)	1,876
Total Real Assets	1,072	1,653	2,725	(73)	2,652
Short-Term Instruments					
Cash and short-term deposits	47	(19)	28	(3)	25
Derivatives	—	(1,896)	(1,896)	—	(1,896)
Investment liabilities	—	507	507	—	507
Total Investment Income (Loss)	$ 2,276	$ (2,348)	$ (72)	$ (341)	$ (413)
Less: Income credited under contractual agreements					100
Net Investment Income (Loss)					$ (513)

NOTE 7

Segment Information

AC's reporting segments are the asset classes defined in the Primary Plan's Statement of Investment Policies & Procedures (SIP&P). Management uses the SIP&P asset classes to assess AC's investment diversification, risk management and performance.

A. Investments at Fair Value by Segment

As at		June 30, 2023		December 31, 2022
Fixed Income				
Bonds	$	**7,634**	$	8,946
Credit		**20,859**		20,312
		28,493		29,258
Equities				
Public Equity		**16,376**		16,308
Private Equity		**24,191**		23,215
		40,567		39,523
Real Assets				
Infrastructure		**27,505**		26,311
Real Estate		**21,803**		21,202
		49,308		47,513
Cash and Funding		**10,801**		9,963
Total Investments	$	**129,169**	$	126,257
Reconciliation to Investments by asset class (note 3A)				
OMERS Return Agreements (i)		**2,146**		2,168
RCA (ii)		**105**		101
Other		**(196)**		(487)
Net Investment Assets (note 3A)	$	**131,224**	$	128,039

(i) Contractual return agreements that provide eligible clients with access to the performance of all or parts of the investment return of the Primary Plan.

(ii) Excludes refundable tax account.

B. Net Investment Income (Loss) by Segment

For the six months ended June 30,	2023	2022
Fixed Income		
Bonds	$ **98**	$ (246)
Credit	**721**	(397)
	819	(643)
Equities		
Public Equity	**1,701**	(4,746)
Private Equity	**455**	1,424
	2,156	(3,322)
Real Assets		
Infrastructure	**757**	1,153
Real Estate	**(34)**	1,923
	723	3,076
Cash and Funding	**126**	390
	3,824	(499)
Less: Administered Funds (i)	**54**	(6)
Total Primary Plan	**3,770**	(493)
Add: RCA	**11**	(20)
Net Investment Income (Loss) (note 6)	$ **3,781**	$ (513)

(i) Funds invested by AC on behalf of The Board of Trustees of Toronto Metropolitan University (formerly Ryerson University) and the Transit Windsor Fund under contractual agreements.

NOTE 8

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 $2.3 billion as at June 30, 2023 (December 31, 2022: $2.3 billion).

As at June 30, 2023, future financial commitments relating to the acquisition, development and refurbishment of investments include $3.6 billion (December 31, 2022: $3.2 billion) which is expected to be due within one year and $10.5 billion (December 31, 2022: $11.7 billion) which is expected to be due after one year. Future financial commitments relating to funds managed by third parties and private debt investments are $3.4 billion (December 31, 2022: $3.6 billion) and are payable on demand, subject to the terms and conditions of each agreement.

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 June 30, 2023, 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 Interim Financial Statements.

ANNEX B: 2022 Annual Audited Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Consolidated Financial Statements of OMERS Administration Corporation (AC) have been prepared by AC Management (Management) and approved by the Board of Directors of AC (AC Board). Management is responsible for the integrity and fairness of the information presented, including amounts that are based on best estimates and judgments. The Consolidated Financial Statements have been prepared in accordance with Canadian accounting standards for pension plans. Financial information presented throughout the Annual Report is consistent with the Consolidated Financial Statements.

Systems of internal control and supporting procedures have been established and maintained to provide reasonable assurance that financial transactions are properly authorized, assets are safeguarded, and proper records are maintained. These systems include an organizational structure that provides a well-defined division of responsibilities, a corporate code of conduct, accountability for performance, and the communication of policies and guidelines throughout AC.

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 the internal and independent external auditors to discuss internal controls, auditing activities and financial reporting matters. The Audit & Actuarial Committee reviews the annual Consolidated Financial Statements and recommends them to the AC Board for approval.

The external actuary, Towers Watson Canada Inc., is appointed by the AC Board. The external actuary is responsible for carrying out the annual valuations of the accrued pension obligations of the OMERS Pension Plans in accordance with accepted actuarial practice and for reporting the results to Management and to the AC Board. The results of the external actuary's valuation are set out in the Actuarial Opinion.

AC's independent external auditor, PricewaterhouseCoopers LLP, was appointed by the AC Board and reports to the Audit & Actuarial Committee. The independent external auditor has conducted an independent audit of the Consolidated Financial Statements in accordance with Canadian generally accepted auditing standards, performing such tests and procedures as they consider necessary to express an opinion in their Independent Auditor's Report. The independent external auditor has full and unrestricted access to Management and the Audit & Actuarial Committee to discuss their audit and findings related to the integrity of financial reporting and the adequacy of internal control systems on which they rely for the purposes of their audit.

E.M. Blake Hutcheson
President and Chief Executive Officer
Toronto, Ontario
February 27, 2023

Jonathan Simmons, FCPA, FCA
Chief Financial and Strategy Officer

ACTUARIAL OPINION

We conducted actuarial valuations as at December 31, 2022 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, 2022, 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 $130,306 million in respect of benefits accrued for service to December 31, 2022 (comprising $128,789 million with respect to the defined benefit component and $1,517 million with respect to the AVC component). The actuarial value of net assets at that date were $123,628 million (comprising $122,111 million with respect to the defined benefit component and $1,517 million with respect to the AVC component), indicating a going concern actuarial deficit of $6,678 million.

The actuarial liability in respect of RCA benefits accrued for service to December 31, 2022, net of the RCA assets, was $1,059 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, 2022 were conducted using the Projected Benefit Method Prorated on Services, and membership data as at October 30, 2022 and financial information as at December 31, 2022 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

Janis Cooper
Fellow, Canadian Institute of Actuaries

Toronto, Ontario
February 27, 2023

Independent auditor's report

To the Board of Directors 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, 2022 and 2021, 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, 2022 and 2021;
- 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
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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,

pwc

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 27, 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Canadian dollars) As at December 31,	**2022**	2021
Net Assets Available for Benefits		
Assets		
Investments (note 3)	**$ 153,389**	$ 136,112
Investment-related assets (note 3)	**1,745**	1,177
Contributions receivable		
From employers	**181**	174
From members	**181**	174
Other assets	**310**	253
Total Assets	**155,806**	137,890
Liabilities		
Investment-related liabilities (notes 3 and 4)	**27,095**	12,850
Amounts payable under contractual agreements (note 5)	**3,975**	3,771
Other liabilities	**354**	350
Total Liabilities	**31,424**	16,971
Net Assets Available for Benefits	**$ 124,382**	$ 120,919
Accrued Pension Obligation and (Deficit) Surplus		
Primary Plan (note 6)		
Defined Benefit component		
Accrued pension obligation	**$ 128,789**	$ 119,342
(Deficit) Surplus		
Funding (deficit) surplus	**(6,678)**	(3,131)
Actuarial value adjustment to net assets available for benefits	**578**	3,062
	(6,100)	(69)
Additional Voluntary Contributions component	**1,517**	1,454
Accrued Pension Obligation and (Deficit) Surplus of the Primary Plan	**124,206**	120,727
Retirement Compensation Arrangement (note 7)		
Accrued pension obligation	**1,235**	1,144
(Deficit) Surplus	**(1,059)**	(952)
Accrued Pension Obligation and (Deficit) Surplus of the Retirement Compensation Arrangement	**176**	192
Accrued Pension Obligation and (Deficit) Surplus	**$ 124,382**	$ 120,919

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 27, 2023.

Signed on behalf of the Board of OMERS Administration Corporation

George Cooke
AC Board Chair

Penny Somerville
AC Audit & Actuarial Committee Chair

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(in millions of Canadian dollars) For the year ended December 31,	2022	2021
Changes Due to Investment Activities		
Net investment income (loss) (note 8)	**$ 4,912**	$ 16,437
Total Changes Due to Investment Activities	**4,912**	16,437
Changes Due to Pension Activities		
Contributions (note 10)	**4,624**	4,528
Benefits paid (note 11)	**(5,960)**	(5,516)
Pension administrative expenses (note 12)	**(113)**	(105)
Total Changes Due to Pension Activities	**(1,449)**	(1,093)
Total Increase	**3,463**	15,344
Net Assets Available for Benefits, Beginning of Year	**120,919**	105,575
Net Assets Available for Benefits, End of Year	**$ 124,382**	$ 120,919

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN PENSION OBLIGATIONS

(in millions of Canadian dollars) For the year ended December 31,		2022		2021
OMERS Primary Pension Plan (note 6)				
Defined Benefit Component				
Accrued pension obligation, beginning of year	**$**	**119,342**	$	111,820
Interest accrued on benefits		**6,811**		6,496
Benefits accrued		**4,053**		3,843
Benefits paid		**(5,861)**		(5,428)
Experience losses (gains), net		**2,800**		898
Changes in actuarial assumptions and methods				
Reduction of the discount rate		**—**		1,713
Increase in the short-term inflation assumption		**1,644**		—
Accrued Pension Obligation, End of Year		**128,789**		119,342
Additional Voluntary Contributions Component				
Additional Voluntary Contributions obligation, beginning of year		**1,454**		1,235
Contributions		**68**		82
Withdrawals		**(65)**		(55)
Attributed net investment income (loss)		**60**		192
Additional Voluntary Contributions Obligation, End of Year		**1,517**		1,454
Retirement Compensation Arrangement (note 7)				
Accrued pension obligation, beginning of year	**$**	**1,144**	$	1,152
Interest accrued on benefits		**35**		36
Benefits accrued		**35**		44
Benefits paid		**(34)**		(33)
Experience losses (gains), net		**38**		(65)
Changes in actuarial assumptions and methods				
Reduction of the discount rate		**—**		10
Increase in the short-term inflation assumption		**17**		—
Accrued Pension Obligation, End of Year	**$**	**1,235**	$	1,144

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 as defined in the OMERS Act and is trustee of the pension funds. The OMERS pension plans are comprised of 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) (collectively, the OMERS Pension Plans). 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.

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:

- Funding: The defined benefit component of the Primary Plan is funded by equal contributions from participating employers and from active members, and by the net 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.
- 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 NRA 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, 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%, provided the pension is still in pay.
    - 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 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 and permanently 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 and is subject to a cap set out in the Primary Plan. 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 on contributions received or investment income earned. The operations of certain legal 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 have 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 active members and by the net 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's assets.

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, 2022 and December 31, 2021, 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, including those set out in Note 8 – *Net Investment Income (Loss)* and Note 15 - *Segment Information*.

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 recent rapid increases in interest rates and inflation contributes to heightened uncertainty related to estimates and assumptions for these valuations. 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) Investments whose quoted market prices are not available, such as mortgages and private debt, are estimated using discounted cash flows based on current market yields for comparable securities, independent asset appraisals and financial analysis.

(iv) Investments in externally-managed 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 in real estate and infrastructure, assets are primarily valued based on observable pricing for similar investments and by estimating the present value of projected cash flows generated by the investment using a risk-adjusted discount rate and, where appropriate, risk-adjusted capitalization rates. Discount rates, capitalization rates and projected cash flows are based on internal assumptions and external inputs.

   (b) For private equity investments, assets are primarily valued by applying earnings multiples and in consideration of movements in market multiples and recent transactions.

   (c) For non-operating and startup directly-held private investments, assets are measured at fair value. However, recognizing the higher uncertainty and risk associated, these investments may be measured at cost as the best measurement of fair value until such time as the fair value is reliably measurable or until stabilized operations are achieved.

   (d) For private fund investments, 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. Where independent external valuation experts complete the valuation, Management reviews the valuation techniques applied and assumptions used to ensure that they are reasonable and supportable based on current market conditions and industry practice.

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 includes accrued interest, dividends and net real estate operating 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 (Loss).

Net Investment Income (Loss) is recognized as interest and net real estate operating 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) 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 in Note 12 - *Pension Administrative and 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 directly to Investment Income in Note 8 - *Net Investment Income (Loss)* 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 (OFT), an entity whose beneficiaries are subsidiaries of AC, 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 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, based on the foreign exchange rate at the settlement date.

Income and expenses are translated into Canadian dollars at the exchange rates prevailing on the dates of the transactions.

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 (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 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, starting with the year in which the net investment return is earned. 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 such that the resulting actuarial value of net assets is no more than 15% different from the fair value of net assets.

(Deficit) Surplus

For presentation in the financial statements, the (deficit) surplus 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 (deficit) surplus 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 (deficit) surplus 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 pension administration, investment management and corporate services. Administrative expenses are recorded on an accrual basis. Pension administration expenses include expenses to provide direct services to OMERS Pension Plans members and employers. 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 pension administration or investment management expenses based on an estimate of the use of resources.

New Accounting Pronouncements

During 2022, amendments were issued to Section 4600 which are effective for annual periods beginning on or after January 1, 2024. These amendments have not been adopted early by AC for the December 31, 2022 reporting period and are not expected to have a material impact on the Consolidated Financial Statements.

NOTE 3

Investments

A. Investments at Fair Value and Cost

Investments and investment-related assets and liabilities at fair value and cost by asset class are as follows:

As at December 31,		2022		2021
	Fair Value	**Cost**	Fair Value	Cost
Fixed Income				
Inflation-linked bonds	**$ 2,670**	**$ 2,442**	$ 2,957	$ 2,674
Canadian nominal bonds and debentures	**9,714**	**10,032**	6,781	6,781
Non-Canadian nominal bonds and debentures	**4,108**	**4,287**	1,734	1,821
Private debt and mortgages	**8,955**	**9,294**	9,393	9,645
Total Fixed Income	**25,447**	**26,055**	20,865	20,921
Equities				
Public Equity				
Canadian public equities	**2,270**	**2,090**	3,857	3,216
Non-Canadian public equities	**14,332**	**14,272**	14,840	12,380
Total Public Equity	**16,602**	**16,362**	18,697	15,596
Private Equity (i)				
Canadian private equities (ii)	**2,643**	**2,572**	2,724	2,564
Non-Canadian private equities	**28,485**	**21,817**	22,641	18,922
Total Private Equity	**31,128**	**24,389**	25,365	21,486
Total Equities	**47,730**	**40,751**	44,062	37,082
Real Assets				
Infrastructure investments	**29,742**	**28,779**	29,691	28,856
Real Estate investments	**24,633**	**20,672**	23,604	20,644
Total Real Assets	**54,375**	**49,451**	53,295	49,500
Short-Term Instruments				
Cash and short-term deposits (iii)	**25,837**	**25,845**	17,890	17,890
Total Investments	**153,389**	**142,102**	136,112	125,393
Investment-Related Assets				
Investment receivables	**553**	**553**	286	286
Deferred, prepaid and other assets	**54**	**54**	55	54
Derivatives	**496**	**250**	740	213
Pending trades	**642**	**642**	96	97
Total Investment-Related Assets	**1,745**	**1,499**	1,177	650
Investment-Related Liabilities				
Investment liabilities (note 4)	**(25,894)**	**(26,305)**	(12,264)	(12,448)
Derivatives	**(1,087)**	**(92)**	(529)	(90)
Pending trades	**(114)**	**(114)**	(57)	(57)
Total Investment-Related Liabilities	**(27,095)**	**(26,511)**	(12,850)	(12,595)
Net Investment Assets	**$ 128,039**	**$ 117,090**	$ 124,439	$ 113,448

(i) Includes venture capital investments of $1,956 (December 31, 2021: $1,931).

(ii) There were no resource properties held as at December 31, 2022 and December 31, 2021.

(iii) Includes restricted cash of $223 (December 31, 2021: $287).

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. Level 1 primarily includes publicly-listed equity investments, cash and derivative contracts traded on a public exchange.

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,				**2022**
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed Income	**$ —**	**$ 16,492**	**$ 8,955**	**$ 25,447**
Public Equity	**16,371**	**—**	**231**	**16,602**
Private Equity	**—**	**—**	**31,128**	**31,128**
Infrastructure	**—**	**—**	**29,742**	**29,742**
Real Estate	**—**	**—**	**24,633**	**24,633**
Short-Term Instruments	**3,052**	**22,785**	**—**	**25,837**
Investment-Related Assets	**16**	**1,729**	**—**	**1,745**
Investment-Related Liabilities	**(52)**	**(27,043)**	**—**	**(27,095)**
Net Investment Assets	**$ 19,387**	**$ 13,963**	**$ 94,689**	**$ 128,039**

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

(b) The following table presents the changes in Level 3 investments for the year ended December 31, 2022:

	Fair Value Dec 31, 2021	Included in Total Investment Income (Loss)(i)	Transfers In(ii)	Transfers Out(ii)	Purchases	Sales and Return of Capital(iii)	Fair Value Dec 31, 2022	Unrealized Gains (Losses) Attributable to Investments in the Year(i) (iv)
Fixed Income	$ 9,393	$ 601	$ —	$ (537)	$ 4,151	$ (4,653)	$ 8,955	$ 16
Public Equity	224	16	—	—	—	(9)	231	7
Private Equity	25,333	4,408	60	(17)	5,702	(4,358)	31,128	3,189
Infrastructure	29,691	3,457	—	—	3,852	(7,258)	29,742	1,130
Real Estate	23,604	3,024	—	(60)	3,048	(4,983)	24,633	1,908
Total	$ 88,245	$ 11,506	$ 60	$ (614)	$ 16,753	$ (21,261)	$ 94,689	$ 6,250

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(v)	Transfers Out(v)	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

(i) Excludes the impact of foreign currency hedging activities.

(ii) Transfers out of Real Estate include an investment transferred into Private Equity. Transfers out of Fixed Income include investments where observable market inputs became available.

(iii) Includes realized foreign exchange gains and losses.

(iv) Separately identifies unrealized gains (losses) that are also included in the 'Included in Total Investment Income (Loss)' column.

(v) 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.

(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. In each case, 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.

Significant valuation inputs for private equity investments are primarily comprised of earnings before interest, taxes, depreciation and amortization (EBITDA) multiples and, in limited instances, revenue multiples. All else being equal, higher multiples equate to higher fair values, and vice versa.

The following table presents the sensitivity of Level 3 investment 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 one significant input may result in changes to a number of underlying assumptions which could amplify or reduce the impact on the valuation.

As at December 31,				2022	2021
	Significant Inputs	**Range of Inputs**	**Change in Significant Inputs**	**Change in Net Investment Assets**	Change in Net Investment Assets
Private credit	Discount rate	3.8% - 24.0% (2021: 1.1% - 18.3%)	**+/- 50 bps**	**$ -/+72**	$ -/+103
Private equity	Multiple[(i)]	4.5X - 21.5X (2021: 5.0X - 21.0X)	**+/- 0.50x**	**+/-865**	+/-730
Infrastructure investments	Discount rate	7.0% - 15.8% (2021: 7.0% - 15.8%)	**+/- 25 bps**	**-/+1,545**	-/+1,245
Real estate investments	Discount rate	4.4% - 10.0% (2021: 4.5% - 10.5%)	**+/- 25 bps**	**-/+701**	-/+730
Real estate investments	Terminal capitalization rate	3.0% - 8.5% (2021: 3.1% - 8.5%)	**+/-25 bps**	**-/+1,099**	-/+1,370

[(i)] Primarily reflects EBITDA and, in limited instances, revenue multiple.

The above sensitivity analysis excludes fund investments totaling $8,128 (December 31, 2021: $7,070) 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,			2022			2021
	Number of Investments	**Fair Value**	**Cost**	Number of Investments	Fair Value	Cost
Public Investments	**7**	**$ 13,154**	**$ 13,254**	3	$ 5,848	$ 5,226
Private Investments	**20**	**34,621**	**28,021**	15	22,891	19,343
Total	**27**	**$ 47,775**	**$ 41,275**	18	$ 28,739	$ 24,569

Public investments in the table above include an interest in an integrated logistics company and certain fixed income investments.

Private investments in the table above include:

- ownership interests in Ares AO Middle Market Credit LP Fund, Associated British Ports, BridgeTex, Bruce Power, Caliber Collision Centers, Deutsche Glasfaser, Ellevio, Inmar Inc., The Kenan Advantage Group, Inc., Leeward Renewable Energy, Lifelabs, London City Airport, ONCOR, Premise Health, Puget Energy, TurnPoint Services, VTG AG and XpFibre; 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, 2022.

D. Derivative Financial Instruments

The following table summarizes AC's use of derivatives. Notional values 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 values 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 values do not necessarily represent the amount of potential market risk or credit risk arising from derivatives.

As at December 31,		**2022**			2021	
		Fair Value			Fair Value	
	Notional Value	**Assets**	**Liabilities**	Notional Value	Assets	Liabilities
Fixed Income						
Interest Rate Contracts						
Swaps	**$ 225**	**$ 11**	**$ (2)**	$ 645	$ 6	$ (1)
Futures	**2,602**	**1**	**(1)**	753	–	–
Total Interest Rate Contracts		**12**	**(3)**		6	(1)
Credit Default Contracts						
Swaps	**10,467**	**–**	**–**	10,816	1	–
Swaptions						
- written	**–**	**–**	**–**	632	–	–
- purchased	**435**	**1**	**–**	632	1	–
Total Credit Default Contracts		**1**	**–**		2	–
Total Fixed Income		**13**	**(3)**		8	(1)
Equities						
Equity Contracts						
Swaps	**14,286**	**158**	**(329)**	15,343	414	(137)
Futures	**3,786**	**5**	**(11)**	3,484	3	(9)
Options						
- written	**3,326**	**–**	**(54)**	5,089	–	(75)
- purchased	**4,278**	**159**	**–**	7,743	195	–
Total Equity Contracts		**322**	**(394)**		612	(221)
Commodity Contracts						
Futures	**1,449**	**10**	**(7)**	1,548	5	(15)
Total Equities		**332**	**(401)**		617	(236)
Foreign Exchange Contracts						
Forwards	**32,043**	**142**	**(683)**	37,308	115	(292)
Options						
- written	**791**	**–**	**–**	–	–	–
- purchased	**2,558**	**9**	**–**	–	–	–
Total Foreign Exchange Contracts		**151**	**(683)**		115	(292)
Total		**$ 496**	**$ (1,087)**		$ 740	$ (529)

E. Investment Risk

AC's primary long-term investment risk is that the value of its assets and the capacity of those assets to generate investment income 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 or, if established by the Board, an ad hoc Asset-Liability Study 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.

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 inputs. 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, many of which are denominated in foreign currencies. AC centrally manages the strategy for foreign currency and assumes certain foreign exchange risks, measuring and considering them in the context of overall portfolio objectives, alongside other investment related risks discussed elsewhere. Net investment assets by currency, after the impact of currency hedging, are as follows:

As at December 31,		**2022**		2021
		Fair Value By Currency		Fair Value By Currency
Currency	**Net Exposure**	**% of Total**	Net Exposure	% of Total
United States Dollar	**$ 37,632**	**30 %**	$ 31,114	25 %
British Pound Sterling	**5,554**	**4**	5,988	5
Euro	**5,268**	**4**	3,529	3
Australian Dollar	**3,078**	**2**	1,829	1
Hong Kong Dollar	**2,347**	**2**	2,860	2
Indian Rupee	**2,042**	**2**	2,428	2
All Other	**4,172**	**3**	4,150	4
Total Foreign Currency Exposure	**60,093**	**47**	51,898	42
Canadian Dollar	**67,946**	**53**	72,541	58
Total	**$ 128,039**	**100 %**	$ 124,439	100 %

Foreign Currency Sensitivity

After giving effect to the impact of foreign currency hedges and holding constant all other variables and underlying values, a five per cent increase or decrease in the value of the Canadian dollar against all foreign currencies would result in an approximate $3,005 (December 31, 2021: $2,593) decrease or increase in AC's net assets as shown below:

As at December 31,	**2022**	2021
	Change in	Change in
Currency	**Unrealized Loss/Gain**	Unrealized Loss/Gain
United States Dollar	**$ -/+ 1,882**	$ -/+ 1,556
British Pound Sterling	**-/+ 278**	-/+ 299
Euro	**-/+ 263**	-/+ 176
Australian Dollar	**-/+ 154**	-/+ 91
Hong Kong Dollar	**-/+ 117**	-/+ 143
Indian Rupee	**-/+ 102**	-/+ 121
All Other	**-/+ 209**	-/+ 207
Total	**$ -/+ 3,005**	$ -/+ 2,593

(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 while liabilities with fixed rates of interest will increase in market value as interest rates rise, and vice versa.

Sensitivity to changes in interest rates

AC's exposure to a 50 basis point increase (decrease) in interest rates, 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 $181 (December 31, 2021: $176). 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 aggregate value of these public equities would result in an approximate increase (decrease) in public equity exposures and an unrealized gain (loss) of $2,995 (December 31, 2021: $3,644).

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 $103 (December 31, 2021: $221).

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;
- estimates ratings using an internal rating process, if no rating is available from selected reputable credit rating agencies for credit investments; 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,		Sovereign Governments		Provincial Governments		Corporate		Total	% of Total
									2022
AAA	$	**9,686**	$	**—**	$	**4**	$	**9,690**	**19 %**
AA		**15,022**		**60**		**11,001**		**26,083**	**51**
A		**—**		**—**		**1,444**		**1,444**	**3**
BBB		**95**		**—**		**4,186**		**4,281**	**8**
Below BBB		**—**		**—**		**7,498**		**7,498**	**15**
Unrated		**—**		**—**		**2,288**		**2,288**	**4**
Total	$	**24,803**	$	**60**	$	**26,421**	$	**51,284**	**100 %**

As at December 31,		Sovereign Governments		Provincial Governments		Corporate		Total	% of Total
									2021
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 %

Unrated securities in the table above relate to private real estate debt and mortgages with a weighted average loan-to-value ratio at the time of issuance of no greater than 75%.

(ii) Margin and Collateral

AC is a counterparty to financial instruments that are subject to margin arrangements. 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 because the risks and rewards of the securities remain with the lender.

AC enters into securities repurchase transactions under Global Master Repurchase Agreements (GMRA), whereby AC sells securities to counterparties and simultaneously agrees to buy them back at a predetermined price in the future. Collateral is exchanged between the counterparties based on the current value of the securities sold under the agreements. AC does not derecognize any securities sold because the associated risks and rewards remain with the seller.

AC is permitted to sell or repledge collateral in the absence of default, with the exception of initial margin on OTC derivatives. The equivalent cash or securities must be returned to the counterparty should the counterparty demand a return of collateral. The fair value of collateral sold or repledged is $nil (December 31, 2021: $nil).

The fair value of collateral pledged and received, as well as securities sold under repurchase agreements is as follows:

As at December 31,		**2022**		2021
Derivative-related				
Collateral received	**$**	**911**	$	687
Collateral pledged		**2,195**		1,485
Securities borrowing				
Collateral pledged		**1,346**		1,395
Securities sold under repurchase agreements				
Gross amounts of securities sold under repurchase agreements		**12,503**		152
Collateral pledged		**12,512**		152

(iii) Right of Netting and Offset

AC is a counterparty to financial instruments that are subject to netting and offset arrangements. 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,							**2022**
					Related amounts not set off in the Consolidated Statement of Financial Position		
		Gross amounts of recognized Financial Instruments	**Less amounts offset in Consolidated Financial Statements**	**Net amounts presented in Consolidated Financial Statements**	**Amounts subject to netting arrangements**	**Financial collateral (received) pledged**	**Net amount**
Financial Assets							
Derivative assets	$	**496**	$ **–**	$ **496**	$ **(351)**	$ **(9)**	$ **136**
Total Financial Assets	$	**496**	$ **–**	$ **496**	$ **(351)**	$ **(9)**	$ **136**
Financial Liabilities							
Derivative liabilities	$	**(1,087)**	$ **–**	$ **(1,087)**	$ **351**	$ **168**	$ **(568)**
Securities sold short		**(1,013)**	**–**	**(1,013)**	**–**	**1,013**	**–**
Securities sold under repurchase agreements		**(12,503)**	**–**	**(12,503)**	**–**	**12,503**	**–**
Total Financial Liabilities	$	**(14,603)**	$ **–**	$ **(14,603)**	$ **351**	$ **13,684**	$ **(568)**

As at December 31,							2021
					Related amounts not set off in the Consolidated Statement of Financial Position		
		Gross amounts of recognized Financial Instruments	Less amounts offset in Consolidated Financial Statements	Net amounts presented in Consolidated Financial Statements	Amounts subject to netting arrangements	Financial collateral (received) pledged	Net amount
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 sold short		(862)	–	(862)	–	862	–
Securities sold under repurchase agreements		(152)	–	(152)	–	152	–
Total Financial Liabilities	$	(1,543)	$ –	$ (1,543)	$ 410	$ 1,095	$ (38)

c) Liquidity Risk

Liquidity risk is the risk that AC will encounter difficulty in meeting cash flow obligations as they come due. 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 monitors its liquidity position to ensure sufficient liquid assets are available to meet cash and collateral requirements and other obligations.

As at December 31, 2022, AC maintained $23,071 of liquid assets comprised of $25,837 cash and short-term deposits, $2,670 inflation-linked bonds, $7,076 Canadian and United States government securities, all net of $12,512 pledged collateral (December 31, 2021: $25,137 of liquid assets comprised of $17,890 cash and short-term deposits, $2,957 inflation-linked bonds, $4,442 Canadian and United States government securities, all net of $152 pledged collateral).

(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,			2022					2021
	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)	**$ 3,720**	**$ 6,573**	**$ 3,321**	**$ 13,614**	$ 2,060	$ 6,642	$ 2,325	$ 11,027
Securities sold short	**158**	**448**	**407**	**1,013**	72	278	512	862
Securities sold under repurchase agreements	**12,503**	**—**	**—**	**12,503**	152	—	—	152
Payables and other liabilities	**936**	**—**	**—**	**936**	619	—	—	619
Interest rate contracts	**3**	**—**	**—**	**3**	1	—	—	1
Equity contracts	**394**	**—**	**—**	**394**	221	—	—	221
Commodity contracts	**7**	**—**	**—**	**7**	15	—	—	15
Foreign exchange contracts	**683**	**—**	**—**	**683**	292	—	—	292
Total	**$ 18,404**	**$ 7,021**	**$ 3,728**	**$ 29,153**	$ 3,432	$ 6,920	$ 2,837	$ 13,189

(i) Includes commercial paper which is due within 1 year of $1,618 (December 31, 2021: $1,201).

Other liabilities included in the Consolidated Statement of Financial Position of $354 (December 31, 2021: $350) are due within 1 year.

The term to maturity of AC's derivative liabilities based on notional value is as follows:

As at December 31,			2022					2021
	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	**$ 2,081**	**$ —**	**$ —**	**$ 2,081**	$ 126	$ —	$ —	$ 126
Credit default contracts	**—**	**—**	**—**	**—**	632	—	—	632
Equity contracts	**16,156**	**—**	**—**	**16,156**	11,955	—	—	11,955
Commodity contracts	**620**	**—**	**—**	**620**	950	—	—	950
Foreign exchange contracts	**22,846**	**—**	**—**	**22,846**	20,060	—	—	20,060
Total	**$ 41,703**	**$ —**	**$ —**	**$ 41,703**	$ 33,723	$ —	$ —	$ 33,723

(ii) Commercial paper

OFT is authorized to issue up to an equivalent of $5,000 (December 31, 2021: $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 $1,618 was issued as at December 31, 2022 (December 31, 2021: $1,201).

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 a $3,900 (December 31, 2021: $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. As at December 31, 2022, $nil was drawn against this facility (December 31, 2021: $nil).

NOTE 4

Investment Liabilities

AC's investment liabilities are as follows:

As at December 31,		2022		2021
Debt	$	**11,442**	$	10,631
Securities sold short		**1,013**		862
Securities sold under repurchase agreements		**12,503**		152
Payables and other liabilities		**936**		619
Total	$	**25,894**	$	12,264

Total debt with recourse to AC is comprised of the following:

As at December 31,			2022				2021
	Fair Value	**Cost**	**Weighted Average Interest Rate**		Fair Value	Cost	Weighted Average Interest Rate
Real Estate							
Credit facilities	$ **419**	$ **419**	**4.66 %**		$ 450	$ 450	0.90 %
Infrastructure							
Secured debt	**519**	**411**	**3.83**		1,070	1,019	1.43
OMERS Finance Trust							
Commercial paper (i)	**1,618**	**1,618**	**4.26**		1,201	1,201	0.23
Term notes	**8,886**	**9,510**	**1.85**		7,904	8,120	1.54
Credit facility (ii)	**—**	**—**	**—**		6	6	0.50
Total	$ **11,442**	$ **11,958**	**2.39 %**		$ 10,631	$ 10,796	1.36 %

(i) As at December 31, 2022, commercial paper outstanding has maturities from January 4, 2023 to March 9, 2023 with interest rates ranging from 1.56% to 4.71%.

(ii) €225 revolving credit facility expires on September 27, 2023 with an interest rate of EURIBOR + 0.50%. At December 31, 2022, €nil was drawn (December 31, 2021: €3.9).

OFT is authorized to issue term notes, which are unconditionally and irrevocably guaranteed by AC. As at December 31, 2022, term notes totaling $8,886 are outstanding (December 31, 2021: $7,904) and details are shown in the table below:

Maturity	Original Term	Currency	Principal Amount	Coupon
April 14, 2023	3 years	USD	1,000	1.125%
May 2, 2024	5 years	USD	1,250	2.500%
May 13, 2025	5 years	EUR	1,000	0.450%
March 26, 2026	5 years	USD	1,000	1.100%
April 21, 2027	7 years	CAD	1,250	1.550%
May 14, 2029	10 years	CAD	1,000	2.600%
April 19, 2032	10 years	USD	600	3.500%
April 19, 2052	30 years	USD	500	4.000%

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 Toronto Metropolitan University (formerly 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,		2022		2021
Administered Funds	$	**1,807**	$	1,742
OMERS Return Agreements		**2,168**		2,029
Amounts payable under contractual agreements	$	**3,975**	$	3,771

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,		2022		2021
Net Assets Available for Benefits	$	**124,206**	$	120,727
Accrued Pension Obligation and (Deficit) Surplus				
Defined benefit component				
Accrued pension obligation	$	**128,789**	$	119,342
(Deficit) Surplus				
Funding (deficit) surplus		**(6,678)**		(3,131)
Actuarial value adjustment of net assets		**578**		3,062
		(6,100)		(69)
Additional Voluntary Contributions component obligation		**1,517**		1,454
Total Primary Plan Accrued Pension Obligation and (Deficit) Surplus	$	**124,206**	$	120,727

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,		2022	2021
Statement of Changes in Net Assets			
Net investment income (loss)	$	**4,924**	$ 16,415
Contributions		**4,593**	4,499
Benefits paid		**(5,926)**	(5,483)
Pension administrative expenses		**(112)**	(104)
Total Increase		**3,479**	15,327
Net Assets Available for Benefits, Beginning of Year		**120,727**	105,400
Net Assets Available for Benefits, End of Year	$	**124,206**	$ 120,727

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, 2021 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	**2022**	2021
Assumed rate of long-term inflation	**2.00 %**	2.00 %
Real discount rate	**3.75**	3.75
Nominal discount rate	**5.75 %**	5.75 %

An adjustment for the assumed short-term inflation rate was introduced in the actuarial valuation as at December 31, 2022 to incorporate the expected continuation of an elevated rate of inflation in Canada through 2024. The cost of living adjustments reflecting inflation assumptions used in the actuarial valuation as at December 31, 2022 were 5.50% for the year 2024, 3.00% for the year 2025, and 2.00% for the years 2026 and beyond. The cost of living adjustment used in the December 31, 2021 actuarial valuation was 2.00% for all years. A 0.50% increase (decrease) in the cost of living adjustments for the years 2024 and 2025 (with no change in other assumptions) would result in an approximate increase (decrease) in the accrued pension obligation of $700.

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 long-term 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:

	2022				2021			
	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 long-term 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 nominal 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,	**2022**	2021
Nominal discount rate		
Decrease in assumption	**$ 9,700**	$ 9,200
Increase in assumption	**(8,600)**	(8,100)
Real rate of pensionable earnings increases		
Decrease in assumption	**(2,000)**	(2,000)
Increase in assumption	**2,100**	2,100

The accrued pension obligation as at December 31, 2022 takes into account known changes in the Primary Plan membership up to October 30, 2022, actual inflationary increases to pension payments and deferred pension payments to be implemented as at January 1, 2023, and estimated pensionable earnings and credited service accruals in 2022.

The Primary Plan's financial position is summarized as follows:

As at December 31,	**2022**	2021
Primary Plan fair value of net assets available for benefits	**$ 124,206**	$ 120,727
Less: Additional Voluntary Contribution net assets	**1,517**	1,454
Defined benefit net assets available for benefits	**122,689**	119,273
Less: Actuarial value adjustment	**578**	3,062
Actuarial value of net assets available for benefits	**122,111**	116,211
Less: Defined Benefit accrued pension obligation	**128,789**	119,342
Funding (deficit) surplus of actuarial value of net assets available for benefits over accrued pension obligation	**(6,678)**	(3,131)
Actuarial value adjustment to net assets available for benefits	**578**	3,062
(Deficit) Surplus of net assets available for benefits over accrued pension obligation	**$ (6,100)**	$ (69)

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,	2022	2021
Expected interest on beginning actuarial value adjustment (i)	$ **203**	$ (301)
Current year returns in excess of (below) the actuarial smoothing rate not recognized in the year (i)	**(2,397)**	7,358
Prior years' returns (above) below the actuarial smoothing rate recognized in the year	**(290)**	449
(Decrease) Increase in actuarial value adjustment	**(2,484)**	7,506
Actuarial value adjustment, beginning of year	**3,062**	(4,444)
Actuarial value adjustment, end of year	$ **578**	$ 3,062

(i) Based on the actuarial smoothing rate in effect during the year of 6.63% (2021: 6.78%).

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 2023 through 2026. These amounts accrete annually at the actuarial smoothing rate for 2023, which is 7.97%.

Initial Year Earned	Actuarial Smoothing Rate in Effect for the Year	Actuarial Value Adjustment as at Dec. 31, 2022	Unrecognized Investment Returns to be Recognized in 2023	2024	2025	2026	Actuarial Value Adjustment as at Dec. 31, 2021
2018	6.00 %	$ **—**	$ —	$ —	$ —	$ —	$ (830)
2019	6.00 %	**1,337**	1,444	—	—	—	2,508
2020	5.90 %	**(4,247)**	(2,293)	(2,475)	—	—	(5,974)
2021	6.78 %	**5,885**	2,118	2,287	2,469	—	7,358
2022	6.63 %	**(2,397)**	(647)	(699)	(754)	(814)	—
		$ **578**	$ 622	$ (887)	$ 1,715	$ (814)	$ 3,062

Starting from its December 31, 2021 determination, the actuarial value adjustment is constrained such that the resulting actuarial value of net assets is no more than 15% different from the fair value of net assets. As at December 31, 2022 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 on 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) $180,944 for 2022 (2021: $180,505). 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,		2022		2021
Net Assets Available for Benefits	$	**176**	$	192
Accrued Pension Obligation and (Deficit) Surplus				
Accrued pension obligation	$	**1,235**	$	1,144
(Deficit) Surplus		**(1,059)**		(952)
Accrued Pension Obligation and (Deficit) Surplus	$	**176**	$	192

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,		2022		2021
Net investment income (loss)	$	**(12)**	$	22
Contributions		**31**		29
Benefits paid		**(34)**		(33)
Administrative expenses		**(1)**		(1)
Total (Decrease) Increase		**(16)**		17
Net assets available for benefits, beginning of year		**192**		175
Net assets available for benefits, end of year	$	**176**	$	192

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, 2022 is 3.10% (December 31, 2021: 3.10%), 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 long-term inflation rate) were last updated in 2020 and are as follows:

	2022				2021			
	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 long-term 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,		2022		2021
Nominal discount rate before reflecting the 50 per cent refundable tax				
Decrease in assumption	$	**56**	$	54
Increase in assumption		**(53)**		(50)
Real rate of pensionable earnings increases				
Decrease in assumption		**(76)**		(79)
Increase in assumption		**175**		199

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,					2022
	Investment Income	Net Gain (Loss) on Investment Assets and Liabilities (ii)	Total Investment Income (Loss) (i)	Investment Management Expenses (note 12)	Net Investment Income (Loss)
Fixed Income					
Inflation-linked bonds	$ 12	$ 81	$ 93	$ (9)	$ 84
Nominal bonds and debentures	233	(614)	(381)	(26)	(407)
Private debt and mortgages	650	10	660	(99)	561
Total Fixed Income	895	(523)	372	(134)	238
Equities					
Canadian public equities	115	(164)	(49)		
Non-Canadian public equities	254	(2,101)	(1,847)		
Public equities	369	(2,265)	(1,896)	(117)	(2,013)
Canadian private equities	90	(77)	13		
Non-Canadian private equities	782	3,515	4,297		
Private equities	872	3,438	4,310	(263)	4,047
Total Equities	1,241	1,173	2,414	(380)	2,034
Real Assets					
Infrastructure	1,345	1,846	3,191	(147)	3,044
Real estate (iii)	840	1,995	2,835	(26)	2,809
Total Real Assets	2,185	3,841	6,026	(173)	5,853
Short-Term Instruments					
Cash and short-term deposits	181	132	313	(6)	307
Derivatives	—	(3,471)	(3,471)	—	(3,471)
Investment liabilities	(171)	412	241	—	241
Total Investment Income (Loss)	$ 4,331	$ 1,564	$ 5,895	$ (693)	$ 5,202
Less: Income credited under contractual agreements					290
Net Investment Income (Loss)					$ 4,912

For the year ended December 31,					2021
	Investment Income (iv)	Net Gain (Loss) on Investment Assets and Liabilities (ii)	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	556	(107)	449	(83)	366
Total Fixed Income	723	(147)	576	(109)	467
Equities					
Canadian public equities	210	768	978		
Non-Canadian public equities	201	1,247	1,448		
Public equities	411	2,015	2,426	(109)	2,317
Canadian private equities	257	515	772		
Non-Canadian private equities	455	3,448	3,903		
Private equities	712	3,963	4,675	(307)	4,368
Total Equities	1,123	5,978	7,101	(416)	6,685
Real Assets					
Infrastructure	1,744	243	1,987	(106)	1,881
Real estate (iii)	813	1,516	2,329	(20)	2,309
Total Real Assets	2,557	1,759	4,316	(126)	4,190
Short-Term Instruments					
Cash and short-term deposits	20	(159)	(139)	(6)	(145)
Derivatives	—	5,434	5,434	—	5,434
Investment liabilities	(115)	363	248	—	248
Total Investment Income (Loss)	$ 4,308	$ 13,228	$ 17,536	$ (657)	$ 16,879
Less: Income credited under contractual agreements					442
Net Investment Income (Loss)					$ 16,437

(i) Total Investment Income (Loss) includes interest, dividends and net real estate operating income, net of external manager performance and pooled fund fees of $37 (2021: $110).

(ii) Net Gain (Loss) on Investment Assets and Liabilities is net of transaction and pursuit costs of $526 (2021: $371) and includes a net realized gain of $451 (2021: gain of $8,132) from foreign exchange and sale of assets.

(iii) Net real estate operating income includes Oxford Properties Group's operating expenses (net of property management income) of $66 (2021: $78). The total audit costs are $5 (2021: $4).

(iv) For 2021 presentation, Investment Income (Loss) from Investment Liabilities is reclassified from other line items, with no impact to Total Investment Income (Loss).

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:

a. Returns are calculated as the percentage of applicable income to the fair value of the applicable net assets during the period.
b. Fair value is determined as described in Note 2.
c. Income is determined as described in Notes 2 and 8.
d. 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,	**2022**	2021
OMERS Primary Plan		
Total Gross Return	**4.75 %**	16.41 %
Returns applicable to OMERS Return Agreements		
OMERS Infrastructure	**12.01 %**	10.88 %
Oxford Properties	**9.38 %**	12.58 %

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, 2022 was 4.2% (December 31, 2021: 15.7%).

NOTE 10

Contributions

For the year ended December 31,		**2022**		2021
Current year required contributions (i)				
From employers	**$**	**2,207**	$	2,138
From members		**2,207**		2,138
		4,414		4,276
Transfers from other pension plans		**47**		64
Past service contributions from members		**80**		92
Past service contributions from employers		**15**		14
Defined benefit contributions		**4,556**		4,446
AVC contributions received		**68**		82
Total contributions (ii)	**$**	**4,624**	$	4,528

(i) Current year service contributions are funded equally by employers and active members. For NRA 65 members, the 2022 contribution rate was 9.0% (2021: 9.0%) of earnings up to $64,900 (2021: $61,600) and 14.6% (2021: 14.6%) of earnings above that level. For NRA 60 members, the 2022 contribution rate was 9.2% (2021: 9.2%) of earnings up to $64,900 (2021: $61,600) and 15.8% (2021: 15.8%) of earnings above that level.

(ii) As at December 31, 2022, OMERS had 1,037 employers (December 31, 2021: 1,030). 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,		2022		2021
Retirement benefits	$	**4,943**	$	4,573
Disability benefits		**29**		29
Death benefits		**137**		149
Transfers to other pension plans		**104**		72
Commuted value payments		**682**		638
Defined benefits paid		**5,895**		5,461
AVC benefits paid		**65**		55
Total benefits paid	$	**5,960**	$	5,516

NOTE 12

Pension Administrative and Investment Management Expenses

A. Pension Administrative Expenses

For the year ended December 31,		2022		2021
Salaries, incentives and benefits	$	**72**	$	68
Technology and systems development		**20**		19
Premises and equipment		**6**		5
Professional services and fees (i)		**10**		10
Travel and communication		**5**		3
Total Pension Administrative Expenses	$	**113**	$	105

B. Investment Management Expenses

For the year ended December 31,		2022		2021
Salaries, incentives and benefits (ii)	$	**504**	$	502
Technology and systems development		**42**		42
Premises and equipment		**30**		29
Professional services and fees (i)		**44**		33
Travel and communication		**27**		13
Investment management services		**51**		41
Other (income) expenses		**(5)**		(3)
Total Investment Management Expenses	$	**693**	$	657

(i) Professional services and fees include independent actuarial costs of $1 (2021: $1) and external audit costs of $4 (2021: $3).

(ii) Net of management fees of $41 (2021: $44) earned from portfolio investments.

NOTE 13

Related Party Disclosures

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 $140 (2021: $147), obtained development permits from municipal employers of $35 (2021: $nil) and paid utility payments to utility employers of $28 (2021: $26). The amounts of property taxes paid and services purchased 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 $20 (2021: $27). 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,		2022		2021
Salaries, short-term employee benefits and termination benefits	**$**	**10**	$	14
Post-employment benefits		**1**		1
Other long-term benefits		**10**		15
Total	**$**	**21**	$	30

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 ((deficit) surplus) 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, 2022 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, 2022 was last amended on February 28, 2022 with effective date of March 1, 2022.

For the RCA, 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 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, 2022 was last amended on February 28, 2022 with effective date of March 1, 2022.

The Primary Plan's AVC component accrued pension obligation is based on AVC contributions and net investment rates of return of the defined benefit component of the Primary Plan; as such, it does not have a (deficit) surplus position.

The Supplemental Plan has no members, net assets or accrued pension obligations. The Supplemental Plan SIP&P was last amended on February 28, 2022.

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 at Fair Value by Segment

As at December 31,		**2022**		2021 [ii]
Fixed Income				
Bonds	**$**	**8,946**	$	6,931
Credit		**20,312**		17,791
		29,258		24,722
Equities				
Public Equity		**16,308**		18,268
Private Equity		**23,215**		18,301
		39,523		36,569
Real Assets				
Infrastructure		**26,311**		25,441
Real Estate		**21,202**		19,843
		47,513		45,284
Cash and Funding		**9,963**		15,971
Total Investments	**$**	**126,257**	$	122,546
Reconciliation to Investments by asset class (note 3A)				
OMERS Return Agreements		**2,168**		2,029
RCA [i]		**101**		120
Other		**(487)**		(256)
Net Investment Assets (note 3A)	**$**	**128,039**	$	124,439

(i) Excludes refundable tax account.

(ii) The AC Board approved updates to the SIP&P, which reflected changes to the asset classifications for certain types of investments and became effective January 1, 2022. For 2021 presentation, the fair value of investments by segment have been adjusted to reflect the reclassification, with no impact to Total Investments.

B. Net Investment Income (Loss) by Segment

For the year ended,		2022		2021
Fixed Income				
Bonds	$	**(385)**	$	85
Credit		**900**		934
		515		1,019
Equities				
Public Equity		**(4,299)**		6,589
Private Equity		**2,613**		3,975
		(1,686)		10,564
Real Assets				
Infrastructure		**2,908**		2,267
Real Estate		**2,628**		2,532
		5,536		4,799
Cash and Funding		**632**		267
		4,997		16,649
Less: Administered Funds		**73**		234
Total Primary Plan		**4,924**		16,415
Add: RCA		**(12)**		22
Net Investment Income (Loss) (note 8)	$	**4,912**	$	16,437

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 $2.3 billion as at December 31, 2022 (December 31, 2021: $2.8 billion).

Future financial commitments and contingencies include those relating to acquisitions of investments, funds managed by third parties, development of infrastructure and real estate projects and refurbishment of a major infrastructure asset. As at December 31, 2022, $4.3 billion (December 31, 2021: $3.4 billion) is expected to be due within one year and $14.2 billion (December 31, 2021: $14.7 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, 2022, 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 C: 2022 Management's Discussion and Analysis

FUNDED RATIO

95%

2021: 97%

NET RETURN

4.2%

BENCHMARK: 7.2%
2021: 15.7%

REAL DISCOUNT RATE

3.75%

2021: 3.75%

NOMINAL DISCOUNT RATE

5.75%

2021: 5.75%

2022 ASSET MIX

Public Equity	23%
Credit	21%
Bonds	8%
Private Equity	18%
Infrastructure	21%
Real Estate	17%
Cash and Funding	(8)%

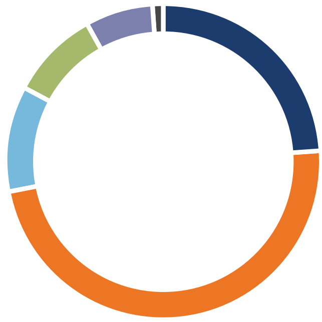
HISTORICAL NET RETURNS

2 Year	**9.8%**
3 Year	**5.4%**
4 Year	**7.0%**
5 Year	**6.1%**
10 Year	**7.5%**
20 Year	**7.6%**

NET ASSETS ($ BILLIONS)

2022	**124.2**
2021	**120.7**
2020	**105.4**
2019	**109.2**
2018	**97.3**

2022 ASSETS BY GEOGRAPHY



Canada	24%
U.S.	48%
Asia-Pacific	11%
Europe excluding U.K.	9%
United Kingdom (U.K.)	7%
Rest of the World	1%

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 27, 2023. The SC Board of Directors has reviewed and approved those sections that are relevant to SC's mandate, as at February 16, 2023.

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, inflation, demographics, technological factors, environmental and climate factors, and the ongoing geopolitical tensions. 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 from active members, and by the net 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** 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%, provided the pension is still in pay.
   - 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 Primary 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 and permanently 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 and is subject to a cap set out in the Primary Plan. 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 on 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 4.2% in 2022. In 2021, funds invested in AVCs earned the Primary Plan's return of 15.7%.

Retirement Compensation Arrangement (RCA) 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 active members and by the net 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, 2022 and December 31, 2021, no such agreement existed and hence the Supplemental Plan had no assets, no liabilities and no members.

Primary Plan Funding

The Plan's funded status is an indicator of its long-term financial health. The following table summarizes metrics relevant to understanding the Plan's funded status at December 31, 2022 and 2021:

$ billions unless otherwise indicated	December 31, 2022	December 31, 2021
Funding ratio[1]	**95%**	97%
Funded deficit[2]	**(6.7)**	(3.1)
Real discount rate	**3.75%**	3.75%
Nominal discount rate	**5.75%**	5.75%
Net assets on a smoothed basis	**122.1**	116.2
Net assets on a fair value basis	**122.7**	119.3
Accrued pension obligations	**128.8**	119.3
Unrecognized net investment gains or (losses)	**0.6**	3.1

1 Net assets on a smoothed basis divided by accrued pension obligations, rounded to the nearest whole percentage.
2 The difference between net assets on a smoothed basis and pension obligations.

The following table presents the changes in the funded ratio and funding deficit during the year:

		Funded Ratio %		Funding Deficit $ billions
Beginning of year		97		(3.1)
Impact of higher-than-expected price inflation				
Experienced price inflation	(3)		(3.8)	
Change to the short-term price inflation assumption	(1)		(1.6)	
		(4)		(5.4)
Interest on deficit		n/a		(0.2)
Contributions from members and employers to pay down the deficit		–		0.4
Smoothed investment return above the discount rate		1		0.7
Other factors		1		0.9
End of year		**95**		**(6.7)**

The Plan's funded ratio decreased from 97% at December 31, 2021 to 95% at December 31, 2022, while its funding deficit increased from $3.1 billion to $6.7 billion. This is the first decline in the Plan's funded ratio since 2012. The primary reason for the decrease in the funded ratio and the increase in the funding deficit is higher-than-expected price inflation which caused an overall increase in the funding deficit of $5.4 billion. OMERS pensions increase annually by a formula linked to Canada's Consumer Price Index. That formula generated an increase of 6.5%, of which 6.0% was applied to pensions in pay on January 1, 2023 and 0.5% which will be carried forward to increase pensions in 2024. This increase in the funding deficit in 2022 comprised:

1. $3.8 billion related to increases to pensions in pay, which rose at a rate above our 2.00% long-term assumption; and

2. $1.6 billion related to a change in our short-term inflation assumption for future increases to pensions: we expect that Canada's inflation rate will not return to our long-term assumption until sometime after 2023, and we therefore expect two additional future years of above-average annual pension payment increases.

The impact of inflation on the Plan is further described on page 45 of this MD&A.

Both the real and the nominal discount rate used to value the Plan's pension obligations remain unchanged from the prior year, at 3.75% and 5.75%, respectively.

The funding deficit and funded ratio are calculated by comparing the value of pension obligations to the smoothed value of assets. Under this approach, investment returns above or below a '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 volatility. The difference between the fair value and the smoothed value of assets is known as unrecognized net investment gains or losses. This amount will be recognized in the smoothed value of assets, the funded ratio and the funding deficit over the next four years.

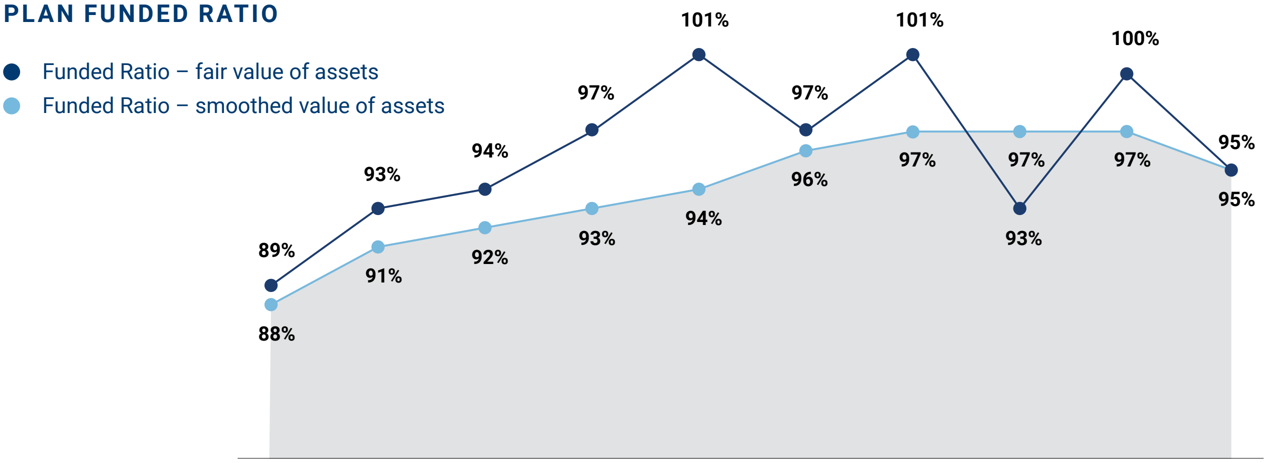
On a fair value basis, the funded ratio decreased from 100% as at December 31, 2021 to 95% as at December 31, 2022. As discussed above, the Plan's pension obligations grew by an amount that exceeded its growth in net investment assets during the year. The deficit on a fair value basis increased from $0.1 billion to $6.1 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, 2022		December 31, 2021	
	Funded Ratio %	Surplus (Deficit) $ millions	Funded Ratio %	Surplus (Deficit) $ millions
Smoothed basis	**95**	**(6,678)**	97	(3,131)
Unrecognized investment (losses) or gains	**–**	**578**	3	3,062
Fair value basis	**95**	**(6,100)**	100	(69)

The following chart tracks the funded ratio of the Plan over the past 10 years on a fair value and smoothed value basis.

PLAN FUNDED RATIO



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Real Discount Rate	4.25%	4.25%	4.25%	4.20%	4.00%	4.00%	3.90%	3.85%	3.75%	3.75%
Inflation Assumption	2.25%	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Nominal Discount Rate	6.50%	6.50%	6.25%	6.20%	6.00%	6.00%	5.90%	5.85%	5.75%	5.75%

OMERS has taken steps in recent years to manage funding risks that could impair our objective of providing sustainable, affordable and meaningful pensions to current and future members. These steps include progressively, yet prudently, lowering the real discount rate over the past 10 years, and amending the Plan's design in 2020 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.

Inputs Into the Valuation of the Plan's Pension Obligations

DISCOUNT RATE

The funded ratio as at December 31, 2022, was calculated at the same real discount rate used a year earlier. In 2022, we paused on the path of lowering the discount rate in light of the higher long-term interest rate environment. We will review our discount rate strategy in 2023.

INFLATION

For many years, OMERS long-term assumption for price inflation in actuarial valuations has been 2% per annum, and in recent years this assumption closely tracked with actual experience. However, since March 2021, the CPI year-over-year increase has trended upwards, reaching a high of 8.1% in June 2022. It has gradually declined in subsequent months, and there is general agreement among economic forecasters, including the Bank of Canada, that the deceleration in CPI will continue, and inflation will return to the Bank of Canada's long-term inflation target of 2%. For this reason, the Plan's valuation of pension liabilities maintains a long-term inflation assumption at 2.00%.

However, as discussed above, the valuation also adopts a short-term adjustment to this assumption, reflecting Cost-of-Living Adjustment (COLA), increases to pensions in pay of 5.5% for 2024 (including the 0.51% carry-forward resulting from the cap-affected January 2023 COLA) and 3.0% for 2025.

Plan Design

There were no changes to contribution rates or benefits in 2022.

In 2022, the SC Board committed to benefit and contribution stability for 2023, 2024 and 2025. The Plan's blended contribution rate for 2023 is estimated to be 20.9% of contributory earnings (2022 – 21.0%). This blended contribution rate continues to exceed the minimum funding contribution rate last filed with the provincial pension regulator.

Challenges Facing the Plan

We manage the Plan with a long-term focus. While no one can predict the future, we need to consider the possible outcomes that could alter funding requirements or Plan design.

We pay particular attention to potential challenges facing the Plan, in terms of their likelihood and impact, as well as to the opportunities that may present themselves.

Management regularly models these factors to assess options for improving the Plan's long-term financial health and for strengthening the Plan's resilience. After thorough analysis, we make adjustments to our investment strategies or Plan design when appropriate, in order to deliver a balance of stability, benefit security, affordability, and meaningfulness today and in the future.

Immediate funding challenges include near-term headwinds from higher levels of inflation, and from the lingering impact of the COVID-19 pandemic on the global economy and on OMERS employers' workforces. Long-term funding challenges include increasing plan maturity, more volatile and uncertain investment returns 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 impacts of these risks.

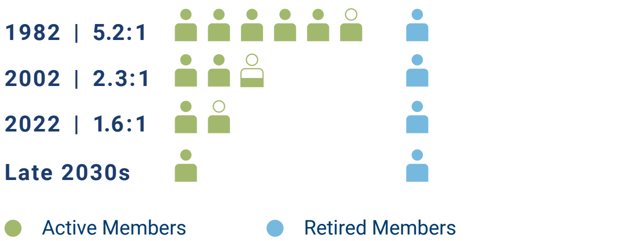
Increasing Plan Maturity

The Plan has been maturing for some time; this means that our retired membership is increasing relative to our active member population. Plan maturity could be accelerated 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 retire earlier than expected based on historical norms; or if member longevity continues to increase, as discussed below.

Countering these risks are some opportunities which could slow down the rate of maturity. These include a renewed appreciation for the work of municipal services following the COVID-19 pandemic leading to an expansion of services, and an increase in immigration levels, as recently announced by the Government of Canada, resulting in stronger population growth in Ontario, and therefore increased demand for municipal workers. As well, effective January 1, 2023, the Plan also has the opportunity to enroll new members who work non-full time for OMERS employers.

As the ratio of active to retired members continues to decline, pension payments will increasingly exceed pension contributions; in 2022, these totaled $5.9 billion and $4.5 billion, respectively. Based on existing Plan design, we expect the difference between the contributions received and benefits paid to continue to widen each year, but we anticipate this difference will remain within 2% of net assets for at least the next decade. This trend increases the Plan's reliance on investment income to pay pensions, making the Plan more vulnerable to any economic downturns. Our risk tolerance decreases as the Plan matures.

PLAN MATURITY



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.

Inflation

Both price inflation and wage inflation can impact Plan funding. Price inflation above our long-term assumptions increases the COLA applied to pension benefits in pay, resulting in higher-than-expected benefit payments and pension obligations.

Wage inflation above our long-term assumptions also results in higher pension obligations. This is because pension benefits are based on the best 60 months of member earnings.

The impact of higher-than-expected inflation on the Plan's future investment returns differs across assets: some will benefit, while others will be negatively affected. We believe that our significant allocation to real assets, and our low allocation to nominal bonds, should help to mitigate this inflation risk.

Uncertain and Volatile Investment Return

The investing environment and path of future returns remains uncertain as the world faces global disruptions from geopolitical challenges, with high inflation, rapidly rising nominal interest rates and an increased risk of economic recession. Higher interest rates provide opportunities for improved returns from fixed income investments but increase the cost of borrowing for investment strategies that employ leverage, and increase the relative attractiveness of fixed income assets to other asset classes.

The impacts of climate change are similarly unclear and present both investment risk and opportunities. Losses from stranded assets, the costs of adverse weather events and the costs of mitigation present risks to future returns, while opportunities include investing in the transition to a low-carbon economy. Further escalations of geopolitical tensions could also affect long-term returns.

As a result, global growth could be erratic. The path of interest rates and public equity valuations, as well as fierce competition for private assets, could impact 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 these risks, OMERS regularly monitors the suitability of our investment strategies and periodically conducts studies to inform the selection of our asset mix. OMERS last completed an Asset-Liability Study in 2022, and will conduct another one in 2023, as further discussed below.

Adverse Demographic Experience

Adverse demographic experience includes increased longevity, higher-than-expected salary increases (from wage inflation or otherwise), and accelerated member retirement trends. If demographic experience differs adversely from our actuarial expectations we may be required to increase the value of our pension obligations and, therefore, our funding requirements.

Life expectancy has steadily increased over time. This means retirees have been collecting and will collect pensions for longer periods than retirees who preceded them. We assume that longevity will continue to increase; however, if longevity improves faster than our assumption, our pension obligations will increase.

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. We will conduct a new study in 2023.

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 on 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.

In 2022, the RCA generated a net loss of 10.4% (2021 – return 20.7%), compared to the public equity benchmark's loss of 10.1%. The RCA invests primarily in passively managed Canadian and foreign equity funds, whose performance follow broad public equity indices, less the fund's management expenses. This represents a net investment loss of $12 million (2021 – income $22 million). During the year, RCA received contributions of $31 million (2021 – $29 million), paid out benefits of $34 million (2021 – $33 million) and administrative expenses of $1 million (2021 – $1 million). These activities resulted in a net decrease in the net assets available for benefits of $16 million (2021 – increase of $17 million).

At December 31, 2022, the RCA's net assets totalled $176 million (2021 – $192 million) and its accrued pension obligations were $1,235 million (2021 – $1,144 million).

Investment Results: Primary Plan

Economic Environment

In 2022, the global economy experienced prolonged and acute stress from high global inflation; aggressive monetary tightening by numerous central banks; elevated geopolitical tensions, including the Russia-Ukraine conflict; and the lingering consequences of the global pandemic and responses to it. This stress resulted in a broad slowdown in economic growth across major economies.

Inflation continued to remain elevated and persistently above central bank targets across major economies. In each of Canada and the U.S., inflation peaked to a near 40-year high during the year, driven primarily by increased post-lockdown consumer demand for goods and services, elevated energy prices and global supply chain disruptions.

As a result, the central banks of major economies embarked on aggressive monetary tightening, rapidly hiking overnight interest rates in an effort to bring inflation within target ranges. The Bank of Canada overnight rate and U.S. Federal Reserve target interest rate range each increased by 400 bps and 425 bps in 2022. 10-year U.S. Treasury and Canadian government bond yields rose 236 bps and 186 bps.

In financial markets, impacts of aggressive monetary tightening and high inflation were widespread, and major equity and bond market indices suffered sharp declines. The following chart illustrates the performance of major equity and bond market indices in 2022, reported on a Canadian dollar basis, unless otherwise noted:

MAJOR PUBLIC MARKET INDICES

In this context, the Primary Plan earned a positive investment return for the year, net of expenses, of 4.2%, or $4.9 billion. This compares to a one-year absolute benchmark, approved by the AC Board in December 2021, of 7.2%, and to a net return of 15.7%, or $16.4 billion in the prior year.

Results

NET RETURN

4.2%

2021: 15.7%
10-YEAR AVERAGE: 7.5%

BENCHMARK

7.2%

NET INCOME

$4.9B

2021: $16.4B

NET ASSETS

$124.2B

2021: $120.7B

ASSET MIX

Our investment strategy is driven by our pension liabilities, with a focus on managing risk, achieving requisite returns and cash flows, and protecting our funded status. We maintain a disciplined approach to asset allocation and portfolio construction, and we employ diversification, a long-term investment horizon, direct investment strategies and financial and economic leverage to achieve our objectives. This strategy resulted in the Plan earning a positive one-year net investment return of 4.2% in 2022. Our private equity, infrastructure and real estate asset classes each exceeded their one-year absolute net investment return benchmarks. Our public investments – which comprise public equities, bonds and credit – did not achieve their absolute benchmarks, though their performance was in line with or exceeded relevant broad market indices'.

Asset class investment returns for the Primary Plan and RCA for 2022 and 2021 are presented in the table below. The primary factors explaining the Plan's performance are presented in the Introduction on page 5, and a review of each asset class's performance is presented in the following pages.

For the years ended December 31,		2022				2021
	Net Investment Income $ millions	Net Rate of Return %	Benchmark %	Net Investment Income $ millions	Net Rate of Return %	Benchmark %
Bonds	(385)	(3.8)		85	1.3	
Credit[1]	900	3.4		934	5.8	
Public Equity	(4,299)	(11.9)		6,589	20.7	
Cash and Funding	632	n/a		267	n/a	
Total Public Investments	(3,152)	(5.4)	5.7	7,875	14.6	5.8
Private Equity	2,613	13.7	11.2	3,975	25.8	8.0
Infrastructure	2,908	12.5	7.7	2,267	10.7	7.9
Real Estate	2,628	13.6	7.1	2,532	15.9	6.1
Total	4,997	4.2	7.2	16,649	15.7	6.6
Less: Income Credited to Administered Funds	73	4.2	7.2	234	15.7	6.6
Total Primary Plan	4,924	4.2	7.2	16,415	15.7	6.6
RCA Investment Fund[2]	(12)	(10.4)	(10.1)	22	20.7	20.5

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 2022 is (6.4)%, compared to 12.0% in 2021.

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 by incorporating forecasted short-term 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. Short- and long-term variable incentive compensation is tied to actual Canadian dollar performance against these benchmarks.

We also measure our investment performance over multi-year periods, as we maintain a long-term investment horizon, since 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 2022 net return, and our historical net returns over relevant multi-year periods:

	1-Year	2-Year	3-Year	4-Year	5-Year	10-Year
Net Return	4.2%	9.8%	5.4%	7.0%	6.1%	7.5%
Benchmark	7.2%	6.9%	6.9%	7.0%	7.1%	7.4%

Over the past five years, investors have experienced unprecedented market events, resulting in volatility in returns across much of the investing environment. The Plan's short-term returns reflect this volatility, as our 3- and 5-year returns are below their respective benchmarks, and 2- and 4-year returns have met or exceeded them.

The Plan's 10-year net return has exceeded the benchmark of 7.4%.

Please see the Reference section for details on financial results over the past ten years.

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. In early 2022, we concluded an Asset-Liability Study, and as a result, the AC Board approved the long-term target asset mix, which incorporates a higher allocation to private equities and infrastructure, and lower allocation to bonds. The updated long-term target asset mix is summarized in the adjacent chart.

Long-term Target Asset Mix	2022 Approved	Previous
Fixed Income	**27.5%**	**30.0%**
Bonds	7.5%	10.0%
Credit	20.0%	20.0%
Equities	**45.0%**	**45.0%**
Public Equities	27.5%	30.0%
Private Equities	17.5%	15.0%
Real Assets	**47.5%**	**45.0%**
Infrastructure	25.0%	22.5%
Real Estate	22.5%	22.5%
Cash and Funding	**(20.0)%**	**(20.0)%**
(includes cash and financing & derivative offsets)		

In connection with this process, the AC Board also approved an updated SIP&P, which reflected changes to the asset classifications for certain types of investments. These reclassifications were effective January 1, 2022 and had no impact on the Plan's total net investment assets. Specifically:

- Exposure offsets from credit default swaps and credit default swap indices and options, totalling $6,233 million, have been reclassified from Credit to Cash and Funding;
- Investments in intellectual properties, such as healthcare royalty streams totalling $1,460 million, have been reclassified from Private Equity to Credit; and
- Certain recourse debt balances have been reclassified from the asset class that was financed with those proceeds into Cash and Funding. These balances totalled $1,684 million.

The below table includes adjusted 2021 net exposure to illustrate these asset classification changes; the MD&A otherwise does not restate 2021 figures. Net returns were not significantly impacted by the reclassifications and are presented as disclosed in 2021's MD&A.

Since we completed this study in February 2022, Management believes that the economic environment has again experienced considerable changes, including shifts away from historical trends toward globalization of supply chains and inter-country dependencies, and rapid increases to interest rates to combat elevated levels of inflation. With this in mind, we plan to complete another Asset Liability Study in 2023 to evaluate the evolution of the market environment and ensure that our asset mix is optimized.

Our net exposure at December 31, 2022 totalled $126.3 billion (2021 – $122.5 billion), as set out in the table below. Net exposure at the end of 2022 includes balances related to administered funds of $1.8 billion (2021 – $1.7 billion), and other balances of $0.3 billion (2021 – $0.1 billion).

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 "Cash and Funding" category.

As at December 31,		2022		2021 (Adjusted)		2021
	Net Exposure $ millions	Asset Mix %	Net Exposure $ millions	Asset Mix %	Net Exposure $ millions	Asset Mix %
Fixed Income						
Bonds	**9,970**	**7.9**	7,684	6.3	7,684	6.3
Credit	**26,037**	**20.6**	24,326	19.8	16,912	13.8
	36,007		32,010		24,596	
Equities						
Public Equity	**29,652**	**23.5**	36,008	29.4	36,008	29.4
Private Equity	**23,215**	**18.4**	18,301	14.9	19,761	16.1
	52,867		54,309		55,769	
Real Assets						
Infrastructure[1]	**26,311**	**20.8**	25,441	20.8	24,036	19.6
Real Estate[1]	**21,202**	**16.8**	19,843	16.2	19,843	16.2
	47,513		45,284		43,879	
Cash and Funding	**(10,130)**	**(8.0)**	(9,057)	(7.4)	(1,698)	(1.4)
Total	**126,257**	**100.0**	122,546	100.0	122,546	100.0
Less: Administered Funds & Other Balances	**2,051**		1,819		1,819	
Total Primary Plan	**124,206**		120,727		120,727	

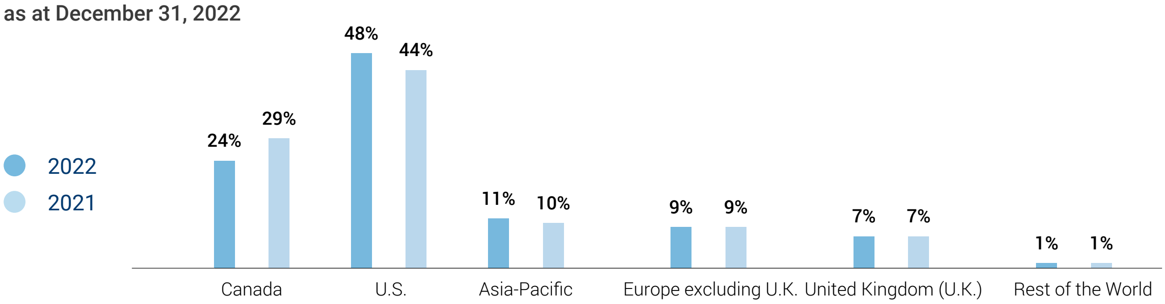
1 Presented net of liabilities related to OMERS Return Agreements, which are presented in Note 5 of the Consolidated Financial Statements.

Geographic Exposure

OMERS portfolio is diversified across primarily developed markets and geographies. While Canada continues to offer attractive 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, 2022



We do not have any direct investments in Russian-listed securities or direct private investments in Russia, and we consider our indirect exposure to Russia to be immaterial.

Currency Exposure

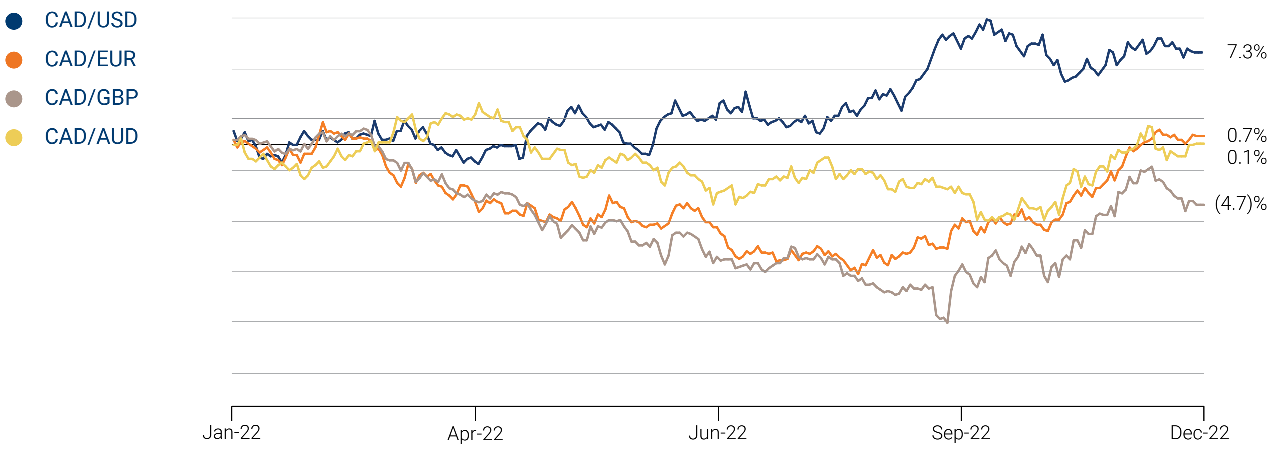
At the end of December 2019, OMERS was almost fully hedged against foreign currency fluctuations: only 8% of our investments were denominated in currencies other than the Canadian dollar, after giving effect to hedges. In 2020 we began increasing our exposure to foreign currencies through reduced use of foreign currency hedging contracts. We have continued on this path, and at December 31, 2022, 47% of our net exposure was exposed to foreign currencies, compared to 42% at the end of 2021.

Our exposures to currencies, net of any hedging effects, are summarized in the table below:

At December 31,		2022		2021
	$ millions	% of portfolio	$ millions	% of portfolio
Canadian Dollar	**66,233**	**53**	70,776	58
United States Dollar	**37,563**	**30**	30,988	25
British Pound Sterling	**5,554**	**4**	5,984	5
Euro	**5,268**	**4**	3,531	3
Australian Dollar	**3,078**	**2**	1,829	2
Other	**8,561**	**7**	9,438	7
Total	**126,257**	**100**	122,546	100

Doing so enhanced our available liquidity and balance sheet resilience to the market stresses we witnessed during the year. The U.S. dollar, which is broadly considered a safe-haven asset, strengthened against the Canadian dollar and most major currencies during the year. After a volatile year, the exchange rates of the Euro and Australian dollar to Canadian dollar ended relatively unchanged. The Pound Sterling similarly experienced volatility, and weakened over the year against the Canadian dollar. The diversification provided by our unhedged exposure to foreign currencies contributed $2.6 billion of unrealized foreign currency gains to our net investment income for the year, compared to $0.5 billion of unrealized foreign currency losses in 2021.

CANADIAN DOLLAR PERFORMANCE



Industry Exposure

OMERS portfolio is diversified across industries. The table below presents OMERS net exposure by industry based on Global Investment Industry Classification Standards (GICS) at December 31, 2022 and 2021.

As at December 31,	2022	2021
Real Estate	**17%**	16%
Government	**17%**	8%
Financials	**15%**	10%
Industrials	**13%**	11%
Utilities	**11%**	11%
Healthcare	**9%**	9%
Information Technology	**7%**	8%
Consumer Discretionary	**6%**	6%
Communication Services	**4%**	4%
Energy	**3%**	4%
Consumer Staples	**3%**	2%
Materials	**2%**	2%
Cash & Funding	**(7)%**	9%
Total	**100%**	100%

Liquidity and Capital Resources

We manage our liquidity and capital requirements with a diverse set of funding sources; we also use leverage prudently to support our liquidity management and to enhance our investment returns.

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. Our funding sources include income generated from our investments, the issuance of guaranteed commercial paper and term debt by OMERS Finance Trust (OFT), the use of derivatives and repurchase agreements, maintaining a portfolio of highly marketable securities, and contributions from our Plan members and employers.

Below is a summary of our available sources of liquidity:

As at December 31,	2022 $ billions	2021 $ billions
Liquid Assets[1]	**23.1**	25.1
Marketable Securities	**19.4**	20.4
Undrawn OFT Credit Line Capacity[2]	**4.2**	4.1

1 Liquid assets include cash and short-term deposits, inflation-linked bonds, Canadian and U.S. Government securities.
2 The credit facilities which may be drawn by OFT include a $3.9 billion three-year revolving credit facility maturing in 2025, which backstops our commercial paper program and is available for general corporate purposes; and a €225 million revolving credit facility maturing in 2023 which is also available for general corporate purposes.

As a means of diversifying our short-term liquidity sources, we established during the year a euro commercial paper program, enabling us to access commercial paper financing denominated in Euro, British Pound Sterling and Australian dollar, among other currencies. We also increased our use of repurchase agreements, which totalled $12.5 billion at December 31, 2022 (December 31, 2021 – $0.2).

OFT is an independent entity that issues debt unconditionally and irrevocably guaranteed by AC, and then extends loans to AC or/and entities in which AC has a majority economic interest.

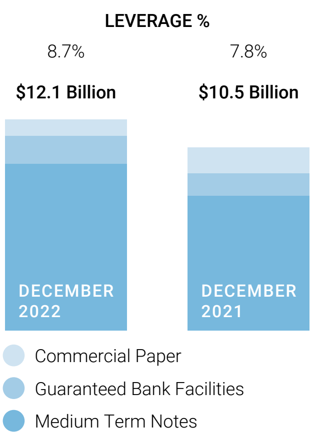
During the year, OFT issued USD $1.1 billion of sustainable term notes: a 10-year note of USD $600 million bearing a coupon of 3.50% maturing in 2032, and a 30-year note of USD $500 million bearing a coupon of 4.00% maturing in 2052.

At December 31, 2022, OFT had $9.5 billion (2021 – $8.1 billion) of outstanding term notes and $1.6 billion (2021 – $1.2 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.

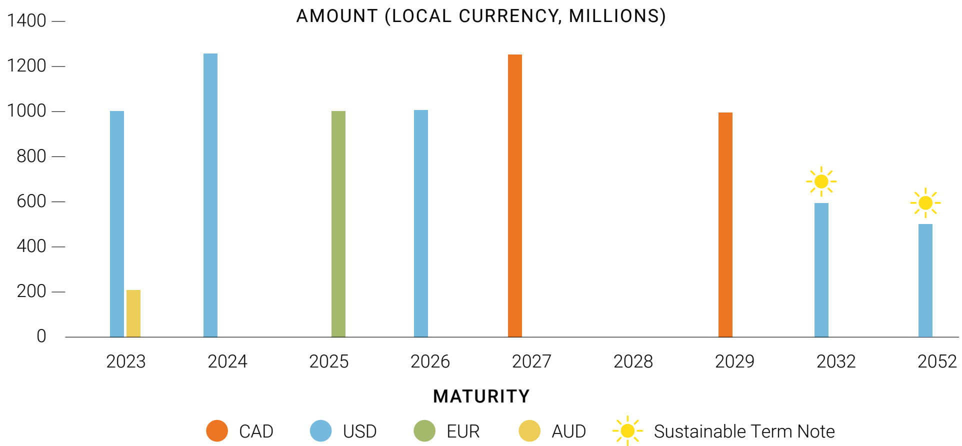
In addition to OFT's guaranteed debt, AC also unconditionally and irrevocably guarantees $0.8 billion (2021 – $1.5 billion) of debt for assets within our credit, infrastructure and real estate asset classes. This debt is generally used to fund development projects, credit investments and acquisitions.

Our leverage position and debt maturity profile are outlined below:

RECOURSE DEBT



MATURITY PROFILE OF OUTSTANDING DEBT OBLIGATIONS



At December 31, 2022, the weighted average interest rate on outstanding term debt was 2.39% (2021 – 1.36%). Of the outstanding debt, 68% 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 also 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 rating agencies. These agencies, and the long-term issuer rating each assigns, are presented in the table below:

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 $693 million in 2022, compared to $657 million in 2021. The increase is primarily driven by higher compensation from hiring talent globally to grow and support our diverse investment portfolio and increased investment management fees as we expand our presence in the Asia-Pacific region. Also, we incurred higher office operating costs, and travel expenses which normalized in 2022 as pandemic-related restrictions were lifted. This increase was partially offset by lower pay-for-performance due to OMERS total plan being below our 2022 benchmarks.

In addition to internal investment management expenses, we incurred expenses for external manager performance and pooled fund fees of $37 million in 2022 compared to $110 million in 2021. These lower amounts are commensurate with the lower performance of external managers during the year, affected by drawdowns in the financial markets.

These costs aggregate to a management expense ratio of 60 basis points in 2022, compared to 68 basis points in 2021.

Pension administration expenses totalled $113 million in 2022, compared to $105 million in 2021. In 2022, we responded to a year-over-year 176% increase in digital communication volumes, a 22% increase in transaction volumes, and a 6% increase in call volumes. We continued to invest in our pension technology, as we implement shared risk indexing and non-full time employee expansion, 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 articulated in our Statement of Investment Beliefs, Statement of Investment Policies and Procedures, and Sustainable Investing Policy, each of which is approved by the AC Board and can be found at omers.com. As a fiduciary, our approach to Sustainable Investing is grounded in assessments of how ESG factors inform or influence the value, risk and opportunity of our investments. Improvements in ESG data, metrics and disclosure will enhance the sustainability of our financial, social and environmental systems. We therefore believe that advocating for such improvements is in the best interests of our members.

Key highlights include:

- Conducted a comprehensive review of our Sustainable Investing Policy ("SI Policy"). OMERS SI Policy now provides more detail on our approach to integration, collaboration, and engagement, and added examples of the ESG factors that we consider when making investment decisions. Our SI Policy applies to all asset classes across OMERS portfolio. Its implementation varies by strategy in a manner consistent with our Sustainable Investing Framework.
- Calculated our 2021 portfolio carbon intensity, which was measured at 129 tCO_2e/$M revenue – equating to a decrease of 32% from our 2019 baseline, surpassing our 2025 goal of a 20% reduction.
- Established a 2030 interim goal of reducing portfolio carbon intensity by 50% from 2019 and created a $3 billion transition sleeve for assets playing a key role in the global transition towards a lower-carbon economy.
- Issued an inaugural Sustainable Bond which was comprised of USD $600 million of 10-year notes and USD $500 million of 30-year notes under our Sustainable Bond Framework and an inaugural Green Bond of $600 million CAD launched under Oxford's Green Financing Framework. The issuance of our first sustainable and green bonds is an example of our commitment to the development of markets for sustainable finance and demonstrates conviction in our ability to profitably deploy capital into assets with strong green and social attributes.
- Hosted an ESG Peer Forum with our fellow Canadian pension Sustainable Investing teams, where we identified several areas of opportunity to collaborate including engagement with regulators and data providers.

Further details on our 2022 activities are outlined throughout this section.

Our Approach to Sustainable Investing

Three overarching pillars guide our approach to sustainable investing: Integration, Collaboration and Engagement. Recognizing the rapid evolution of the ESG landscape, we approach this dynamic area with an open and nimble mindset and commit to enhancing our capabilities and practices to ensure they remain transparent, relevant, and effective over time.

INTEGRATION

We seek to integrate ESG factors into our investment analysis and decision-making processes and our asset management practices. Our investment and asset management teams assess ESG factors through processes tailored to the applicable asset class and investment strategy. Our investment approval processes require specific consideration of material ESG risks and opportunities. These factors include climate change, labour practices and human rights, inclusion and diversity, business conduct and Board composition, among others.

Each investment team has developed an ESG assessment framework and asset management practices tailored to their unique asset class characteristics.

Direct-Drive Assets

OMERS employs a direct-drive[1] strategy with the majority of its investment assets. For these investment strategies, we integrate relevant ESG factors into our investment due diligence and approval processes, highlighting material ESG factors to the investment approval bodies. We also integrate relevant ESG factors into our asset management approaches; our influence in this regard is commensurate with our level of ownership.

1 Direct-drive strategy refers to the use of internal investment teams to source and manage investment assets, versus external investment managers.

External Managers

We work with our partners and external investment and asset managers for those investments not managed directly by OMERS. We have processes within each business unit to assess their alignment with the principles described in this Policy. We perform ESG assessments when engaging new external investment and asset managers, with the objective of avoiding inconsistency with OMERS approach to sustainable investing. This assessment includes the review of the managers' applicable ESG policies, reports and procedures.

Investment Exclusions

We are conscious that restricting investments in entire industries or sectors limits the range of investment opportunities and overall portfolio diversification. As such, the criteria for exclusion is necessarily very stringent. Our preferred approach is active engagement rather than divestment. However, OMERS may assess specific industries or sectors against ESG factors to determine whether to exclude them from our investment portfolios. We have developed a risk-based, principled framework to determine exceptional circumstances where we exclude investments.

Currently, we exclude investments in entities engaged in the manufacturing of the following products: civilian firearms, anti-personnel landmines, cluster munitions, and tobacco.

COLLABORATION

We collaborate with like-minded organizations, investors, regulators and legislators with a view to improving the foundations for sustainable investment.

We recognize that the long-term health and sustainability of financial, environmental and social systems can impact the delivery of the pension promise. As such, we believe that through collaboration with like-minded institutions, advocacy, and partnership building, we amplify the impact that OMERS can have on ESG performance. 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.

Highlights of our collaboration efforts in 2022 include:

- Chief Executive Officer, Blake Hutcheson, continued in his role as Investor Leadership Network (ILN) CEO Council Co-Chair. As part of the ILN's mandate to advance diversity in investment and address climate risk, we contributed to the ILN Inclusive Finance Playbook[1] and the Net Zero Investor Playbook.[2]
- Chief Legal and Corporate Affairs Officer, Michael Kelly, continued in his role as a member of Canada's Sustainable Finance Action Council as well as its Disclosure Technical Expert Group, supporting mandated TCFD-based disclosure, and recommending strategies to improve the quality of climate-related disclosure for public and private assets.
- Chief Financial and Strategy Officer, Jonathan Simmons, continued in his role as Co-Chair of the Canadian Chapter of the Accounting for Sustainability (A4S) CFO Leadership Network. As part of their goal to inspire finance leaders to adopt sustainable and resilient business models, OMERS contributed to the Essential Guide to Incentivizing Action Along the Value Chain.[3]
- As a founding member of Climate Engagement Canada (CEC) OMERS contributes to the dialogue between the financial community and Canadian corporations to promote a just transition to a net-zero economy. In 2022, OMERS commenced engagements with several of the companies on the CEC Focus List and joined the CEC Industry Leaders Advisory Panel.

1 https://investorleadershipnetwork.org/wp-content/uploads/ILN_Playbook_VFinal_2022.pdf
2 https://investorleadershipnetwork.org/wp-content/uploads/ILN-Net-Zero-Investor-Playbook_2022.pdf
3 https://www.accountingforsustainability.org/content/dam/a4s/corporate/home/KnowledgeHub/Guide-pdf/A4S%20Essential%20Guide%20to%20Incentivizing%20Action%20Along%20the%20Value%20Chain.downloadasset.pdf

Advocacy

We are committed to promoting better transparency in ESG data and disclosure to improve the functioning of financial markets at the system or macro level. Building on our support for the establishment of the International Sustainability Standards Board ("ISSB") and the consolidation of leading investor-focused sustainability disclosure organizations, such as the Sustainability Accounting Standards Board ("SASB"), we continued to advocate for greater sustainability-related disclosure in 2022. For example, we continued to advocate for the harmonization of disclosure frameworks and standards that support frameworks that have been widely adopted by issuers and stakeholders, such as the Task Force on Climate-related Financial Disclosures ("TCFD"). Throughout the year, we also provided formal responses to consultations led by the Canadian Securities Administrators, the U.S. Securities and Exchange Commission ("SEC") and the Canadian Association of Pension Supervisory Authorities. In addition to our own submissions, we collaborated with our Canadian pension peers in submitting a joint response to the SEC and ISSB. Links to our full responses can be found on our website.

ENGAGEMENT

We seek to actively engage with our investee companies and other stakeholders to promote sustainable business practices and long-term thinking. Our approach to engagement is informed by our investment strategy and the level of control and influence we have in the investment asset.

Engagement with investee companies is critical to our stewardship of OMERS Plan assets. Through our engagement activities, including our proxy voting program, we seek to encourage actions by company boards and management teams that will enhance long-term shareholder value.

Proxy Voting

Consistent with our fiduciary obligations, OMERS exercises its ownership rights by voting proxies in a manner intended to optimize the long-term value of its investments. In 2022, we voted:

- on 6,229 items at 737 meetings; and
- for 42 shareholder proposals on environment and social items that included GHG reduction, reporting, and lobbying, as well as disclosure of sustainability information and diversity and inclusion.

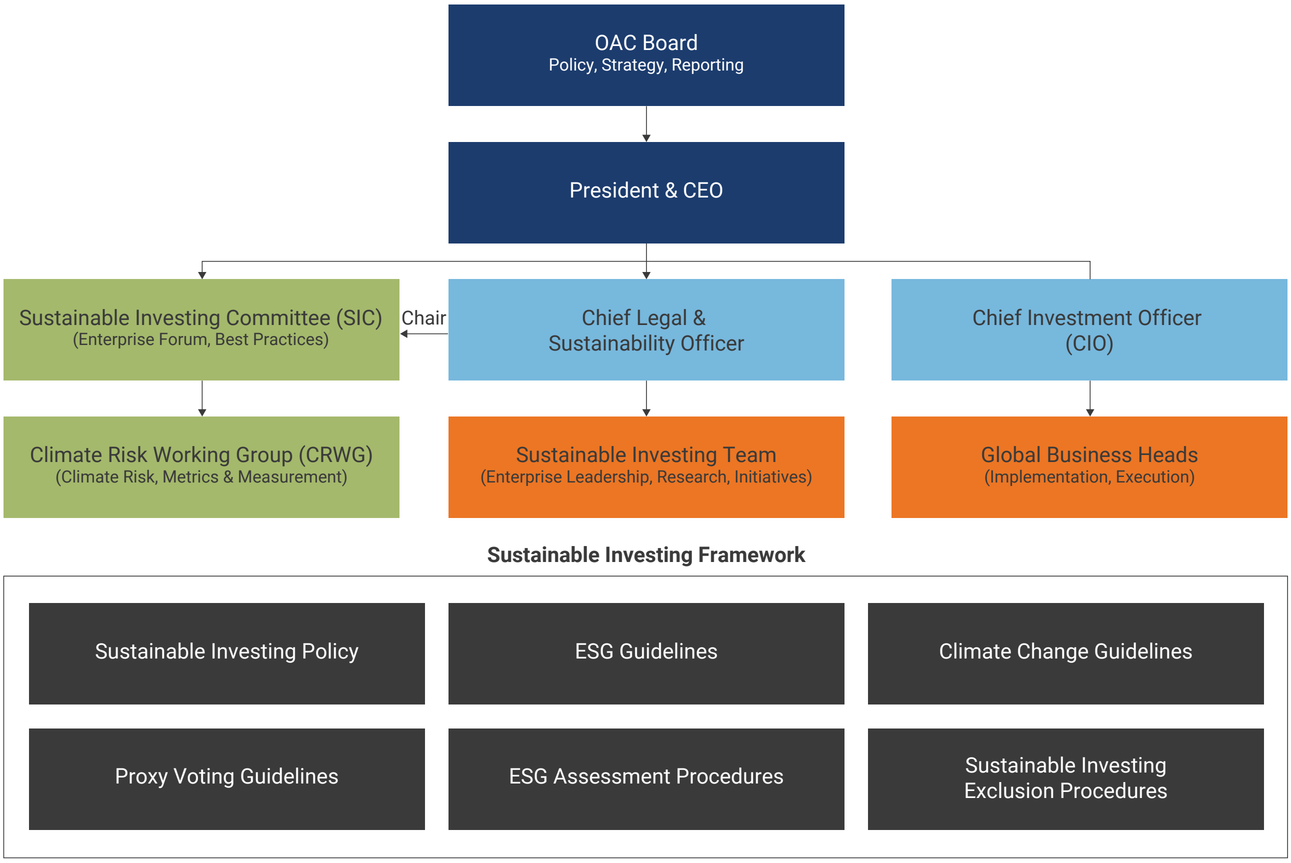
In our private markets investments where we hold direct ownership, OMERS engages directly with investee companies in various ways. For example, when we have a significant ownership stake, we typically have governance rights, which may include active board participation of our own employees or external director nominees. We also maintain regular interactions with board members and management teams and we seek to ensure effective communication of material ESG risks and opportunities.

Governance

The AC Board approves the Sustainable Investing Policy on an annual basis, setting our strategic approach, and our senior management is responsible for overseeing its execution. Regular sustainable investing reports and updates are provided to the Investment Committee of the Board and all Board members continue to receive reporting and continuing education on ESG-related matters.

The Board approves any enterprise climate-related goals or commitments.

The graphic below outlines how our SI framework fits with and across the organization:



Our Sustainable Investing Committee ("SIC") is chaired by our Chief Legal & Sustainability Officer, and includes the Chief Investment Officer, and representatives from each investment entity and business functions such as Risk, Finance, Legal, Human Resources and Communications. The SIC provides a forum to discuss sustainable investing issues, share best practices and advance OMERS knowledge and expertise in these areas. The SIC is accountable to the CEO and is responsible for developing OMERS ESG Guidelines and Climate Change Guidelines and approving the business unit ESG Assessment Procedures annually. A Climate Risk Working Group ("CRWG") has been established as a sub-committee of the SIC to develop a framework to evaluate climate risk across the portfolio.

The business units are responsible for the day-to-day implementation and execution of the Sustainable Investing Framework including assessing ESG factors in their investment due diligence processes, engaging with portfolio companies on ESG-related matters and managing their portfolios in alignment with any goals or commitments adopted by OMERS.

This governance 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.

Following are some examples of how ESG integration, collaboration and engagement are carried out in practice.

Capital Markets

Our Capital Markets team ("OCM") continued to evaluate ESG risks and opportunities that current and prospective investments face as a key component of their investment process. The team continued to evolve its monitoring and reporting of portfolio alignment with net zero and its approach to integrating ESG factors into investment decision-making. In 2022, the team modelled its portfolio emissions to 2030 with a view of ensuring its investments deliver meaningful reductions on the path to net zero.

Our portfolio managers promote sustainable business practices at the companies we invest in by active proxy voting and engagement, directly or in collaboration with like-minded investors. In 2022, we initiated several engagements through our involvement with Climate Engagement Canada. We also updated our Proxy Voting Guidelines to reflect our expectations of climate-related disclosure and disclosure of board diversity, as well as the expectation that ESG metrics be linked to compensation.

PORTFOLIO HIGHLIGHTS

OCM's Capital Solutions investment program continues to focus on equity and debt investments in themes including decarbonization and cleantech. In 2022, OMERS invested in Group14, a global manufacturer and supplier of advanced silicon-carbon technology for lithium-silicon batteries, which was awarded Time's Best Inventions of 2022.

Private Equity

Our Private Equity team continued to employ an ESG performance assessment framework, which prioritizes critical factors to 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.

In 2022, we added a dedicated resource to lead Private Equity's collective ESG efforts across the portfolio and launched an ESG roundtable to encourage the sharing of knowledge and best practices among our portfolio companies.

PORTFOLIO HIGHLIGHTS

NovaSource

In 2022, OMERS Private Equity announced that it has acquired a minority stake in NovaSource Power Services. NovaSource is a global leader in solar operations and maintenance ("O&M") services to utility, commercial, industrial, and residential customers, with over 20GW of solar assets under management. NovaSource is the largest independent solar O&M provider in the United States and globally.

Pueblo Mechanical & Controls

OMERS Private Equity acquired Pueblo Mechanical & Controls, a company that provides HVAC and plumbing installation, retrofit and repair services to customers in education, municipal, and healthcare end markets. Pueblo is well-positioned to capitalize on the secular trends towards energy efficiency, sustainability, decarbonization, and digitization that are driving demand.

ACHIEVEMENTS AND OUTCOMES

Our integration and engagement efforts have produced meaningful outcomes and achievements in 2022. Some examples include:

- **AMS**, **Paradigm**, **Precisely** and **Premise Health** are all award-winning workplaces. Each company was recognized in 2022 for being a top employer in their respective region or industry.
- **Gastro Health** has seen a 39% increase in female physician hires since launching its formal Diversity Equity and Inclusion (DEI) program, including the Women in GI network, in early 2021.
- **Lick** has been certified as a carbon neutral company. The OMERS Ventures portfolio company announced they will offset all CO2 emissions by supporting community initiatives in Rwanda and Colombia.
- **Dialpad**, in partnership with the Sacramento Kings, opened a community tech lab to help bridge the technological literacy and access gap for underserved students.

Infrastructure

Our Infrastructure team made significant progress in optimizing its portfolio, reducing exposure to hydrocarbons, and reducing the portfolio Weighted Average Carbon Intensity (WACI). In 2022, the team deployed capital across 11 transactions, in line with our allocation framework, which considers thematic focus areas and ESG factors.

Specifically, the Infrastructure team made progress in themes we believe will form the foundation for tomorrow's infrastructure: energy transition, mobility, natural systems, connections and community infrastructure.

PORTFOLIO HIGHLIGHTS

Groendus

OMERS Infrastructure's investment in Groendus represents the portfolio's first commercial and industrial distributed generation investment. This energy transition platform, which serves customers in the Netherlands, is a developer, builder and operator of renewable power assets. Currently overseeing a portfolio of 300 solar projects, it aims to provide its customers with an increasing suite of energy transition solutions, such as electric vehicle charging and battery storage.

Waveconn

Waveconn was created in August 2022 through the acquisitions of TPG Telecom Limited's mobile tower and rooftop portfolio and Stilmark, an independent Australian developer, owner and operator of mobile tower assets. Waveconn is a provider of critical telecommunications infrastructure with 1,400 tower and rooftop sites in Australia. This investment aligns with OMERS Infrastructure's efforts to build future-oriented platforms and to expand wireless connectivity to underserved markets.

Spring Lane Capital

In 2022, OMERS Infrastructure announced a joint investment opportunity with Spring Lane Capital to explore investments in growing businesses in North America that address sustainability in food, water, energy, transportation, and waste.

Oxford

Oxford's ESG program is focused on putting its assets on a net zero carbon pathway, improving the communities in which it invests and operates and enabling good ESG practices and performance across the organization – all in service of creating economic and social value through real estate.

ESG program highlights from the past year include:

- Developed and launched Oxford's Green Financing Framework, enabling Oxford to finance sustainable investments and expenditures that support and drive the transition to a low-carbon economy, and successfully completed the inaugural issuance of unsecured Green Bond;
- Initiated a global asset–level carbon footprinting exercise and began developing customized net zero pathway for assets;
- Awarded GRESB 5-Star rating and ranked in the top 4% amongst its global peers;
- Named one of Fast Company's World's Most Innovative Companies, awarded 9th place for Corporate Social Responsibility;
- Received the WELL Health-Safety Rating for 38 office assets; and
- Launched ESG education series focused on high-materiality content.

PORTFOLIO HIGHLIGHTS

- **The Stack, Vancouver, Canada** – achieved Canada Green Building Council's Zero Carbon Building – Design standard certification. Canada's first (and largest) commercial high-rise office tower.
- **125 Lincoln Street, Boston, USA** – project includes affordable housing units, paving way for public benefits.
- **Sony Centre, Berlin, Germany** – decarbonization plans in place to improve energy efficiency and reduce GHG emissions; once completed the updates will result in 375,000 KWh avoided energy consumption and 100 $tC0_2$ of avoided carbon emissions annually.
- **Oxford and SSE** – launched U.K.-wide EV charging network that will enable 2 million EVs to be charged annually at Oxford U.K. retail sites.
- **James Snow Business Park** – one of the first major projects to deliver solar energy to tenants as part of the base building infrastructure.

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. Refer to the Update on Governance section on page 27.

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, reflecting the latest recommendations from the TCFD, our CRWG established a Taskforce dedicated to exploring solutions for identifying and monitoring physical risks in the portfolio.

Transition risks include changes in government policy and regulation, 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. The energy transition is a key element of OMERS Infrastructure team's strategy. Attractive investment opportunities in renewable and transitioning-enabling assets continue to arise and are evaluated by the team as they emerge.

Our approach to climate change is aligned with the three pillars of our Sustainable Investing Framework: Integration, Collaboration and Engagement, as described on previous pages, and the recommendations of the TCFD.

The TCFD recommends using various tools to help organizations better understand portfolio alignment with net zero and resilience under various climate pathways. In 2022, our CRWG established a taskforce dedicated to exploring forward-looking portfolio alignment tools. We also conducted our second climate scenario analysis, leveraging the capabilities of a third-party asset-liability management service provider. Through our analysis, we considered the risks and opportunities of 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 towards net zero 2050, a disorderly transition, and a failed transition. These scenarios are aligned with certain Intergovernmental Panel on Climate Change 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. We anticipate continuing to refine this analysis as the variables for each scenario evolve, and as new information becomes available.

As a next step, we plan to launch our Climate Action Plan in 2023 that will outline these initiatives in more detail.

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. Climate change is explicitly mentioned in our Investment Risk Policy, Risk Appetite Statement, and related metrics are embedded in our quarterly Investment Risk Report that is presented to the Investment Committee of the Board.

The CRWG 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. This year we expanded our focus to incorporate the latest recommendations from the TCFD and market best practice and included physical risk assessments, internal carbon pricing, portfolio alignment tools, and defining climate-related taxonomies. The CRWG is a sub-committee of the Sustainable Investing Committee and is sponsored by the Chief Risk Officer.

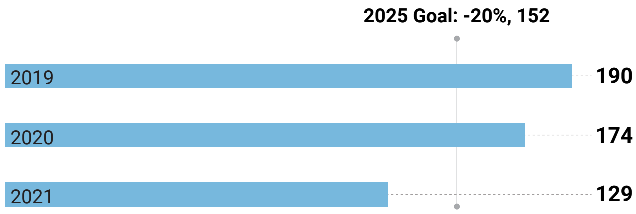
Where climate change impacts are considered material to a proposed investment, our teams analyze potential impacts to value or to risk – whether positive or negative. They involve internal or external experts as necessary. The ESG Assessment Procedures developed by each investment business unit help guide our approach throughout the lifecycle of an investment.

Metrics & Targets

In 2022, we continued to evaluate measures to help us understand the implications of climate change to OMERS portfolio and to enhance the view of our portfolio through this lens. We have established a 2030 interim goal to reduce portfolio carbon intensity 50% from 2019, building on our commitment to net zero by 2050. We have also created a $3 billion transition sleeve for assets playing a key role in the global transition towards a lower-carbon economy. These transition assets will be tracked separately and not included in OMERS carbon footprint.

We computed our third annual portfolio carbon footprint which continues to be based on the recommendations of the TCFD as we continue to monitor the evolving IFRS Sustainability Standards Board (ISSB) disclosure guidance. The TCFD recommends that asset owners report on their Weighted Average Carbon Intensity (WACI) as well as consider other climate-related metrics. WACI (tCO2e/$M Revenue) measures the portfolio's carbon efficiency by considering each asset's total emissions relative to its revenue and the weight of the asset in the OMERS portfolio. This metric is reported annually along with our carbon footprint (tCO2e/$M Invested).

Weighted Average Carbon Intensity (tCO_2e/$M Revenue):



In 2021, OMERS WACI was 32% lower than our 2019 Baseline. While this has surpassed our 2025 goal of a 20% reduction, it is important to note that WACI is a point-in-time test and can move up or down in any given year depending on many factors, including business revenues. Therefore, we cannot assume that the WACI trajectory will be linear over time. The portfolio carbon intensity reduction to date can be attributed both to portfolio transition from higher to lower emitting assets and to intensity reductions across several significant assets.

This year, we are also expanding our climate metrics disclosure to include absolute financed emissions, percentage of reported vs estimated emissions, and providing a breakdown of these metrics by asset group. This provides greater transparency and detail into emissions beyond total portfolio WACI.

OMERS 2021 CLIMATE METRICS:

	Equities[1]	Fixed Income[2]	Real Assets[3]	Total portfolio
Value of Exposure Analyzed ($B CAD)	48	11	51	**110**
Absolute Financed Emissions (tCO_2e)	1,696,765	332,193	1,910,952	**3,939,910**[4]
Carbon Footprint (tCO_2e/$M Invested)	35	30	38	**36**[4]
WACI (tCO_2e/$M Revenue)	100	112	160	**129**[4]
Company Reported Emissions	57%	30%	79%	**64%**
Estimated Emissions	43%	70%	21%	**36%**

1 Includes public and private equity holdings.
2 Includes bonds and credit holdings.
3 Includes infrastructure and real estate holdings.
4 Metric assured by PwC.

Absolute financed emissions represent the share of a portfolio company's emissions attributed to OMERS based on our ownership. Company reported emissions indicate emissions data directly reported by a company. This is a proxy for data quality to reflect what portion of the emissions data is coming from the company, as compared to estimated emissions which can be less reliable.

Following is a summary of our carbon footprinting methodology; additional detail can be found at omers.com/climate-change:

- Our carbon footprinting metrics are based on assets held as of December 31, 2021 and the most recent emissions data available;
- The market value of OMERS portfolio in-scope for our carbon footprint metrics is $116 billion, and represents all long-only non-government holdings with existing footprinting methodology where we have position transparency and data availability.[5] Based on this approach, we were able to footprint 95% of in-scope assets; and
- We use the "financed emissions approach", which attributes our share of an asset's emissions based on OMERS proportionate share of the asset's enterprise value – accounting for both the debt and equity share in an asset.

5 Market value is used to represent OMERS full economic exposure to issuer GHG emissions and includes notional value to account for equity derivatives. We do not include the following instruments: cash, short-term notes, currency instruments, short positions, interest rate swaps, commodities, and government securities.

- Our approach is in line with the TCFD recommendations for Asset Owners and the Greenhouse Gas (GHG) Protocol; and informed by guidance from Partnership for Carbon Accounting Financials (PCAF). In certain areas, OMERS approach differs from the PCAF standard due to reasons of practicality. The key difference is the use of standard enterprise value (EV) rather than the PCAF recommended enterprise value including cash (EVIC). However, this approach remains consistent with the general attribution principle articulated by PCAF which is that a financial institution should account for both the equity and debt share in a company when measuring financed emissions.
- We include 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). This year, we began tracking reported Scope 3 emissions and determined that approximately 25% of the companies in our in-scope portfolio by market value are disclosing this information. This limited disclosure is indicative of the wider challenge when it comes to Scope 3 emissions, which itself is divided into 15 different categories covering both the upstream and downstream value chain of a company. As an investor, we continue to advocate that companies disclose Scope 3 emissions where material.
- For private assets, GHG emissions are sourced directly. Where emissions data is not available, we apply an estimation approach using public proxies and GICS subindustry emission intensities. For public assets we use emissions data provided by MSCI Inc. (MSCI). Where company reported emissions are not available, estimates are provided by MSCI based on their carbon emissions estimation models.

Carbon accounting methodologies continue to evolve, and we continue to revise our approach and scope of coverage in line with these developments. OMERS 2019 WACI baseline was also revised in 2022 from 199 to 190 tCO_2e/$M Revenue. This was due to a refinement of data in alignment with current industry accepted carbon accounting approach for real estate and therefore Oxford's reporting. Emissions previously treated as Scope 1 and 2 for specific real estate assets are now classified as Scope 3. Oxford retroactively applied this change to data reported in previous years. This resulted in adjustments to OMERS overall WACI for 2019 and 2020.

For more details on the scope of analysis and further details on our methodology, please refer to omers.com/climate-change.

We engaged PricewaterhouseCoopers LLP, an independent third party, to conduct a limited assurance engagement on our 2021 carbon footprint metrics. Their assurance report is included in the Reference section of this Annual Report on page 147.

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 CRWG. For the second year, we have calculated the portfolio's green asset exposure using the International Capital Market Association's (ICMA) Green Bond Principles. We plan to expand these categories over time as sustainable finance taxonomies are further developed. At year-end 2022, investments in green assets[1] totalled more than $19 billion including green buildings, renewable and low-carbon 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

Public Investments

NET RETURN

(5.4)%

2021: 14.6%
5-YEAR AVERAGE: 3.1%

NET INCOME

$(3.1)B

2021: $7.9B

NET LOCAL RETURN

(7.5)%

NET EXPOSURE

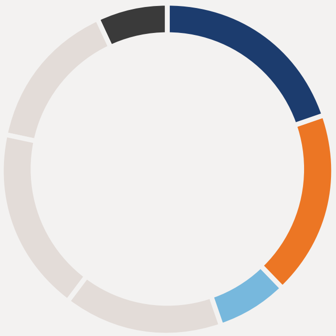
$55.5B

2021: $58.9B

BENCHMARK

5.7%

ASSET MIX



Public Equity	23%
Credit	21%
Bonds	8%
Cash and Funding	(8)%

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.

2022 PERFORMANCE

Public investments generated a net loss of 5.4% in 2022, compared to our 2022 absolute return benchmark of 5.7%. This represents a net investment loss of $3.1 billion, compared to a net investment gain of $7.9 billion in 2021.

- Public equities generated a net loss of 11.9% in 2022 compared to a 20.7% gain in 2021. Our public equities performance is in line with that of global public equity indices (as measured in Canadian dollars), and was particularly impacted by our equity market exposure in the Asia-Pacific region. Currency effects increased the 2022 return by 1.8%. Public equities comprised 23.5% of OMERS portfolio at December 31, 2022 (2021 – 29.4%).

- Credit investments generated a net gain of 3.4% in 2022 compared to a gain of 5.8% in 2021. Our credit portfolio generated returns primarily from interest income, which was partially offset by valuation decreases resulting primarily from the effect of higher market interest rates. Our credit portfolio's average duration is three years, and is therefore less sensitive to changes in long-term yields. Currency effects increased the 2022 return by 3.0%. The credit asset class comprised 20.6% of OMERS portfolio at December 31, 2022 (2021 – 13.8%).
- Government and Inflation-linked bonds generated a net loss of 3.8% in 2022 compared to a return of 1.3% in 2021. The loss was primarily from valuation decreases from rising interest rates. Over the course of the year, we decreased this portfolio's average duration to less than one year to shelter it from more significant declines from rising interest rates. Currency effects increased the 2022 return by 0.3%. Bonds comprised 7.9% of OMERS portfolio at December 31, 2021 (2021 – 6.3%).

CAPITAL ALLOCATION

Public investments decreased to $55.5 billion from $58.9 billion at the end of 2021, primarily due to losses in public equities.

Private Equity

NET RETURN

13.7%

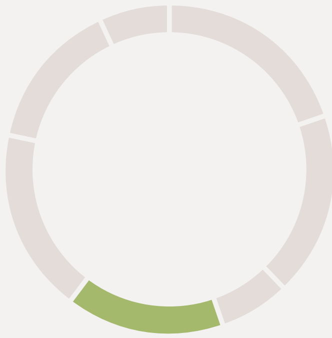
2021: 25.8%
5-YEAR AVERAGE: 9.2%

NET INCOME

$2.6B

2021: $4.0B

ASSET MIX



NET LOCAL RETURN

10.5%

NET EXPOSURE

$23.2B

2021: $19.8B

BENCHMARK

11.2%

INVESTMENT APPROACH

We acquire and actively manage interests in private companies through various phases of the investment lifecycle, including later stage buyout and earlier stage, 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.

2022 PERFORMANCE

Private equity assets generated a net return of 13.7% in 2022, compared to our 2022 absolute return benchmark of 11.2% (2021 – net return of 25.8%). This equates to net investment income of $2.6 billion in 2022 (2021 – net investment income of $4.0 billion). Currency effects increased the 2022 return by 3.2%.

Our private equity performance was driven by organic growth in our portfolio EBITDA, coupled with our accretive M&A activities, particularly in our business services and industrial verticals. The valuation multiples for the high-quality and recession-resilient assets we own generally remained unchanged throughout the year – though the valuations of our software and technology assets, which primarily reside in our venture and growth equity strategies and comprise less than 2.5% of OMERS assets, were negatively impacted by market conditions.

CAPITAL ALLOCATION

Total investments in private equity increased to $23.2 billion at the end of 2022, up from $19.8 billion in 2021. This increase was primarily driven by valuation gains and by net acquisition activity in the buyout segment. Key acquisitions included Network Plus (leading provider of repairs, maintenance and investment services to U.K. utility infrastructure), Medical Knowledge Group (a medical communications and commercialization service provider), Pueblo (leading regional provider of commercial HVAC services in the U.S.) and NovaSource (largest solar operations and maintenance provider globally).

Infrastructure

NET RETURN

12.5%

2021: 10.7%
5-YEAR AVERAGE: 10.2%

NET INCOME

$2.9B

2021: $2.3B

NET LOCAL RETURN

10.6%

NET EXPOSURE

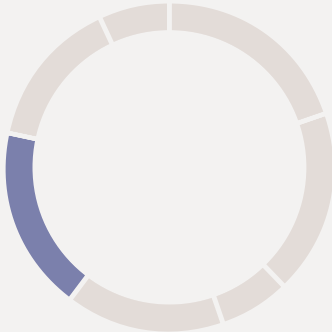
$26.3B

2021: $24.0B

BENCHMARK

7.7%

ASSET MIX



Infrastructure 21%

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.

2022 PERFORMANCE

Infrastructure assets generated a net return of 12.5%, compared to our 2022 benchmark of 7.7% (2021 – net return of 10.7%). This equates to net investment income of $2.9 billion in 2022 (2021 – $2.3 billion) and an operating cash yield of 3.1% in 2022, compared to 5.0% in 2021. Currency effects increased the 2022 return by 1.9%.

Our returns were supported by higher valuations due to significant transaction activity across the portfolio during the year, strong operational performance, and accretive financing activities across several assets, particularly in community infrastructure and nuclear power. Our 2021 return also reflects gains from sales completed or signed during the year, including the sale of Chicago Skyway (a toll road linking Chicago and northern Indiana) and GNL Quintero (a liquified natural gas regasification terminal in Chile).

CAPITAL ALLOCATION

Infrastructure investments increased to $26.3 billion in 2022, up from $24.0 billion in 2021. This increase was a combination of capital deployment and growth in the value of existing assets, offset by dispositions. During 2022, we made a number of acquisitions in the transportation, digital infrastructure and renewables sectors, including DirectChassis Link (the largest chassis provider in the U.S.), Waveconn (TPG Telecom's mobile tower portfolio and Stilmark in Australia), and Navisun (a U.S.-based distributed generation solar development platform).

In line with our capital rotation strategy, we completed the dispositions of our interest in Scotia Gas Networks (U.K. regulated gas distribution utility), Chicago Skyway, GNL Quintero, and Midland Cogeneration Ventures (the largest natural gas-fired cogeneration facility in the U.S.).

Real Estate

NET RETURN

13.6%

2021: 15.9%
5-YEAR AVERAGE: 6.5%

NET LOCAL RETURN

11.8%

BENCHMARK

7.1%

NET INCOME

$2.6B

2021: $2.5B

NET EXPOSURE

$21.2B

2021: $19.8B

ASSET MIX

Real Estate 17%

INVESTMENT APPROACH

We invest in real estate through Oxford Properties Group (Oxford) – a leading global real estate investor, manager and developer. We pair 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 industrial, office, retail, residential, life sciences, hotel, credit and niche alternative assets in Canada, the U.S., Europe and Asia-Pacific. Our real estate portfolio consists of approximately 113 million square feet of office, industrial, retail and life sciences space, including 9,000 residential units and 3,000 hotel rooms.

2022 PERFORMANCE

Real estate assets generated a net return of 13.6%, compared to our 2022 benchmark of 7.1% (2021 – net return of 15.9%). This equates to net investment income of $2.6 billion in 2022 (2021 – net investment income of $2.5 billion). Currency effects increased the 2022 return by 1.8%.

Our performance in 2022 was driven by strong returns from operations, development, gains on the disposition of certain office and industrial assets, a positive revaluation of our long-term debt and foreign exchange. This was partially offset by a decline in asset valuations which were negatively impacted by widening valuation metrics.

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 are 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 2022 net return was 9.4%.

CAPITAL ALLOCATION

Real estate investments increased to $21.2 billion at December 31, 2022, up from $19.8 billion in 2021.

In 2022, Oxford continued to execute on its capital allocation strategy, increasing portfolio weightings in high-conviction growth sectors focused on the life sciences and industrial sectors. Key deployments included the acquisition of a portfolio of seven high-quality bulk distribution logistics assets in the U.K., growing our European logistics portfolio into Spain through the acquisition of seven last-mile assets, acquiring a 13-building life science portfolio in San Diego and purchasing a substantial office to life science conversion project in London.

Oxford continued to make significant progress on over 70 active development projects representing $2.8 billion in committed equity deployment (with $1.2 billion remaining).

Oxford successfully executed several office dispositions transactions across North America, Europe and Australia, including the sale of a 45% interest in Sony Center, an office-led mixed-use landmark property in Berlin; Royal Bank Plaza, an office complex in Toronto's financial district; St. John's Terminal, an office development in Manhattan, and a 49.9% interest in five Australian office assets.

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. We are focused on delivering sustainable, affordable and meaningful pensions to our members, and consistent with this pursuit we develop frameworks and processes to identify, measure and manage risks, including emerging risks, that may impact the Plan's long-term financial health.

2022 Risk Management Highlights

We continue to enhance our risk management practices and in 2022 our key initiatives included:

- Advancing liquidity risk management processes with dynamic real-time reporting and scenario analysis;
- Strengthening risk analytics capabilities as we transition to a new risk system;
- Enhancing the operational risk management processes with the introduction of additional key risk indicators;
- Increasing our focus on model risk governance with the completion of primary model validations and the introduction of an attestation process; and
- Deepening expertise with continued focus on building a team of experienced risk professionals.

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.

Note 3E of the Financial Statements includes additional details on investment risk and how we address these risks.

We manage our various risks following the "three lines of accountability" approach to ensure clear roles and accountabilities.

1ST LINE OF ACCOUNTABILITY "Risk Owner"	These groups that own OMERS primary business activities and are responsible for identifying and managing risk as part of their accountability.
2ND LINE OF ACCOUNTABILITY "Risk Partner"	These control groups and other corporate functions provide risk oversight of the first line.
3RD LINE OF ACCOUNTABILITY "Independent Assurance Provider"	Internal Audit is an independent, objective assurance and consulting function whose responsibility is to assess the strength and efficacy of OMERS internal controls.

Risk Appetite Statements

Our Boards of Directors annually approve OMERS risk appetite that provides a framework to assess the desired amount of risk the enterprise believes is appropriate to take in the pursuit of OMERS objectives.

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 support 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.

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 four subsidiary risk categories. A separate risk appetite statement for the RCA addresses funding risk specifically for the RCA.

The subsidiary risk categories are defined as follows:

1. Pension Risk: The risk of significant changes in Plan liabilities and normal cost, or the risk of Plan design being inconsistent with design objectives;
2. Investment Risk: The risk that investments will underperform our return expectations;
3. Operational Risk: 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; and
4. Governance Risk: The risk of adverse effects due to OMERS quality of decision-making resulting from its governance structure, processes and culture.

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									MD&A
		Derivative Exposures[1]	Private Credit Funds and Royalty Agreements[2]	Corporate Bonds[3]	Real Estate Funds[4]	Recourse Debt[5]	Repurchase Agreements[6]	Contractual Agreements[7]	RCA[8]	Other Items		
$ millions as at December 31, 2022												
Fixed Income												**Fixed Income**
Inflation-Linked Bonds	**2,670**									(13)		
Nominal Bonds and Debentures	**13,822**	1,024		(6,595)						(938)	**9,970**	Bonds
Private Debt and Mortgages	**8,955**	5,725	7,388	6,595		(2,756)				130	**26,037**	Credit
Equities												**Equities**
Public Equity	**16,602**	13,344							(95)	(199)	**29,652**	Public Equity
Private Equity	**31,128**		(7,388)		(433)					(92)	**23,215**	Private Equity
Real Assets												**Real Assets**
Infrastructure	**29,742**					(2,044)		(1,421)		34	**26,311**	Infrastructure
Real Estate	**24,633**				433	(3,015)		(690)		(159)	**21,202**	Real Estate
Short-Term Instruments												**Cash and Funding**
Cash and Short-Term Deposits	**25,837**	(20,093)				(3,627)	(12,503)	(57)	(6)	319	**(10,130)**	Cash and Funding
Investment-Related Assets & Liabilities	**(25,350)**					11,442	12,503			1,405		
Total Net Investment Assets	128,039	–	–	–	–	–	–	(2,168)	(101)	487	126,257	**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 cash and funding.
2. Private credit funds and royalty agreements are classified as private equity in the Consolidated Financial Statements, and are classified as credit in this MD&A.
3. Corporate bonds are classified as nominal bonds and debentures in the Consolidated Financial Statements, and are classified as credit in this MD&A.
4. Real estate funds are classified as private equity in the Consolidated Financial Statements, and are classified as real estate in this MD&A.
5. 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.
6. Repurchase agreements are classified as investment-related liabilities in the Consolidated Financial Statements, and are classified as cash and funding 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 in 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		Derivative Exposures[1]	Reclassifications: Private Credit Funds and Royalty Agreements[2]	Corporate Bonds[3]	Real Estate Funds[4]	Recourse Debt[5]	Contractual Agreements[6]	RCA[7]	Other Items		MD&A
$ millions as at December 31, 2022											
Fixed Income											**Fixed Income**
Inflation-Linked Bonds	**84**	(167)							(26)		
Nominal Bonds and Debentures	**(407)**	(102)		184					49	**(385)**	Bonds
Private Debt and Mortgages	**561**	(212)	914	(184)		(210)			31	**900**	Credit
Equities											**Equities**
Public Equity	**(2,013)**	(2,291)						12	(7)	**(4,299)**	Public Equity
Private Equity	**4,047**	(527)	(914)		(9)	(0)			16	**2,613**	Private Equity
Real Assets											**Real Assets**
Infrastructure	**3,044**	62				(89)	(156)		47	**2,908**	Infrastructure
Real Estate	**2,809**	(83)			9	(56)	(61)		10	**2,628**	Real Estate
Cash and Short-Term Deposits	**307**	(151)				596			(120)	**632**	**Cash and Funding**
Derivatives	**(3,471)**	3,471								–	
Investment Liabilities	**241**					(241)				–	
Total Investment Income	**5,202**	–	–	–	–	–	(217)	12	–	**4,997**	**Total**
Income Credited under Contractual Agreements	**(290)**	–	–	–	–	–	217	(12)	–	**(85)**	**Income Credited under Contractual Agreements & RCA Investment Fund**
Net Investment Income/(Loss)	**4,912**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,912**	

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 and royalty agreements is classified as private equity in the Consolidated Financial Statements, and is classified as credit in this MD&A.
3. 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.
4. Income from private funds that are invested in real estate is classified as private equity in the Consolidated Financial Statements, and is classified as real estate in this MD&A.
5. Unrealized gains and interest expense related to recourse debt is classified as investment-related liabilities in the Consolidated Financial Statements, and is classified under respective asset classes in this MD&A.
6. 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
7. 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 ($)	Equal to the Net Assets Available for Benefits of the Plan, as set out in Note 6 to the Consolidated Financial Statements. Note that this is a GAAP measure; it is named differently in the MD&A for convenience.	
Net Exposure ($) (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 78. 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 "Cash and Funding".
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 fixed income 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 fixed income 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 average monthly 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 79.
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.

FINANCIAL STATEMENTS
OMERS ADMINISTRATION CORPORATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Consolidated Financial Statements of OMERS Administration Corporation (AC) have been prepared by AC Management (Management) and approved by the Board of Directors of AC (AC Board). Management is responsible for the integrity and fairness of the information presented, including amounts that are based on best estimates and judgments. The Consolidated Financial Statements have been prepared in accordance with Canadian accounting standards for pension plans. Financial information presented throughout the Annual Report is consistent with the Consolidated Financial Statements.

Systems of internal control and supporting procedures have been established and maintained to provide reasonable assurance that financial transactions are properly authorized, assets are safeguarded, and proper records are maintained. These systems include an organizational structure that provides a well-defined division of responsibilities, a corporate code of conduct, accountability for performance, and the communication of policies and guidelines throughout AC.

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 the internal and independent external auditors to discuss internal controls, auditing activities and financial reporting matters. The Audit & Actuarial Committee reviews the annual Consolidated Financial Statements and recommends them to the AC Board for approval.

The external actuary, Towers Watson Canada Inc., is appointed by the AC Board. The external actuary is responsible for carrying out the annual valuations of the accrued pension obligations of the OMERS Pension Plans in accordance with accepted actuarial practice and for reporting the results to Management and to the AC Board. The results of the external actuary's valuation are set out in the Actuarial Opinion.

AC's independent external auditor, PricewaterhouseCoopers LLP, was appointed by the AC Board and reports to the Audit & Actuarial Committee. The independent external auditor has conducted an independent audit of the Consolidated Financial Statements in accordance with Canadian generally accepted auditing standards, performing such tests and procedures as they consider necessary to express an opinion in their Independent Auditor's Report. The independent external auditor has full and unrestricted access to Management and the Audit & Actuarial Committee to discuss their audit and findings related to the integrity of financial reporting and the adequacy of internal control systems on which they rely for the purposes of their audit.

E.M. Blake Hutcheson
President and Chief Executive Officer
Toronto, Ontario
February 27, 2023

Jonathan Simmons, FCPA, FCA
Chief Financial and Strategy Officer

ACTUARIAL OPINION

We conducted actuarial valuations as at December 31, 2022 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, 2022, 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 $130,306 million in respect of benefits accrued for service to December 31, 2022 (comprising $128,789 million with respect to the defined benefit component and $1,517 million with respect to the AVC component). The actuarial value of net assets at that date were $123,628 million (comprising $122,111 million with respect to the defined benefit component and $1,517 million with respect to the AVC component), indicating a going concern actuarial deficit of $6,678 million.

The actuarial liability in respect of RCA benefits accrued for service to December 31, 2022, net of the RCA assets, was $1,059 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, 2022 were conducted using the Projected Benefit Method Prorated on Services, and membership data as at October 30, 2022 and financial information as at December 31, 2022 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 Morse

Philip A. Morse
Fellow, Canadian Institute of Actuaries

Toronto, Ontario
February 27, 2023

Janis Cooper
Fellow, Canadian Institute of Actuaries

Independent auditor's report

To the Board of Directors 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, 2022 and 2021, 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, 2022 and 2021;
- 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
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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 27, 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Canadian dollars) As at December 31,		**2022**		2021
Net Assets Available for Benefits				
Assets				
Investments (note 3)	**$**	**153,389**	$	136,112
Investment-related assets (note 3)		**1,745**		1,177
Contributions receivable				
From employers		**181**		174
From members		**181**		174
Other assets		**310**		253
Total Assets		**155,806**		137,890
Liabilities				
Investment-related liabilities (notes 3 and 4)		**27,095**		12,850
Amounts payable under contractual agreements (note 5)		**3,975**		3,771
Other liabilities		**354**		350
Total Liabilities		**31,424**		16,971
Net Assets Available for Benefits	**$**	**124,382**	$	120,919
Accrued Pension Obligation and (Deficit) Surplus				
Primary Plan (note 6)				
Defined Benefit component				
Accrued pension obligation	**$**	**128,789**	$	119,342
(Deficit) Surplus				
Funding (deficit) surplus		**(6,678)**		(3,131)
Actuarial value adjustment to net assets available for benefits		**578**		3,062
		(6,100)		(69)
Additional Voluntary Contributions component		**1,517**		1,454
Accrued Pension Obligation and (Deficit) Surplus of the Primary Plan		**124,206**		120,727
Retirement Compensation Arrangement (note 7)				
Accrued pension obligation		**1,235**		1,144
(Deficit) Surplus		**(1,059)**		(952)
Accrued Pension Obligation and (Deficit) Surplus of the Retirement Compensation Arrangement		**176**		192
Accrued Pension Obligation and (Deficit) Surplus	**$**	**124,382**	$	120,919

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 27, 2023.

Signed on behalf of the Board of OMERS Administration Corporation

George Cooke
AC Board Chair

Penny Somerville
AC Audit & Actuarial Committee Chair

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(in millions of Canadian dollars) For the year ended December 31,	2022	2021
Changes Due to Investment Activities		
Net investment income (loss) (note 8)	$ **4,912**	$ 16,437
Total Changes Due to Investment Activities	**4,912**	16,437
Changes Due to Pension Activities		
Contributions (note 10)	**4,624**	4,528
Benefits paid (note 11)	**(5,960)**	(5,516)
Pension administrative expenses (note 12)	**(113)**	(105)
Total Changes Due to Pension Activities	**(1,449)**	(1,093)
Total Increase	**3,463**	15,344
Net Assets Available for Benefits, Beginning of Year	**120,919**	105,575
Net Assets Available for Benefits, End of Year	$ **124,382**	$ 120,919

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN PENSION OBLIGATIONS

(in millions of Canadian dollars) For the year ended December 31,		2022		2021
OMERS Primary Pension Plan (note 6)				
Defined Benefit Component				
Accrued pension obligation, beginning of year	$	**119,342**	$	111,820
Interest accrued on benefits		**6,811**		6,496
Benefits accrued		**4,053**		3,843
Benefits paid		**(5,861)**		(5,428)
Experience losses (gains), net		**2,800**		898
Changes in actuarial assumptions and methods				
Reduction of the discount rate		**—**		1,713
Increase in the short-term inflation assumption		**1,644**		—
Accrued Pension Obligation, End of Year		**128,789**		119,342
Additional Voluntary Contributions Component				
Additional Voluntary Contributions obligation, beginning of year		**1,454**		1,235
Contributions		**68**		82
Withdrawals		**(65)**		(55)
Attributed net investment income (loss)		**60**		192
Additional Voluntary Contributions Obligation, End of Year		**1,517**		1,454
Retirement Compensation Arrangement (note 7)				
Accrued pension obligation, beginning of year	$	**1,144**	$	1,152
Interest accrued on benefits		**35**		36
Benefits accrued		**35**		44
Benefits paid		**(34)**		(33)
Experience losses (gains), net		**38**		(65)
Changes in actuarial assumptions and methods				
Reduction of the discount rate		**—**		10
Increase in the short-term inflation assumption		**17**		—
Accrued Pension Obligation, End of Year	$	**1,235**	$	1,144

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 as defined in the OMERS Act and is trustee of the pension funds. The OMERS pension plans are comprised of 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) (collectively, the OMERS Pension Plans). 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.

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:

- Funding: The defined benefit component of the Primary Plan is funded by equal contributions from participating employers and from active members, and by the net 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.
- 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 NRA 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, 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%, provided the pension is still in pay.
    - 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 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 and permanently 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 and is subject to a cap set out in the Primary Plan. 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 on contributions received or investment income earned. The operations of certain legal 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 have 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 active members and by the net 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's assets.

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, 2022 and December 31, 2021, 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, including those set out in Note 8 – *Net Investment Income (Loss)* and Note 15 - *Segment Information*.

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 recent rapid increases in interest rates and inflation contributes to heightened uncertainty related to estimates and assumptions for these valuations. 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) Investments whose quoted market prices are not available, such as mortgages and private debt, are estimated using discounted cash flows based on current market yields for comparable securities, independent asset appraisals and financial analysis.

(iv) Investments in externally-managed 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 in real estate and infrastructure, assets are primarily valued based on observable pricing for similar investments and by estimating the present value of projected cash flows generated by the investment using a risk-adjusted discount rate and, where appropriate, risk-adjusted capitalization rates. Discount rates, capitalization rates and projected cash flows are based on internal assumptions and external inputs.

 (b) For private equity investments, assets are primarily valued by applying earnings multiples and in consideration of movements in market multiples and recent transactions.

 (c) For non-operating and startup directly-held private investments, assets are measured at fair value. However, recognizing the higher uncertainty and risk associated, these investments may be measured at cost as the best measurement of fair value until such time as the fair value is reliably measurable or until stabilized operations are achieved.

 (d) For private fund investments, 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. Where independent external valuation experts complete the valuation, Management reviews the valuation techniques applied and assumptions used to ensure that they are reasonable and supportable based on current market conditions and industry practice.

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 includes accrued interest, dividends and net real estate operating 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 (Loss).

Net Investment Income (Loss) is recognized as interest and net real estate operating 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) 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 in Note 12 - *Pension Administrative and 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 directly to Investment Income in Note 8 - *Net Investment Income (Loss)* 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 (OFT), an entity whose beneficiaries are subsidiaries of AC, 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 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, based on the foreign exchange rate at the settlement date.

Income and expenses are translated into Canadian dollars at the exchange rates prevailing on the dates of the transactions.

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 (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 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, starting with the year in which the net investment return is earned. 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 such that the resulting actuarial value of net assets is no more than 15% different from the fair value of net assets.

(Deficit) Surplus

For presentation in the financial statements, the (deficit) surplus 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 (deficit) surplus 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 (deficit) surplus 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 pension administration, investment management and corporate services. Administrative expenses are recorded on an accrual basis. Pension administration expenses include expenses to provide direct services to OMERS Pension Plans members and employers. 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 pension administration or investment management expenses based on an estimate of the use of resources.

New Accounting Pronouncements

During 2022, amendments were issued to Section 4600 which are effective for annual periods beginning on or after January 1, 2024. These amendments have not been adopted early by AC for the December 31, 2022 reporting period and are not expected to have a material impact on the Consolidated Financial Statements.

NOTE 3

Investments

A. Investments at Fair Value and Cost

Investments and investment-related assets and liabilities at fair value and cost by asset class are as follows:

As at December 31,		2022		2021
	Fair Value	**Cost**	Fair Value	Cost
Fixed Income				
Inflation-linked bonds	**$ 2,670**	**$ 2,442**	$ 2,957	$ 2,674
Canadian nominal bonds and debentures	**9,714**	**10,032**	6,781	6,781
Non-Canadian nominal bonds and debentures	**4,108**	**4,287**	1,734	1,821
Private debt and mortgages	**8,955**	**9,294**	9,393	9,645
Total Fixed Income	**25,447**	**26,055**	20,865	20,921
Equities				
Public Equity				
Canadian public equities	**2,270**	**2,090**	3,857	3,216
Non-Canadian public equities	**14,332**	**14,272**	14,840	12,380
Total Public Equity	**16,602**	**16,362**	18,697	15,596
Private Equity (i)				
Canadian private equities (ii)	**2,643**	**2,572**	2,724	2,564
Non-Canadian private equities	**28,485**	**21,817**	22,641	18,922
Total Private Equity	**31,128**	**24,389**	25,365	21,486
Total Equities	**47,730**	**40,751**	44,062	37,082
Real Assets				
Infrastructure investments	**29,742**	**28,779**	29,691	28,856
Real Estate investments	**24,633**	**20,672**	23,604	20,644
Total Real Assets	**54,375**	**49,451**	53,295	49,500
Short-Term Instruments				
Cash and short-term deposits (iii)	**25,837**	**25,845**	17,890	17,890
Total Investments	**153,389**	**142,102**	136,112	125,393
Investment-Related Assets				
Investment receivables	**553**	**553**	286	286
Deferred, prepaid and other assets	**54**	**54**	55	54
Derivatives	**496**	**250**	740	213
Pending trades	**642**	**642**	96	97
Total Investment-Related Assets	**1,745**	**1,499**	1,177	650
Investment-Related Liabilities				
Investment liabilities (note 4)	**(25,894)**	**(26,305)**	(12,264)	(12,448)
Derivatives	**(1,087)**	**(92)**	(529)	(90)
Pending trades	**(114)**	**(114)**	(57)	(57)
Total Investment-Related Liabilities	**(27,095)**	**(26,511)**	(12,850)	(12,595)
Net Investment Assets	**$ 128,039**	**$ 117,090**	$ 124,439	$ 113,448

(i) Includes venture capital investments of $1,956 (December 31, 2021: $1,931).

(ii) There were no resource properties held as at December 31, 2022 and December 31, 2021.

(iii) Includes restricted cash of $223 (December 31, 2021: $287).

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. Level 1 primarily includes publicly-listed equity investments, cash and derivative contracts traded on a public exchange.

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,				**2022**
	Level 1	**Level 2**	**Level 3**	**Total**
Fixed Income	**$ —**	**$ 16,492**	**$ 8,955**	**$ 25,447**
Public Equity	**16,371**	**—**	**231**	**16,602**
Private Equity	**—**	**—**	**31,128**	**31,128**
Infrastructure	**—**	**—**	**29,742**	**29,742**
Real Estate	**—**	**—**	**24,633**	**24,633**
Short-Term Instruments	**3,052**	**22,785**	**—**	**25,837**
Investment-Related Assets	**16**	**1,729**	**—**	**1,745**
Investment-Related Liabilities	**(52)**	**(27,043)**	**—**	**(27,095)**
Net Investment Assets	**$ 19,387**	**$ 13,963**	**$ 94,689**	**$ 128,039**

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

(b) The following table presents the changes in Level 3 investments for the year ended December 31, 2022:

	Fair Value Dec 31, 2021	Included in Total Investment Income (Loss)(i)	Transfers In(ii)	Transfers Out(ii)	Purchases	Sales and Return of Capital(iii)	Fair Value Dec 31, 2022	Unrealized Gains (Losses) Attributable to Investments in the Year(i) (iv)
Fixed Income	$ 9,393	$ 601	$ —	$ (537)	$ 4,151	$ (4,653)	$ 8,955	$ 16
Public Equity	224	16	—	—	—	(9)	231	7
Private Equity	25,333	4,408	60	(17)	5,702	(4,358)	31,128	3,189
Infrastructure	29,691	3,457	—	—	3,852	(7,258)	29,742	1,130
Real Estate	23,604	3,024	—	(60)	3,048	(4,983)	24,633	1,908
Total	$ 88,245	$ 11,506	$ 60	$ (614)	$ 16,753	$ (21,261)	$ 94,689	$ 6,250

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(v)	Transfers Out(v)	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

(i) Excludes the impact of foreign currency hedging activities.

(ii) Transfers out of Real Estate include an investment transferred into Private Equity. Transfers out of Fixed Income include investments where observable market inputs became available.

(iii) Includes realized foreign exchange gains and losses.

(iv) Separately identifies unrealized gains (losses) that are also included in the 'Included in Total Investment Income (Loss)' column.

(v) 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.

(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. In each case, 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.

Significant valuation inputs for private equity investments are primarily comprised of earnings before interest, taxes, depreciation and amortization (EBITDA) multiples and, in limited instances, revenue multiples. All else being equal, higher multiples equate to higher fair values, and vice versa.

The following table presents the sensitivity of Level 3 investment 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 one significant input may result in changes to a number of underlying assumptions which could amplify or reduce the impact on the valuation.

As at December 31,				2022	2021
	Significant Inputs	**Range of Inputs**	**Change in Significant Inputs**	**Change in Net Investment Assets**	Change in Net Investment Assets
Private credit	Discount rate	3.8% - 24.0% (2021: 1.1% - 18.3%)	**+/- 50 bps**	**$ -/+72**	$ -/+103
Private equity	Multiple[(i)]	4.5X - 21.5X (2021: 5.0X - 21.0X)	**+/- 0.50x**	**+/-865**	+/-730
Infrastructure investments	Discount rate	7.0% - 15.8% (2021: 7.0% - 15.8%)	**+/- 25 bps**	**-/+1,545**	-/+1,245
Real estate investments	Discount rate	4.4% - 10.0% (2021: 4.5% - 10.5%)	**+/- 25 bps**	**-/+701**	-/+730
Real estate investments	Terminal capitalization rate	3.0% - 8.5% (2021: 3.1% - 8.5%)	**+/-25 bps**	**-/+1,099**	-/+1,370

(i) Primarily reflects EBITDA and, in limited instances, revenue multiple.

The above sensitivity analysis excludes fund investments totaling $8,128 (December 31, 2021: $7,070) 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,			2022			2021
	Number of Investments	**Fair Value**	**Cost**	Number of Investments	Fair Value	Cost
Public Investments	**7**	**$ 13,154**	**$ 13,254**	3	$ 5,848	$ 5,226
Private Investments	**20**	**34,621**	**28,021**	15	22,891	19,343
Total	**27**	**$ 47,775**	**$ 41,275**	18	$ 28,739	$ 24,569

Public investments in the table above include an interest in an integrated logistics company and certain fixed income investments.

Private investments in the table above include:

- ownership interests in Ares AO Middle Market Credit LP Fund, Associated British Ports, BridgeTex, Bruce Power, Caliber Collision Centers, Deutsche Glasfaser, Ellevio, Inmar Inc., The Kenan Advantage Group, Inc., Leeward Renewable Energy, Lifelabs, London City Airport, ONCOR, Premise Health, Puget Energy, TurnPoint Services, VTG AG and XpFibre; 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, 2022.

D. Derivative Financial Instruments

The following table summarizes AC's use of derivatives. Notional values 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 values 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 values do not necessarily represent the amount of potential market risk or credit risk arising from derivatives.

As at December 31,	**2022**			2021		
		Fair Value			Fair Value	
	Notional Value	**Assets**	**Liabilities**	Notional Value	Assets	Liabilities
Fixed Income						
Interest Rate Contracts						
Swaps	**$ 225**	**$ 11**	**$ (2)**	$ 645	$ 6	$ (1)
Futures	**2,602**	**1**	**(1)**	753	–	–
Total Interest Rate Contracts		**12**	**(3)**		6	(1)
Credit Default Contracts						
Swaps	**10,467**	**–**	**–**	10,816	1	–
Swaptions						
- written	**–**	**–**	**–**	632	–	–
- purchased	**435**	**1**	**–**	632	1	–
Total Credit Default Contracts		**1**	**–**		2	–
Total Fixed Income		**13**	**(3)**		8	(1)
Equities						
Equity Contracts						
Swaps	**14,286**	**158**	**(329)**	15,343	414	(137)
Futures	**3,786**	**5**	**(11)**	3,484	3	(9)
Options						
- written	**3,326**	**–**	**(54)**	5,089	–	(75)
- purchased	**4,278**	**159**	**–**	7,743	195	–
Total Equity Contracts		**322**	**(394)**		612	(221)
Commodity Contracts						
Futures	**1,449**	**10**	**(7)**	1,548	5	(15)
Total Equities		**332**	**(401)**		617	(236)
Foreign Exchange Contracts						
Forwards	**32,043**	**142**	**(683)**	37,308	115	(292)
Options						
- written	**791**	**–**	**–**	–	–	–
- purchased	**2,558**	**9**	**–**	–	–	–
Total Foreign Exchange Contracts		**151**	**(683)**		115	(292)
Total		**$ 496**	**$ (1,087)**		$ 740	$ (529)

E. Investment Risk

AC's primary long-term investment risk is that the value of its assets and the capacity of those assets to generate investment income 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 or, if established by the Board, an ad hoc Asset-Liability Study 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.

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 inputs. 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, many of which are denominated in foreign currencies. AC centrally manages the strategy for foreign currency and assumes certain foreign exchange risks, measuring and considering them in the context of overall portfolio objectives, alongside other investment related risks discussed elsewhere. Net investment assets by currency, after the impact of currency hedging, are as follows:

As at December 31,	**2022**		2021	
	Fair Value By Currency		Fair Value By Currency	
Currency	**Net Exposure**	**% of Total**	Net Exposure	% of Total
United States Dollar	**$ 37,632**	**30 %**	$ 31,114	25 %
British Pound Sterling	**5,554**	**4**	5,988	5
Euro	**5,268**	**4**	3,529	3
Australian Dollar	**3,078**	**2**	1,829	1
Hong Kong Dollar	**2,347**	**2**	2,860	2
Indian Rupee	**2,042**	**2**	2,428	2
All Other	**4,172**	**3**	4,150	4
Total Foreign Currency Exposure	**60,093**	**47**	51,898	42
Canadian Dollar	**67,946**	**53**	72,541	58
Total	**$ 128,039**	**100 %**	$ 124,439	100 %

Foreign Currency Sensitivity

After giving effect to the impact of foreign currency hedges and holding constant all other variables and underlying values, a five per cent increase or decrease in the value of the Canadian dollar against all foreign currencies would result in an approximate $3,005 (December 31, 2021: $2,593) decrease or increase in AC’s net assets as shown below:

As at December 31,	**2022**	2021
Currency	**Change in Unrealized Loss/Gain**	Change in Unrealized Loss/Gain
United States Dollar	**$ -/+ 1,882**	$ -/+ 1,556
British Pound Sterling	**-/+ 278**	-/+ 299
Euro	**-/+ 263**	-/+ 176
Australian Dollar	**-/+ 154**	-/+ 91
Hong Kong Dollar	**-/+ 117**	-/+ 143
Indian Rupee	**-/+ 102**	-/+ 121
All Other	**-/+ 209**	-/+ 207
Total	**$ -/+ 3,005**	$ -/+ 2,593

(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 while liabilities with fixed rates of interest will increase in market value as interest rates rise, and vice versa.

Sensitivity to changes in interest rates

AC's exposure to a 50 basis point increase (decrease) in interest rates, 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 $181 (December 31, 2021: $176). 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 aggregate value of these public equities would result in an approximate increase (decrease) in public equity exposures and an unrealized gain (loss) of $2,995 (December 31, 2021: $3,644).

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 $103 (December 31, 2021: $221).

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;
- estimates ratings using an internal rating process, if no rating is available from selected reputable credit rating agencies for credit investments; 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,								**2022**
		Sovereign Governments		**Provincial Governments**		**Corporate**		**Total**	**% of Total**
AAA	$	**9,686**	$	**—**	$	**4**	$	**9,690**	**19 %**
AA		**15,022**		**60**		**11,001**		**26,083**	**51**
A		**—**		**—**		**1,444**		**1,444**	**3**
BBB		**95**		**—**		**4,186**		**4,281**	**8**
Below BBB		**—**		**—**		**7,498**		**7,498**	**15**
Unrated		**—**		**—**		**2,288**		**2,288**	**4**
Total	$	**24,803**	$	**60**	$	**26,421**	$	**51,284**	**100 %**

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 %

Unrated securities in the table above relate to private real estate debt and mortgages with a weighted average loan-to-value ratio at the time of issuance of no greater than 75%.

(ii) Margin and Collateral

AC is a counterparty to financial instruments that are subject to margin arrangements. 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 because the risks and rewards of the securities remain with the lender.

AC enters into securities repurchase transactions under Global Master Repurchase Agreements (GMRA), whereby AC sells securities to counterparties and simultaneously agrees to buy them back at a predetermined price in the future. Collateral is exchanged between the counterparties based on the current value of the securities sold under the agreements. AC does not derecognize any securities sold because the associated risks and rewards remain with the seller.

AC is permitted to sell or repledge collateral in the absence of default, with the exception of initial margin on OTC derivatives. The equivalent cash or securities must be returned to the counterparty should the counterparty demand a return of collateral. The fair value of collateral sold or repledged is $nil (December 31, 2021: $nil).

The fair value of collateral pledged and received, as well as securities sold under repurchase agreements is as follows:

As at December 31,	**2022**	2021
Derivative-related		
Collateral received	**$ 911**	$ 687
Collateral pledged	**2,195**	1,485
Securities borrowing		
Collateral pledged	**1,346**	1,395
Securities sold under repurchase agreements		
Gross amounts of securities sold under repurchase agreements	**12,503**	152
Collateral pledged	**12,512**	152

(iii) Right of Netting and Offset

AC is a counterparty to financial instruments that are subject to netting and offset arrangements. 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,						**2022**
				Related amounts not set off in the Consolidated Statement of Financial Position		
	Gross amounts of recognized Financial Instruments	**Less amounts offset in Consolidated Financial Statements**	**Net amounts presented in Consolidated Financial Statements**	**Amounts subject to netting arrangements**	**Financial collateral (received) pledged**	**Net amount**
Financial Assets						
Derivative assets	**$ 496**	**$ —**	**$ 496**	**$ (351)**	**$ (9)**	**$ 136**
Total Financial Assets	**$ 496**	**$ —**	**$ 496**	**$ (351)**	**$ (9)**	**$ 136**
Financial Liabilities						
Derivative liabilities	**$ (1,087)**	**$ —**	**$ (1,087)**	**$ 351**	**$ 168**	**$ (568)**
Securities sold short	**(1,013)**	**—**	**(1,013)**	**—**	**1,013**	**—**
Securities sold under repurchase agreements	**(12,503)**	**—**	**(12,503)**	**—**	**12,503**	**—**
Total Financial Liabilities	**$ (14,603)**	**$ —**	**$ (14,603)**	**$ 351**	**$ 13,684**	**$ (568)**

As at December 31,						2021
				Related amounts not set off in the Consolidated Statement of Financial Position		
	Gross amounts of recognized Financial Instruments	Less amounts offset in Consolidated Financial Statements	Net amounts presented in Consolidated Financial Statements	Amounts subject to netting arrangements	Financial collateral (received) pledged	Net amount
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 sold short	(862)	—	(862)	—	862	—
Securities sold under repurchase agreements	(152)	—	(152)	—	152	—
Total Financial Liabilities	$ (1,543)	$ —	$ (1,543)	$ 410	$ 1,095	$ (38)

c) Liquidity Risk

Liquidity risk is the risk that AC will encounter difficulty in meeting cash flow obligations as they come due. 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 monitors its liquidity position to ensure sufficient liquid assets are available to meet cash and collateral requirements and other obligations.

As at December 31, 2022, AC maintained $23,071 of liquid assets comprised of $25,837 cash and short-term deposits, $2,670 inflation-linked bonds, $7,076 Canadian and United States government securities, all net of $12,512 pledged collateral (December 31, 2021: $25,137 of liquid assets comprised of $17,890 cash and short-term deposits, $2,957 inflation-linked bonds, $4,442 Canadian and United States government securities, all net of $152 pledged collateral).

(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,	2022				2021			
	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)]	**$ 3,720**	**$ 6,573**	**$ 3,321**	**$ 13,614**	$ 2,060	$ 6,642	$ 2,325	$ 11,027
Securities sold short	**158**	**448**	**407**	**1,013**	72	278	512	862
Securities sold under repurchase agreements	**12,503**	**–**	**–**	**12,503**	152	–	–	152
Payables and other liabilities	**936**	**–**	**–**	**936**	619	–	–	619
Interest rate contracts	**3**	**–**	**–**	**3**	1	–	–	1
Equity contracts	**394**	**–**	**–**	**394**	221	–	–	221
Commodity contracts	**7**	**–**	**–**	**7**	15	–	–	15
Foreign exchange contracts	**683**	**–**	**–**	**683**	292	–	–	292
Total	**$ 18,404**	**$ 7,021**	**$ 3,728**	**$ 29,153**	$ 3,432	$ 6,920	$ 2,837	$ 13,189

(i) Includes commercial paper which is due within 1 year of $1,618 (December 31, 2021: $1,201).

Other liabilities included in the Consolidated Statement of Financial Position of $354 (December 31, 2021: $350) are due within 1 year.

The term to maturity of AC's derivative liabilities based on notional value is as follows:

As at December 31,	2022				2021			
	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	**$ 2,081**	**$ –**	**$ –**	**$ 2,081**	$ 126	$ –	$ –	$ 126
Credit default contracts	**–**	**–**	**–**	**–**	632	–	–	632
Equity contracts	**16,156**	**–**	**–**	**16,156**	11,955	–	–	11,955
Commodity contracts	**620**	**–**	**–**	**620**	950	–	–	950
Foreign exchange contracts	**22,846**	**–**	**–**	**22,846**	20,060	–	–	20,060
Total	**$ 41,703**	**$ –**	**$ –**	**$ 41,703**	$ 33,723	$ –	$ –	$ 33,723

(ii) Commercial paper

OFT is authorized to issue up to an equivalent of $5,000 (December 31, 2021: $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 $1,618 was issued as at December 31, 2022 (December 31, 2021: $1,201).

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 a $3,900 (December 31, 2021: $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. As at December 31, 2022, $nil was drawn against this facility (December 31, 2021: $nil).

NOTE 4

Investment Liabilities

AC's investment liabilities are as follows:

As at December 31,		2022		2021
Debt	**$**	**11,442**	$	10,631
Securities sold short		**1,013**		862
Securities sold under repurchase agreements		**12,503**		152
Payables and other liabilities		**936**		619
Total	**$**	**25,894**	$	12,264

Total debt with recourse to AC is comprised of the following:

As at December 31,					2022					2021
		Fair Value		**Cost**	**Weighted Average Interest Rate**		Fair Value		Cost	Weighted Average Interest Rate
Real Estate										
Credit facilities	**$**	**419**	**$**	**419**	**4.66 %**	$	450	$	450	0.90 %
Infrastructure										
Secured debt		**519**		**411**	**3.83**		1,070		1,019	1.43
OMERS Finance Trust										
Commercial paper (i)		**1,618**		**1,618**	**4.26**		1,201		1,201	0.23
Term notes		**8,886**		**9,510**	**1.85**		7,904		8,120	1.54
Credit facility (ii)		**—**		**—**	**—**		6		6	0.50
Total	**$**	**11,442**	**$**	**11,958**	**2.39 %**	$	10,631	$	10,796	1.36 %

(i) As at December 31, 2022, commercial paper outstanding has maturities from January 4, 2023 to March 9, 2023 with interest rates ranging from 1.56% to 4.71%.

(ii) €225 revolving credit facility expires on September 27, 2023 with an interest rate of EURIBOR + 0.50%. At December 31, 2022, €nil was drawn (December 31, 2021: €3.9).

OFT is authorized to issue term notes, which are unconditionally and irrevocably guaranteed by AC. As at December 31, 2022, term notes totaling $8,886 are outstanding (December 31, 2021: $7,904) and details are shown in the table below:

Maturity	Original Term	Currency	Principal Amount	Coupon
April 14, 2023	3 years	USD	1,000	1.125%
May 2, 2024	5 years	USD	1,250	2.500%
May 13, 2025	5 years	EUR	1,000	0.450%
March 26, 2026	5 years	USD	1,000	1.100%
April 21, 2027	7 years	CAD	1,250	1.550%
May 14, 2029	10 years	CAD	1,000	2.600%
April 19, 2032	10 years	USD	600	3.500%
April 19, 2052	30 years	USD	500	4.000%

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 Toronto Metropolitan University (formerly 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,	**2022**	2021
Administered Funds	**$ 1,807**	$ 1,742
OMERS Return Agreements	**2,168**	2,029
Amounts payable under contractual agreements	**$ 3,975**	$ 3,771

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,	**2022**	2021
Net Assets Available for Benefits	**$ 124,206**	$ 120,727
Accrued Pension Obligation and (Deficit) Surplus		
Defined benefit component		
Accrued pension obligation	**$ 128,789**	$ 119,342
(Deficit) Surplus		
Funding (deficit) surplus	**(6,678)**	(3,131)
Actuarial value adjustment of net assets	**578**	3,062
	(6,100)	(69)
Additional Voluntary Contributions component obligation	**1,517**	1,454
Total Primary Plan Accrued Pension Obligation and (Deficit) Surplus	**$ 124,206**	$ 120,727

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,		2022		2021
Statement of Changes in Net Assets				
Net investment income (loss)	$	**4,924**	$	16,415
Contributions		**4,593**		4,499
Benefits paid		**(5,926)**		(5,483)
Pension administrative expenses		**(112)**		(104)
Total Increase		**3,479**		15,327
Net Assets Available for Benefits, Beginning of Year		**120,727**		105,400
Net Assets Available for Benefits, End of Year	$	**124,206**	$	120,727

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, 2021 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	**2022**	2021
Assumed rate of long-term inflation	**2.00 %**	2.00 %
Real discount rate	**3.75**	3.75
Nominal discount rate	**5.75 %**	5.75 %

An adjustment for the assumed short-term inflation rate was introduced in the actuarial valuation as at December 31, 2022 to incorporate the expected continuation of an elevated rate of inflation in Canada through 2024. The cost of living adjustments reflecting inflation assumptions used in the actuarial valuation as at December 31, 2022 were 5.50% for the year 2024, 3.00% for the year 2025, and 2.00% for the years 2026 and beyond. The cost of living adjustment used in the December 31, 2021 actuarial valuation was 2.00% for all years. A 0.50% increase (decrease) in the cost of living adjustments for the years 2024 and 2025 (with no change in other assumptions) would result in an approximate increase (decrease) in the accrued pension obligation of $700.

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 long-term 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:

	2022				2021			
	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 long-term 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 nominal 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,	**2022**	2021
Nominal discount rate		
Decrease in assumption	**$ 9,700**	$ 9,200
Increase in assumption	**(8,600)**	(8,100)
Real rate of pensionable earnings increases		
Decrease in assumption	**(2,000)**	(2,000)
Increase in assumption	**2,100**	2,100

The accrued pension obligation as at December 31, 2022 takes into account known changes in the Primary Plan membership up to October 30, 2022, actual inflationary increases to pension payments and deferred pension payments to be implemented as at January 1, 2023, and estimated pensionable earnings and credited service accruals in 2022.

The Primary Plan's financial position is summarized as follows:

As at December 31,	**2022**	2021
Primary Plan fair value of net assets available for benefits	**$ 124,206**	$ 120,727
Less: Additional Voluntary Contribution net assets	**1,517**	1,454
Defined benefit net assets available for benefits	**122,689**	119,273
Less: Actuarial value adjustment	**578**	3,062
Actuarial value of net assets available for benefits	**122,111**	116,211
Less: Defined Benefit accrued pension obligation	**128,789**	119,342
Funding (deficit) surplus of actuarial value of net assets available for benefits over accrued pension obligation	**(6,678)**	(3,131)
Actuarial value adjustment to net assets available for benefits	**578**	3,062
(Deficit) Surplus of net assets available for benefits over accrued pension obligation	**$ (6,100)**	$ (69)

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,		2022		2021
Expected interest on beginning actuarial value adjustment (i)	$	**203**	$	(301)
Current year returns in excess of (below) the actuarial smoothing rate not recognized in the year (i)		**(2,397)**		7,358
Prior years' returns (above) below the actuarial smoothing rate recognized in the year		**(290)**		449
(Decrease) Increase in actuarial value adjustment		**(2,484)**		7,506
Actuarial value adjustment, beginning of year		**3,062**		(4,444)
Actuarial value adjustment, end of year	$	**578**	$	3,062

(i) Based on the actuarial smoothing rate in effect during the year of 6.63% (2021: 6.78%).

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 2023 through 2026. These amounts accrete annually at the actuarial smoothing rate for 2023, which is 7.97%.

Initial Year Earned	Actuarial Smoothing Rate in Effect for the Year		**Actuarial Value Adjustment as at Dec. 31, 2022**		Unrecognized Investment Returns to be Recognized in 2023		2024		2025		2026		Actuarial Value Adjustment as at Dec. 31, 2021
2018	6.00 %	$	**—**	$	—	$	—	$	—	$	—	$	(830)
2019	6.00 %		**1,337**		1,444		—		—		—		2,508
2020	5.90 %		**(4,247)**		(2,293)		(2,475)		—		—		(5,974)
2021	6.78 %		**5,885**		2,118		2,287		2,469		—		7,358
2022	6.63 %		**(2,397)**		(647)		(699)		(754)		(814)		—
		$	**578**	$	622	$	(887)	$	1,715	$	(814)	$	3,062

Starting from its December 31, 2021 determination, the actuarial value adjustment is constrained such that the resulting actuarial value of net assets is no more than 15% different from the fair value of net assets. As at December 31, 2022 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 on 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) $180,944 for 2022 (2021: $180,505). 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,		2022		2021
Net Assets Available for Benefits	**$**	**176**	$	192
Accrued Pension Obligation and (Deficit) Surplus				
Accrued pension obligation	**$**	**1,235**	$	1,144
(Deficit) Surplus		**(1,059)**		(952)
Accrued Pension Obligation and (Deficit) Surplus	**$**	**176**	$	192

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31,		2022		2021
Net investment income (loss)	**$**	**(12)**	$	22
Contributions		**31**		29
Benefits paid		**(34)**		(33)
Administrative expenses		**(1)**		(1)
Total (Decrease) Increase		**(16)**		17
Net assets available for benefits, beginning of year		**192**		175
Net assets available for benefits, end of year	**$**	**176**	$	192

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, 2022 is 3.10% (December 31, 2021: 3.10%), 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 long-term inflation rate) were last updated in 2020 and are as follows:

	2022				2021			
	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 long-term 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,		2022		2021
Nominal discount rate before reflecting the 50 per cent refundable tax				
Decrease in assumption	**$**	**56**	$	54
Increase in assumption		**(53)**		(50)
Real rate of pensionable earnings increases				
Decrease in assumption		**(76)**		(79)
Increase in assumption		**175**		199

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,					2022
	Investment Income	**Net Gain (Loss) on Investment Assets and Liabilities (ii)**	**Total Investment Income (Loss) (i)**	**Investment Management Expenses (note 12)**	**Net Investment Income (Loss)**
Fixed Income					
Inflation-linked bonds	$ 12	$ 81	$ 93	$ (9)	$ 84
Nominal bonds and debentures	233	(614)	(381)	(26)	(407)
Private debt and mortgages	650	10	660	(99)	561
Total Fixed Income	895	(523)	372	(134)	238
Equities					
Canadian public equities	115	(164)	(49)		
Non-Canadian public equities	254	(2,101)	(1,847)		
Public equities	369	(2,265)	(1,896)	(117)	(2,013)
Canadian private equities	90	(77)	13		
Non-Canadian private equities	782	3,515	4,297		
Private equities	872	3,438	4,310	(263)	4,047
Total Equities	1,241	1,173	2,414	(380)	2,034
Real Assets					
Infrastructure	1,345	1,846	3,191	(147)	3,044
Real estate (iii)	840	1,995	2,835	(26)	2,809
Total Real Assets	2,185	3,841	6,026	(173)	5,853
Short-Term Instruments					
Cash and short-term deposits	181	132	313	(6)	307
Derivatives	—	(3,471)	(3,471)	—	(3,471)
Investment liabilities	(171)	412	241	—	241
Total Investment Income (Loss)	$ 4,331	$ 1,564	$ 5,895	$ (693)	$ 5,202
Less: Income credited under contractual agreements					290
Net Investment Income (Loss)					$ 4,912

For the year ended December 31,	Investment Income (iv)	Net Gain (Loss) on Investment Assets and Liabilities (ii)	Total Investment Income (Loss) (i)	Investment Management Expenses (note 12)	Net Investment Income (Loss) 2021
Fixed Income					
Inflation-linked bonds	$ 19	$ 107	$ 126	$ (12)	$ 114
Nominal bonds and debentures	148	(147)	1	(14)	(13)
Private debt and mortgages	556	(107)	449	(83)	366
Total Fixed Income	723	(147)	576	(109)	467
Equities					
Canadian public equities	210	768	978		
Non-Canadian public equities	201	1,247	1,448		
Public equities	411	2,015	2,426	(109)	2,317
Canadian private equities	257	515	772		
Non-Canadian private equities	455	3,448	3,903		
Private equities	712	3,963	4,675	(307)	4,368
Total Equities	1,123	5,978	7,101	(416)	6,685
Real Assets					
Infrastructure	1,744	243	1,987	(106)	1,881
Real estate (iii)	813	1,516	2,329	(20)	2,309
Total Real Assets	2,557	1,759	4,316	(126)	4,190
Short-Term Instruments					
Cash and short-term deposits	20	(159)	(139)	(6)	(145)
Derivatives	—	5,434	5,434	—	5,434
Investment liabilities	(115)	363	248	—	248
Total Investment Income (Loss)	$ 4,308	$ 13,228	$ 17,536	$ (657)	$ 16,879
Less: Income credited under contractual agreements					442
Net Investment Income (Loss)					$ 16,437

(i) Total Investment Income (Loss) includes interest, dividends and net real estate operating income, net of external manager performance and pooled fund fees of $37 (2021: $110).

(ii) Net Gain (Loss) on Investment Assets and Liabilities is net of transaction and pursuit costs of $526 (2021: $371) and includes a net realized gain of $451 (2021: gain of $8,132) from foreign exchange and sale of assets.

(iii) Net real estate operating income includes Oxford Properties Group's operating expenses (net of property management income) of $66 (2021: $78). The total audit costs are $5 (2021: $4).

(iv) For 2021 presentation, Investment Income (Loss) from Investment Liabilities is reclassified from other line items, with no impact to Total Investment Income (Loss).

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:

a. Returns are calculated as the percentage of applicable income to the fair value of the applicable net assets during the period.
b. Fair value is determined as described in Note 2.
c. Income is determined as described in Notes 2 and 8.
d. 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,	2022	2021
OMERS Primary Plan		
Total Gross Return	**4.75 %**	16.41 %
Returns applicable to OMERS Return Agreements		
OMERS Infrastructure	**12.01 %**	10.88 %
Oxford Properties	**9.38 %**	12.58 %

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, 2022 was 4.2% (December 31, 2021: 15.7%).

NOTE 10

Contributions

For the year ended December 31,	2022	2021
Current year required contributions (i)		
From employers	**$ 2,207**	$ 2,138
From members	**2,207**	2,138
	4,414	4,276
Transfers from other pension plans	**47**	64
Past service contributions from members	**80**	92
Past service contributions from employers	**15**	14
Defined benefit contributions	**4,556**	4,446
AVC contributions received	**68**	82
Total contributions (ii)	**$ 4,624**	$ 4,528

(i) Current year service contributions are funded equally by employers and active members. For NRA 65 members, the 2022 contribution rate was 9.0% (2021: 9.0%) of earnings up to $64,900 (2021: $61,600) and 14.6% (2021: 14.6%) of earnings above that level. For NRA 60 members, the 2022 contribution rate was 9.2% (2021: 9.2%) of earnings up to $64,900 (2021: $61,600) and 15.8% (2021: 15.8%) of earnings above that level.

(ii) As at December 31, 2022, OMERS had 1,037 employers (December 31, 2021: 1,030). 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,		2022		2021
Retirement benefits	$	**4,943**	$	4,573
Disability benefits		**29**		29
Death benefits		**137**		149
Transfers to other pension plans		**104**		72
Commuted value payments		**682**		638
Defined benefits paid		**5,895**		5,461
AVC benefits paid		**65**		55
Total benefits paid	$	**5,960**	$	5,516

NOTE 12

Pension Administrative and Investment Management Expenses

A. Pension Administrative Expenses

For the year ended December 31,		2022		2021
Salaries, incentives and benefits	$	**72**	$	68
Technology and systems development		**20**		19
Premises and equipment		**6**		5
Professional services and fees (i)		**10**		10
Travel and communication		**5**		3
Total Pension Administrative Expenses	$	**113**	$	105

B. Investment Management Expenses

For the year ended December 31,		2022		2021
Salaries, incentives and benefits (ii)	$	**504**	$	502
Technology and systems development		**42**		42
Premises and equipment		**30**		29
Professional services and fees (i)		**44**		33
Travel and communication		**27**		13
Investment management services		**51**		41
Other (income) expenses		**(5)**		(3)
Total Investment Management Expenses	$	**693**	$	657

(i) Professional services and fees include independent actuarial costs of $1 (2021: $1) and external audit costs of $4 (2021: $3).

(ii) Net of management fees of $41 (2021: $44) earned from portfolio investments.

NOTE 13

Related Party Disclosures

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 $140 (2021: $147), obtained development permits from municipal employers of $35 (2021: $nil) and paid utility payments to utility employers of $28 (2021: $26). The amounts of property taxes paid and services purchased 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 $20 (2021: $27). 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,	2022	2021
Salaries, short-term employee benefits and termination benefits	**$ 10**	$ 14
Post-employment benefits	**1**	1
Other long-term benefits	**10**	15
Total	**$ 21**	$ 30

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 ((deficit) surplus) 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, 2022 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, 2022 was last amended on February 28, 2022 with effective date of March 1, 2022.

For the RCA, 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 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, 2022 was last amended on February 28, 2022 with effective date of March 1, 2022.

The Primary Plan's AVC component accrued pension obligation is based on AVC contributions and net investment rates of return of the defined benefit component of the Primary Plan; as such, it does not have a (deficit) surplus position.

The Supplemental Plan has no members, net assets or accrued pension obligations. The Supplemental Plan SIP&P was last amended on February 28, 2022.

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 at Fair Value by Segment

As at December 31,		2022		2021 (ii)
Fixed Income				
Bonds	**$**	**8,946**	$	6,931
Credit		**20,312**		17,791
		29,258		24,722
Equities				
Public Equity		**16,308**		18,268
Private Equity		**23,215**		18,301
		39,523		36,569
Real Assets				
Infrastructure		**26,311**		25,441
Real Estate		**21,202**		19,843
		47,513		45,284
Cash and Funding		**9,963**		15,971
Total Investments	**$**	**126,257**	$	122,546
Reconciliation to Investments by asset class (note 3A)				
OMERS Return Agreements		**2,168**		2,029
RCA (i)		**101**		120
Other		**(487)**		(256)
Net Investment Assets (note 3A)	**$**	**128,039**	$	124,439

(i) Excludes refundable tax account.

(ii) The AC Board approved updates to the SIP&P, which reflected changes to the asset classifications for certain types of investments and became effective January 1, 2022. For 2021 presentation, the fair value of investments by segment have been adjusted to reflect the reclassification, with no impact to Total Investments.

B. Net Investment Income (Loss) by Segment

For the year ended,		2022		2021
Fixed Income				
Bonds	$	**(385)**	$	85
Credit		**900**		934
		515		1,019
Equities				
Public Equity		**(4,299)**		6,589
Private Equity		**2,613**		3,975
		(1,686)		10,564
Real Assets				
Infrastructure		**2,908**		2,267
Real Estate		**2,628**		2,532
		5,536		4,799
Cash and Funding		**632**		267
		4,997		16,649
Less: Administered Funds		**73**		234
Total Primary Plan		**4,924**		16,415
Add: RCA		**(12)**		22
Net Investment Income (Loss) (note 8)	$	**4,912**	$	16,437

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 $2.3 billion as at December 31, 2022 (December 31, 2021: $2.8 billion).

Future financial commitments and contingencies include those relating to acquisitions of investments, funds managed by third parties, development of infrastructure and real estate projects and refurbishment of a major infrastructure asset. As at December 31, 2022, $4.3 billion (December 31, 2021: $3.4 billion) is expected to be due within one year and $14.2 billion (December 31, 2021: $14.7 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, 2022, 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 D: 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 Morse

Philip A. Morse
Fellow, Canadian Institute of Actuaries

Janis Cooper
Fellow, Canadian Institute of Actuaries

Toronto, Ontario
February 28, 2022

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
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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 ARRs 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

[1]Primarily 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
Currency	**Change in value of Canadian Dollar**	**Change in Unrealized Gain/Loss**	Change in 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,	Sovereign Governments	Provincial Governments	Corporate	Total	% of Total
2021					
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,	Sovereign Governments	Provincial Governments	Corporate	Total	% of Total
2020					
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,				Related amounts not set off in the Consolidated Statement of Financial Position		**2021**
	Gross amounts of recognized Financial Instruments	**Less amounts offset in Consolidated Financial Statements**	**Net amounts presented in Consolidated Financial Statements**	**Amounts subject to netting arrangements**	**Financial collateral (received) pledged**	**Net amount**
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,				Related amounts not set off in the Consolidated Statement of Financial Position		2020
	Gross amounts of recognized Financial Instruments	Less amounts offset in Consolidated Financial Statements	Net amounts presented in Consolidated Financial Statements	Amounts subject to netting arrangements	Financial collateral (received) pledged	Net amount
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 Dec. 31, 2021	Unrecognized Investment Returns to be Recognized in 2022	2023	2024	2025	Actuarial Value Adjustment as at 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:

a. Returns are calculated as the percentage of applicable income to the weighted average fair value of the applicable net assets during the period.
b. Fair value is determined as described in Note 2.
c. Income is determined as described in Notes 2 and 8.
d. 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

(i) 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.

(ii) 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
Commuted 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 E: 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

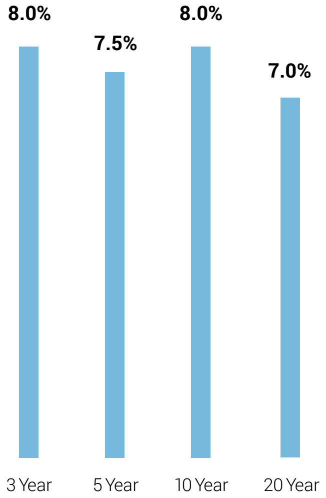
5.75%

2020: 5.85%

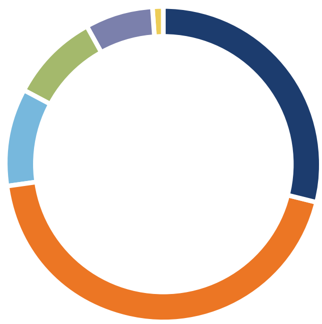
2021 ASSET MIX

Public Equity	29%
Credit	14%
Bonds	6%
Private Equity	16%
Infrastructure	20%
Real Estate	16%
Cash & Short-Term Instruments (net of economic leverage)	(1)%

Historical Net Returns



2021 ASSETS BY GEOGRAPHY



Canada	29%
U.S.	44%
Asia-Pacific	10%
Europe excluding U.K.	9%
United Kingdom (U.K.)	7%
Rest of the World	1%

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)

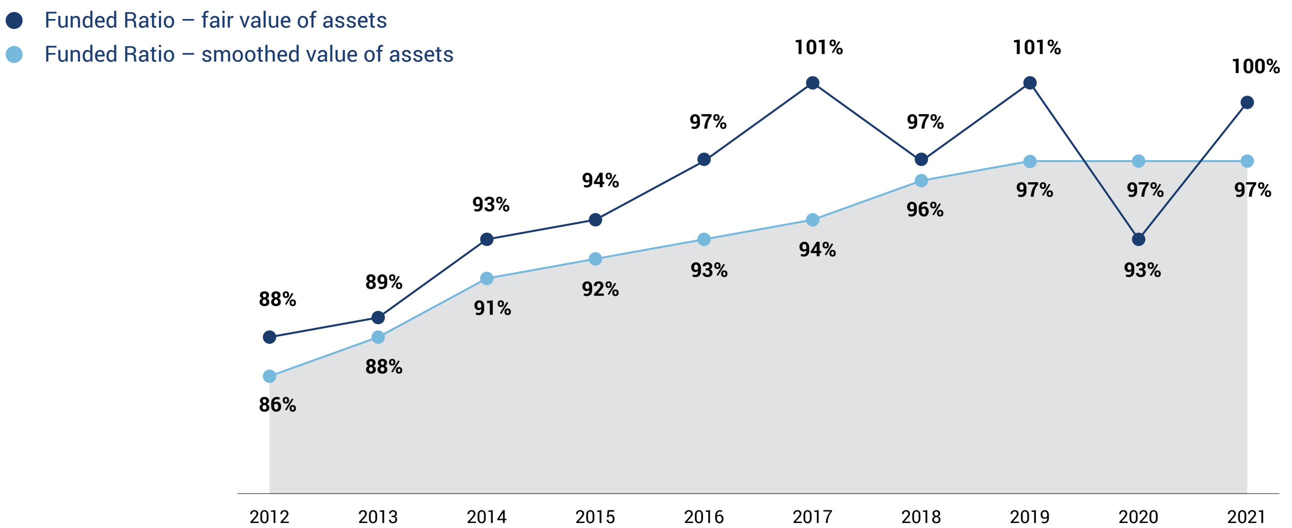
On a fair value basis, the funded ratio increased from 93% as at December 31, 2020 to 100% as at December 31, 2021, as the Plan's assets grew more than its pension obligations during the year. The deficit reduced from $(7.6) billion to $(0.1) billion over the same period.

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



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Real Discount Rate	4.25%	4.25%	4.25%	4.25%	4.20%	4.00%	4.00%	3.90%	3.85%	3.75%
Inflation Assumption	2.25%	2.25%	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Nominal Discount Rate	6.50%	6.50%	6.50%	6.25%	6.20%	6.00%	6.00%	5.90%	5.85%	5.75%

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.

PLAN MATURITY

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.

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

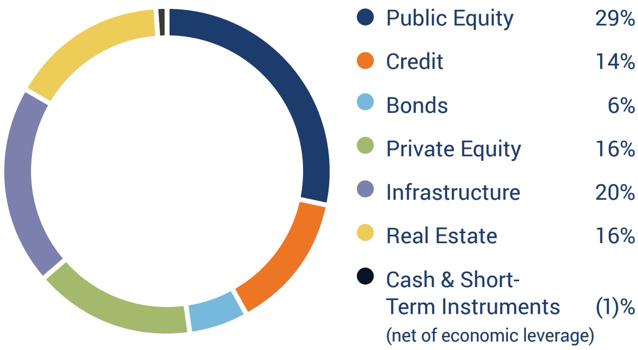
2020: $(3.0)B

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 Fund[2]	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.

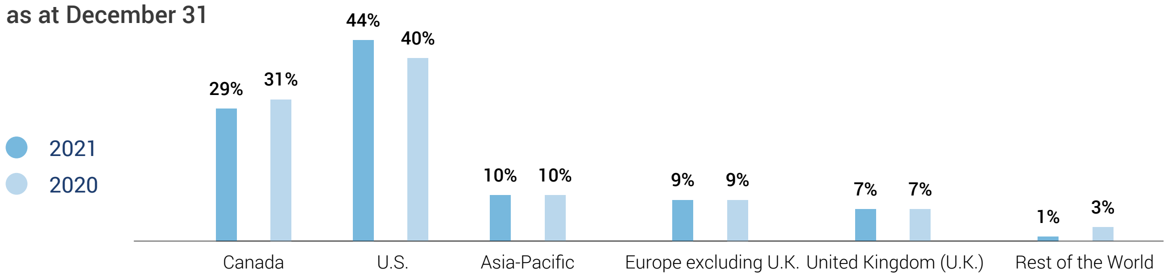
1 Presented net of liabilities related to OMERS Return Agreements, which are presented in Note 5 to the Consolidated Financial Statements.

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

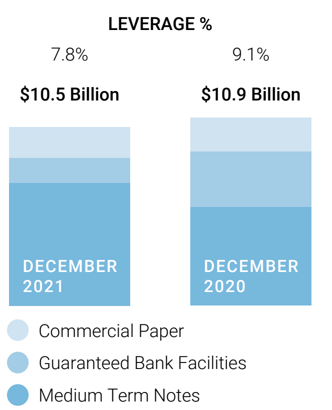
1 Government Bonds include U.S. Government Treasury Bonds and Canadian Government Bonds.
2 Credit facilities held by OFT: a $3.8 billion three-year revolving credit facility maturing in 2024, which backstops our commercial paper program and is available for general corporate purposes; and a €225 million 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.

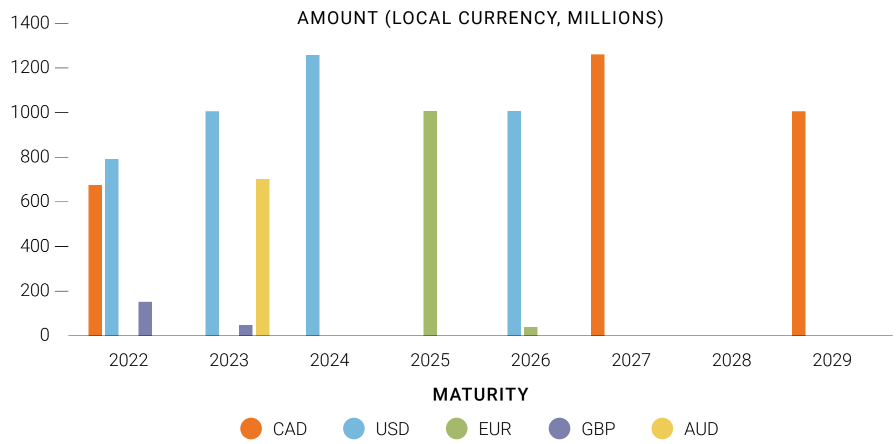
In addition to OFT's guaranteed debt, AC also unconditionally and irrevocably guarantees $1.5 billion (2020 – $1.6 billion) of debt for assets within our credit, infrastructure and real estate asset classes. This debt is generally used to fund development projects, credit investments and acquisitions.

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.

Leeward Renewable Energy, United States

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.

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.

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.

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

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

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

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_2e/$M invested	57	58
Weighted Average Carbon Intensity (WACI) tCO_2e/$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 assets[1] 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.

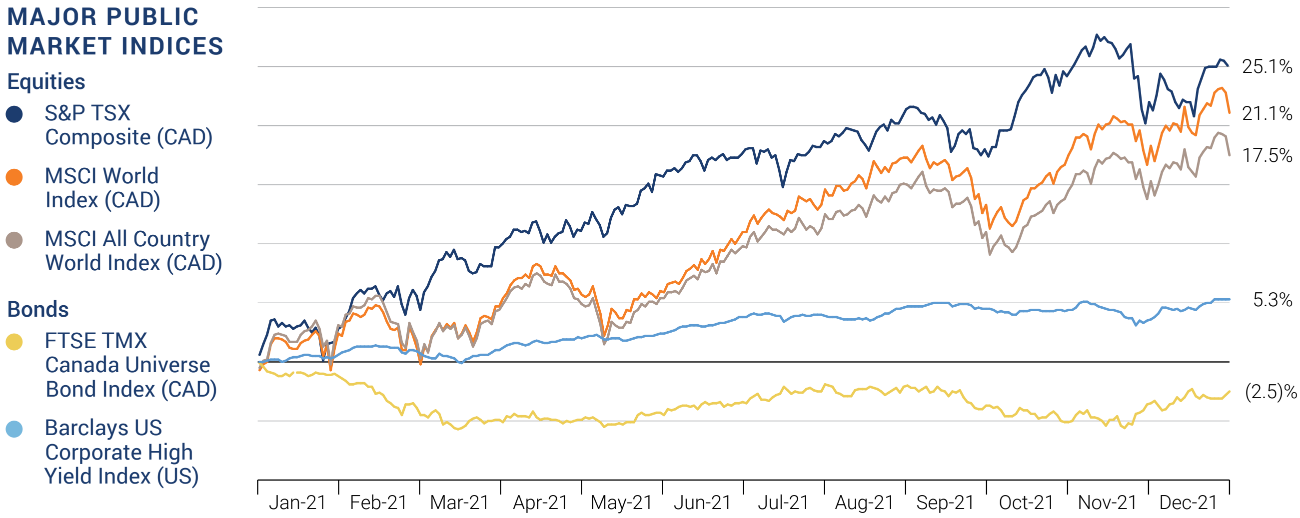
Asset Class Performance

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:



Public Investments

NET RETURN

14.6%

2020: (3.1)%

5-YEAR AVERAGE: 6.6%

NET INCOME

$7.9B

2020: $(1.8)B

NET LOCAL RETURN

15.6%

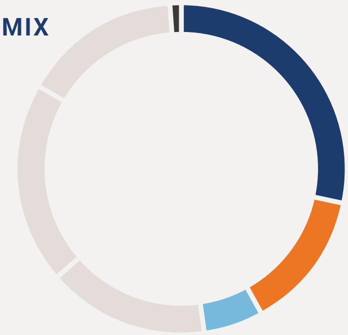
BENCHMARK: 5.8%

NET EXPOSURE

$58.9B

2020: $55.3B

ASSET MIX



Public Equity	29%
Credit	14%
Bonds	6%
Cash & Short-Term Instruments (net of economic leverage)	(1)%

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

NET RETURN

25.8%

2020: (8.4)%

5-YEAR AVERAGE: 8.7%

NET INCOME

$4.0B

2020: $(1.1)B

NET LOCAL RETURN

26.0%

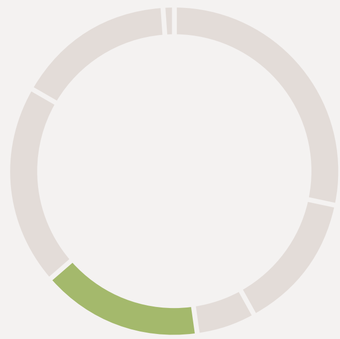
BENCHMARK: 8.0%

NET EXPOSURE

$19.8B

2020: $14.8B

ASSET MIX



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

NET RETURN

10.7%

2020: 8.6%

5-YEAR AVERAGE: 10.2%

NET INCOME

$2.3B

2020: $1.8B

NET LOCAL RETURN

11.1%

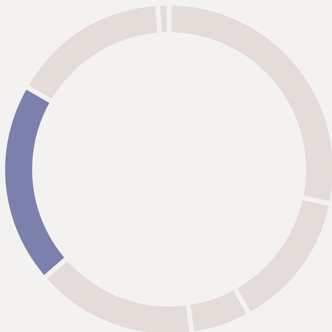
BENCHMARK: 7.9%

NET EXPOSURE

$24.0B

2020: $22.1B

ASSET MIX



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

NET RETURN

15.9%

2020: (11.4)%

5-YEAR AVERAGE: 6.1%

NET INCOME

$2.5B

2020: $(1.9)B

NET LOCAL RETURN

15.8%

BENCHMARK: 6.1%

NET EXPOSURE

$19.8B

2020: $15.0B

ASSET MIX

Real Estate 16%

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.


Hudson Yards, New York, United States

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.

			Reclassifications									
Consolidated Financial Statements		**Derivative Exposures[1]**	**Private Credit Funds[2]**	**Preferred Shares[3]**	**Corporate Bonds[4]**	**Real Estate Funds[5]**	**Recourse Debt[6]**	**Contractual Agreements[7]**	**RCA[8]**	**Other Items**		**MD&A**
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)									**(18,795)**	Economic Leverage
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		Derivative Exposures[1]	Reclassifications: Private Credit Funds[2]	Reclassifications: Preferred Shares[3]	Reclassifications: Corporate Bonds[4]	Reclassifications: Public Equity and Real Estate Funds[5]	Reclassifications: Recourse Debt[6]	Contractual Agreements[7]	RCA[8]	Other Items		MD&A
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 ($)	Equal to the Net Assets Available for Benefits of the Plan, as set out in Note 6 to the Consolidated Financial Statements. *Note that this is a GAAP measure; it is named differently in the MD&A for convenience.*	
Net Exposure ($) (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.

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OMERS Finance Trust

3.125% Senior Notes due 2029

Unconditionally and irrevocably guaranteed by

OMERS Administration Corporation

OMERS

OFFERING MEMORANDUM

January 25, 2024

Joint Book-Running Managers

BNP PARIBAS **Citigroup** **Crédit Agricole CIB** **TD Securities**