

Attachment 1 – Major Terms of Lands Development Agreement

Bayside - Land Development Agreement Term Sheet

August 11, 2010

PARTIES	- Hines Canada Management Company ULC (the "Development Partner") - City of Toronto (the "City")
TIMING	To be executed on completion of negotiations with the Development Partner, but in any case not until the Development Partner and Waterfront Toronto have executed the Project Agreement ("PA").
PURPOSE	To govern the overall relationship between the Development Partner and the City for the development of Bayside. It includes rights and obligations of the parties that are generic to the development, and covers the full time period of the development. The form of Agreement of Purchase and Sale (APS) and the form of Ground Lease (GL) would be schedules to the Land Development Agreement (LDA), allowing the City to approve the major terms in advance and thereby providing as much certainty as possible to the Development Partner.
CONSIDERATION	
<i>Consideration</i>	Nominal
BAYSIDE LANDS	<ul style="list-style-type: none"> • The Bayside Lands are bounded by Sherbourne Common, Queens Quay East, Parliament Slip and the future Water's Edge Promenade • The concept plan attached as "Figure 1" to this term sheet is for descriptive purposes to show the approximate development Sites which are intended to be created through a plan of subdivision process • Attached as "Figure 2" to this term sheet is a copy of a legal survey
DEVELOPMENT OBLIGATIONS OF THE CITY	
<i>Environmental</i>	The City makes no representations or warranties regarding the environmental or geotechnical conditions of the site and the Development Partner acknowledges that the transactions contemplated by the LDA are all on a "as is" basis. The Development Partner will release the City from any claim regarding the environmental quality of the Bayside Lands.
<i>Delivery of Sites</i>	<ul style="list-style-type: none"> • The City will enter into an Agreement of Purchase and Sale upon receipt of a "Sale Certificate" from Waterfront Toronto confirming the identity of the Site, the name of the Site Developer, the estimated purchase price and the Closing Date for each Site (other than an Affordable Rental Housing Site) designated for residential uses. • The City will enter into a GL upon receipt of a "Lease Certificate" from Waterfront Toronto confirming the identity of the Site, the name of the Site Developer, the rent and the Closing Date for the

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	<p>execution of the GL for the Stes designated for non-residential uses (100% non-residential).</p> <ul style="list-style-type: none"> • The timing for the delivery of Stes will be in accordance with the specific dates provided in a Schedule to the PA, or earlier, if the Development Partner gives Waterfront Toronto not less than 3-months notice, and provided such earlier date would not put Waterfront Toronto into default under the PA.
<i>Affordable Housing</i>	<p>The Affordable Housing sites will not be transferred or leased by the City under the LDA. The City will grant the Development Partner a Right of First Offer (ROFO) and a Right of First Refusal (ROFR) expiring on the Sunset Date to develop these Sites.</p> <ul style="list-style-type: none"> • ROFR must be exercised within 30 days of receipt of notice of alternative offer. • If Waterfront Toronto and the Development Partner wish to make a proposal to the City for the disposal of these Stes, further City Council approval of such proposal will be necessary.
<i>Direction of Proceeds</i>	<p>The City will provide each Site Developer with an irrevocable direction to pay all amounts under any Agreement of Purchase and Sale and all base rent during the first thirty three (33) years of the term for each GL to Waterfront Toronto or as Waterfront Toronto may direct.</p>
<i>Pricing Schedule</i>	<p>The formulas for determining the purchase price under the Agreements of Purchase and Sale and the formulas for determining the base rent for the GLs shall be set out in a Pricing Schedule to the LDA. See Confidential Attachment for particulars.</p>
DEVELOPMENT OBLIGATIONS OF THE DEVELOPMENT PARTNER	
<i>Project Agreement & Completion Dates</i>	<p>Development Partner agrees with the City either, to comply with the PA covenants that are to the benefit of the City, or to include such specific covenants in the LDA.</p> <p>The Development Partner and/or the Ste Developer will be expected to close on the various development sites by the target dates outlined in a schedule to the LDA, which schedule will be finalized prior to execution of the LDA, subject to the conditions set out in the LDA and the PA, but in any case prior to December 31, 2025 (Sunset Date). For greater certainty, the Sunset Date is not subject to any rights to extend whatsoever.</p>
<i>Mandatory Green Building Requirements</i>	<p>The Development Partner will meet the City's Green Development Standard.</p>

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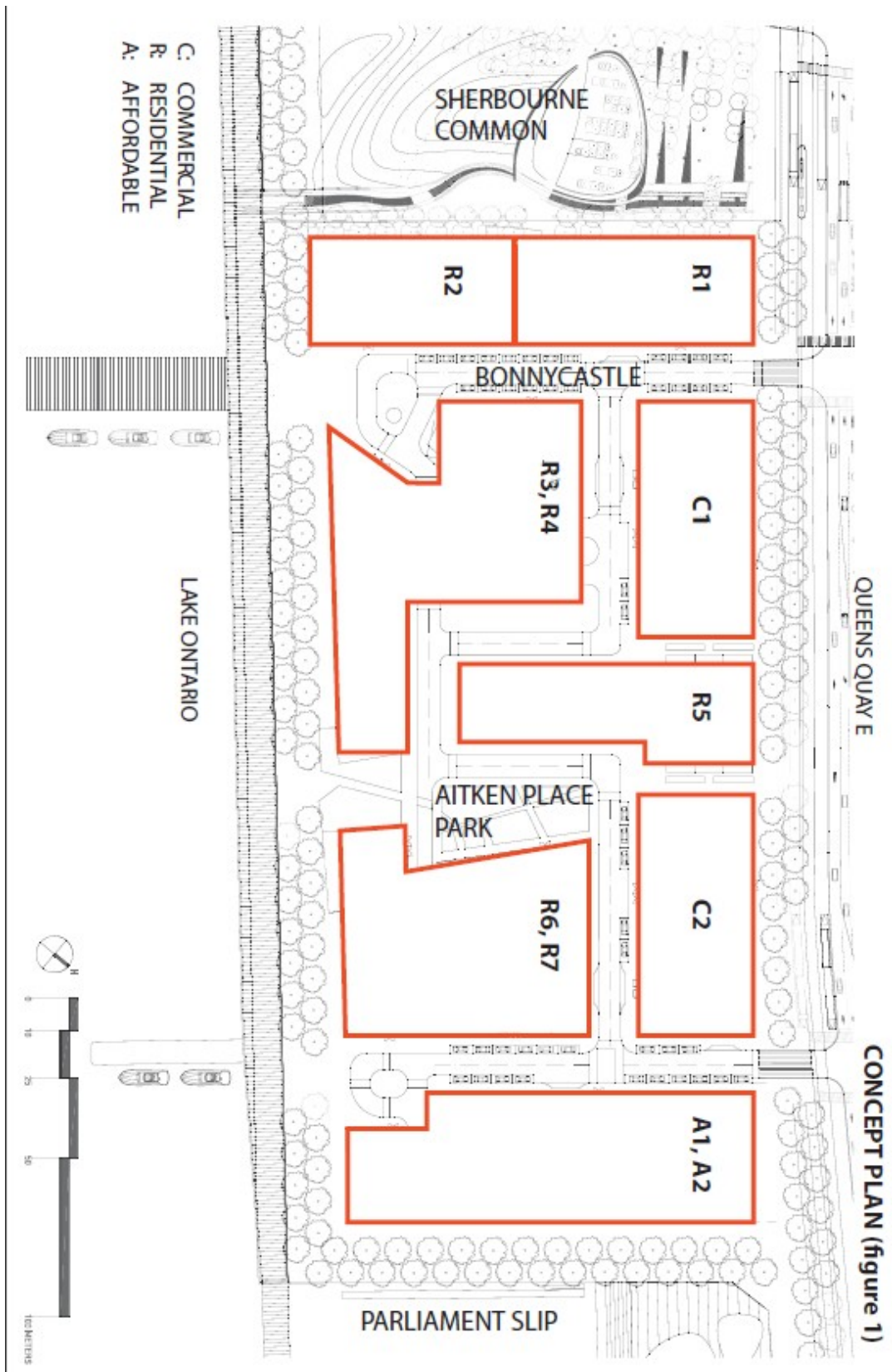
COVENANTS OF DEVELOPMENT PARTNER	
<i>Indemnity and Release</i>	<p>Development Partner will indemnify the City against any claims arising out of the Development Partner 's activities on the Site or the activities of any person on the Site at the invitation or request of the Development Partner, including in respect of any environmental investigations or remediation undertaken by the Development Partner. This will be the exclusive indemnity for environmental matters.</p>
<i>Permitted Encumbrances</i>	<p>The Developer Partner will comply with the Permitted Encumbrances described in the LDA.</p>
<i>Realty Taxes, Utilities</i>	<p>The Development Partner will be responsible for the payment of all realty taxes, utilities, government taxes, etc. (if any) in respect of the Bayside Lands from and after the Closing Date (in the case of Residential Sites) or the commencement of the Term (in the case of Non-Residential Sites).</p>
GENERAL	
<i>Ancillary Agreements</i>	<p>The Development Partner will have the right to access the Sites prior to closing to conduct geotechnical and other required testing subject to entering into a license agreement with the City.</p> <p>The parties may enter into any other licenses, easements, encroachments, closings or other agreements necessary to implement the development of the Bayside Lands.</p>
<i>Subdivision Plan</i>	<p>Waterfront Toronto will take the lead on the plan of subdivision (including filing the application) for Bayside, working collaboratively with the Development Partner.</p> <p>The parties acknowledge that the concept plan shown in Figure 1 may evolve through the plan of subdivision process which may change the number of sites and their precise locations. Any changes should maintain the following ratios:</p> <ul style="list-style-type: none"> ○ Minimum of 20% of all GFA should be for employment uses ○ Sites sufficient to accommodate at least 20% of all residential units must be set aside for affordable rental housing <p>A material change in mix of uses from what is outlined in the concept plan (Figure 1) would require approval from WT and the City at their discretion.</p>

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DEFAULT AND ENFORCEMENT	
<i>Development Partner Events of Default</i>	<p>If Development Partner defaults on its obligations under the LDA and fails to remediate within a reasonable period of time given the circumstances, this will constitute an Event of Default.</p> <p>If the PA is terminated by Waterfront Toronto, the LDA will be automatically terminated.</p>
<i>City Remedies</i>	<p>If a material Event of Default occurs, subject to the terms of the PA, and is not remediated the City will have the right to terminate the LDA and the Development Partner will have no right to develop future Sites of Bayside that have not closed.</p>
<i>Assignment</i>	<p>The Development Partner shall not assign the LDA or direct that any Site be transferred or a GL entered into with any person other than the Development Partner or a Site Developer, without the prior consent of the City, which consent may be unreasonably withheld.</p>

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Figure 1



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Figure 2

