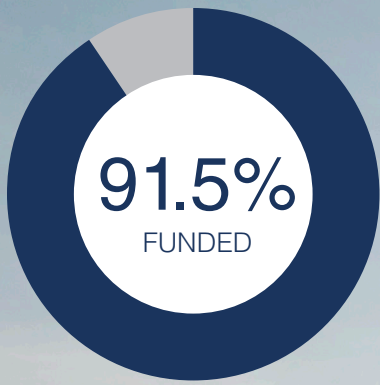




6.7%
NET RATE OF RETURN

Delivering secure, sustainable pensions to our members – now and in the future

OMERS

2015 REPORT TO MEMBERS



Who We Are

We are OMERS, the Ontario Municipal Employees Retirement System. We are the defined benefit pension plan for approximately 461,000 active, deferred and retired employees from nearly 1,000 municipalities, school boards, libraries, police and fire departments, and other local agencies in communities across Ontario.

The benefits and services we provide are funded by equal contributions from active members and their employers, and from the investment earnings of our Plan. Our \$77 billion of net assets are invested in a diversified global portfolio of public investments, infrastructure, private equity, and real estate. OMERS employees work in Toronto and other major cities across North America, the United Kingdom, Europe and Australia.

We are governed by two corporations:

OMERS Sponsors Corporation designs benefits and sets contribution rates for the OMERS Pension Plans and determines the composition of the two OMERS Boards.

OMERS Administration Corporation serves members and employers by collecting contributions, investing the assets and paying pensions.

Together, our mission is to deliver secure and sustainable defined benefit pensions to our members.

Realizing the Value of Your OMERS Defined Benefit Plan

An OMERS pension can be one of your most valuable assets. When you retire, we provide you with regular pension payments that continue for the rest of your life. The OMERS Plan provides:

- A lifetime pension based on earnings and years of service
- Early retirement options, including a bridge benefit paid until age 65
- Inflation protection
- Disability and survivor benefits



Prepare for the life you want with AVCs

The **Additional Voluntary Contribution (AVC)** option is an exclusive retirement savings opportunity that allows members to invest in OMERS diversified global fund.

Visit omers.com/avcs for more information.



For U.S. residents only: Neither the OMERS Primary Pension Plan nor the Additional Voluntary Contribution provision thereof (the AVC Option) is registered with the U.S. Securities and Exchange Commission. They are or may be offered and sold in the U.S. pursuant to an exemption from such registration. Note: The AVC option is not available to members who are not a resident in Canada or the United States.

Year in Review

You count on us to deliver a secure and sustainable pension, now and in the future.

\$77 billion
in Net Assets

2015 was a positive year for the Plan. Our funded status improved to 91.5% as a result of contributions and investment returns. We remain on track to being fully funded by 2025.

\$3.8 billion
in Contributions

In 2015, we produced a net investment return of 6.7% (after all expenses) for \$4.8 billion in net investment income. That net return exceeded the 6.5% discount rate, which was used in 2015 to calculate the long-term cost of providing pension benefits.

\$3.4 billion
in Benefits Paid

In the face of low interest rates, challenging global equity markets and a significant sell-off in commodities, these are positive results. We invest globally, with assets diversified by asset class, geography, economic sector, and we also diversify across types of income streams in order to earn long-term returns. We target high-quality investments, which are resilient in times of economic stress. Strong returns from infrastructure, private equity, and real estate demonstrated the importance of diversification.

2020 Strategy

In 2015, OMERS Sponsors Corporation and the OMERS Administration Corporation worked together to develop a joint, five-year Strategy that sets out our roadmap to 2020. It reflects our vision to be a leading model for defined benefit pension plan sustainability.

The Strategy responds to the changes that we are seeing all around us and evolving long-term trends. These changes include the fact that our Plan members are getting older, which means we have a growing number of retired members compared to active, contributing members. We also have a challenging investment climate, with low interest rates and low growth.

We are aware of the forces at play and are prepared to address them with a Strategy that anticipates and responds to these trends. With this Strategy, we aim to achieve three objectives:

- **Improving our funded status to become fully funded by 2025** – and protecting the Plan from market volatility, within reason, with stable and predictable contribution rates and benefits
- **Having a 90% satisfaction rate** – by providing high-quality service to members, employers and stakeholders
- **Managing costs effectively** – by keeping our Management Expense Ratio (MER) at or below 50 basis points, and a Cost Per Member (CPM) at or below \$185

Funding the Plan

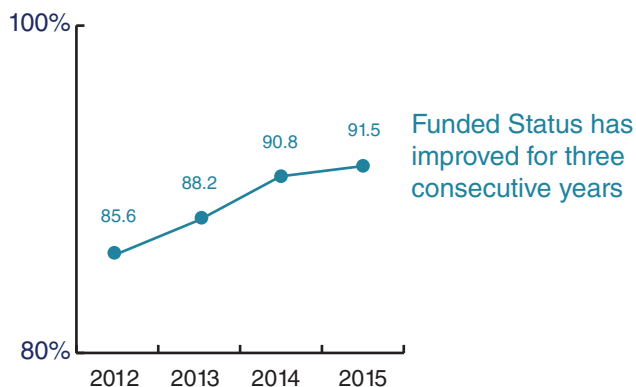
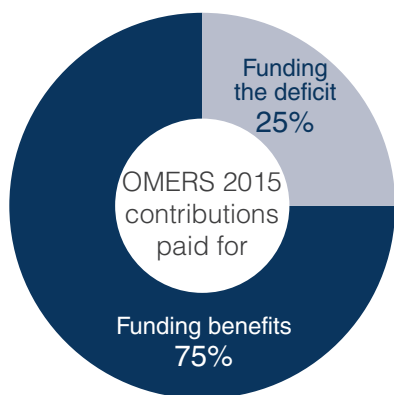
A defined benefit pension plan that is enduring requires sound decisions and a continual long-term focus.

Contribution rates, benefits, and investment returns are the three levers that need to be managed together to achieve long-term Plan security and sustainability.

There are no changes for 2016. The benefit and contribution rate changes we put in place in 2010 are expected to return the Plan to full funding by 2025.

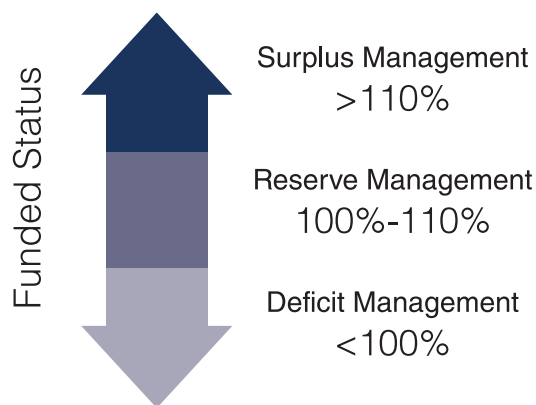
Contribution Rates for 2016

Normal retirement age 65	On earnings up to \$54,900	9.0%
	On earnings over \$54,900	14.6%
Normal retirement age 60	On earnings up to \$54,900	9.2%
	On earnings over \$54,900	15.8%



The Funding Management Strategy, which was published in 2014, includes three funding zones and sets out parameters for setting contribution rates and benefits within each zone, in order to maintain a healthy balance between the Plan's assets and long-term pension obligations. The Funding Management Strategy clearly sets out the conditions when contributions and benefits will be adjusted to manage the long-term financial health of the Plan.

Funding Management Strategy



Responsible Investing



OMERS approach to responsible investing contributes to the long-term sustainability of the Plan and retirement security for our members.

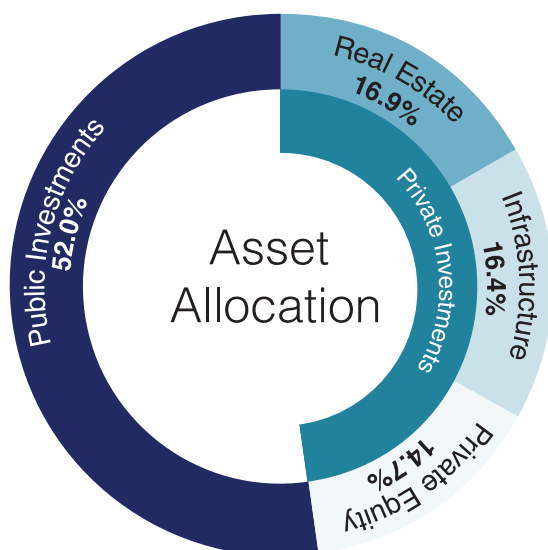
Investments

Diversification and the careful, disciplined selection of quality assets are hallmarks of our investment approach.

Returns from the Plan's investments are a key component of funding our members' pensions.

Our **public investments** include fixed income securities, public equities, and inflation-linked bonds that are generally traded in financial markets. These investments provide returns, liquidity and the flexibility to take long-term and short-term positions.

Our **private investments** include infrastructure, private equity and real estate. These holdings position us to generate strong returns and consistent cash flows with more stable valuations compared to most public investments.



Investment Returns OMERS Primary Pension Plan

Annual Average Net Rate of Return

One Year	5 Year	10 Year	20 Year
6.7%	6.9%	6.1%	7.6%

Net Rate of Return	2015	2014
Public Investments	0.7%	11.0%
Private Investments	14.5%	9.1%

We invest responsibly by considering environmental, social, and governance factors in our decision-making process. We also engage and work with like-minded investors.

#1 in Global Real Estate Sustainability Benchmark (GRESB) Survey

For the last decade, Oxford, our real estate investment arm, has integrated sustainability into the operations of our existing buildings. We continue to introduce the latest green building materials and technologies into new developments. For the third consecutive year, we are pleased to have received the North American Regional Sector Leader in the Diversified office/retail category.



Serving Our Members

Serving the needs of our members is at the core of what we do.



461,000 members

278,000 active

42,000 deferred

141,000 retired

- Our members range from 17 to 110 years of age, so our relationships with you and your family can span decades.
- You reflect the diversity of Ontario, and work in a broad range of important roles that serve our communities—from municipal office workers to emergency service providers and teaching assistants to public health nurses, as well as deferred and retired members.
- You count on us for easy-to-understand information and help when making decisions that could impact your retirement.

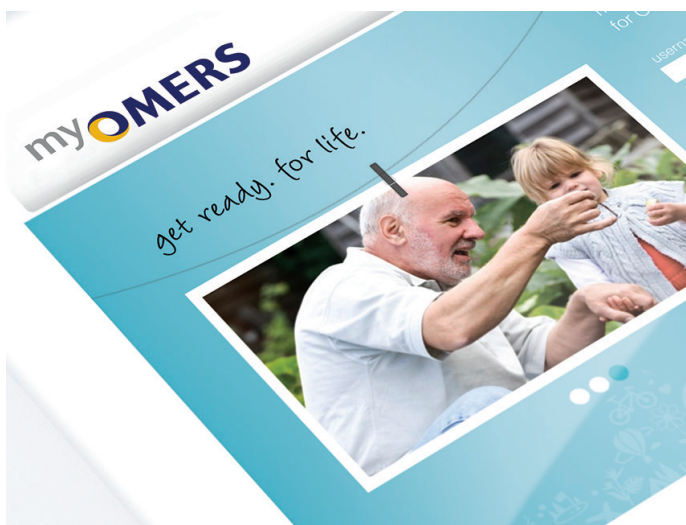
We welcomed **18,000** new members

We provided **125,000** retirement and termination estimates

We helped over **8,000** new retirees transition from making contributions to receiving pensions

We answered over **195,000** phone calls, covering a wide range of questions

We held over **1,300** information sessions for members and employers in communities across Ontario



myOMERS your personalized online pension management tool

Through **myOMERS.com**, we offer a range of options to help you plan and save for your retirement, such as retirement planning tools, service purchase opportunities and Additional Voluntary Contributions.

Sign up for **myOMERS.com**.
Keep informed about your pension.



In 2015, we asked you:

What is OMERS doing right? How can we improve?

Here's what you said...

90% are satisfied

9 out of 10 members surveyed are satisfied or very satisfied with the services they received from OMERS.

86% see good value

Almost 9 out of 10 members surveyed said their OMERS pension offers good value—and is delivering on the pension promise.

46% need more insight

Almost half of members surveyed want to better understand how OMERS pension supports their retirement.



Learn more about your pension with myOMERS Retirement Income Estimator

Available at myOMERS.com, this tool calculates your OMERS pension benefits, along with your government benefits and the potential value of your personal savings. Members generated over 100,000 pension estimates using this tool in 2015.

73% want to go digital

Nearly 3/4 of members surveyed who are not already receiving OMERS communications online said they're willing to switch to digital.



Paperless is just a click away

Join the nearly 30% of members who use myOMERS.com. You can sign up to take advantage of receiving your pension statements electronically. It's a fast, cost-effective and environmentally-friendly way to receive your pension information.

We strive to serve your needs from the day you join the Plan to the day you retire, and beyond.

We are here for you—for life.

Annual Report

The 2015 Annual Report is available online at omers.com.

Committed To Ontario

OMERS is a major long-term investor in our provincial economy. With billions invested, we help support thousands of jobs and high-quality services.



For example, through OMERS infrastructure arm, Borealis, we own Teranet, a leader in electronic land registration. Teranet owns and operates the Electronic Land Registry System (ELRS) in Ontario. It also has an exclusive licence to access the data in and operate the ELRS, and to provide related value-added products until 2067. Teranet also has an exclusive license to operate the personal property and land-title registries in Manitoba.

Teranet serves more than 81,000 end users, 34 real estate boards and over 250 municipalities and institutions, contributing to local communities and the economy in Ontario.

Spring Meeting

Monday, April 4, 2016
9:00 to 11:00 a.m.

Metro Toronto Convention Centre
or via **live webcast**

Learn more about our 2015 financial results and engage with members of our team.

Register now at
omers.com/springmeeting

or

call 416-350-6708 or 1-866-725-6494

2015 Notable Assets



Hudson Yards

Significant progress continues to be made at our New York Hudson Yards project with our partner, Related Companies. Hudson Yards is the largest private real estate development in the U.S.



Tank & Rast

We made our first infrastructure investment in Germany with an interest in Tank & Rast, the owner of highway service centres on the country's Autobahn network.



Environmental Resource Management

We acquired ERM, a market-leading environmental consultancy firm based in the U.K., with co-investment partner AIMCo. This investment is our sixth in the U.K., and brings our capital deployed in Europe to more than \$2 billion.



Brit PLC

We invested in Brit PLC, a U.K. insurance company, alongside Fairfax Financial, as part of our relationship investing program.

For more information call Client Services 416.369.2444 | 1.800.387.0813
or email client@omers.com

Ana Caçoilo
Senior Vice President,
Pension Services

Roberta Hague
Senior Vice President,
Communications & Public Affairs

Warren Bell
Chief Operating Officer

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