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January 9th, 2017

Rose-Ann Lee, Chief Financial Officer & Treasurer (Interim)

Toronto Community Housing Corporation
931 Yonge Street
Toronto, ON
M4W 2H2

Dear Ms. Lee,

We are pleased to consider providing Toronto Community Housing Corporation with the following credit facilities. Unless stated otherwise, all dollar amounts are in Canadian currency. All capitalized terms not defined herein shall have the meaning attributed thereto in the Lender's standard terms and conditions (the "**Standard Terms**")

1. Borrower:	Toronto Community Housing Corporation (the " Borrower ")
2. Lender:	Ontario Infrastructure and Lands Corporation (the " Lender ")
3. Guarantor	City of Toronto (" Shareholder ")
4. Committed Amount:	\$64,830,000 (the " Committed Amount ")
5. Credit Facilities:	Term Loan: Non-revolving fixed interest rate loan (the " Term Loan ") in the aggregate maximum principal amount of the Committed Amount.

<p>6. Purpose:</p>	<p>a) Term Loan: The advance of funds from the Term Loan will be used as follows:</p> <ul style="list-style-type: none"> i. Existing Loans on Title– Provide financing in repayment of the existing CMHC mortgages of approximately \$26.0 million (collectively the “CMHC Mortgages”), against the subject properties (collectively, the “Properties” and individually a “Property”) as detailed in Appendix 1; ii. Capital Expenditure Reserve Funds – Provide funds of approximately \$38.83 million allocated for capital repairs and maintenance work at the pool of Properties.
<p>7. Maturity Dates of the Credit Facilities:</p>	<p>Term Loan:</p> <p>a) Thirty (30) year term amortized over thirty (30) years, subject to acceleration by the Lender in accordance with the Standard Terms (the “Term Loan Maturity Date”). Any and all amounts owing under the Term Loan must be repaid in full no later than the Term Loan Maturity Date.</p>
<p>8. Interest Rates and Repayment:</p>	<p>Term Loan:</p> <ul style="list-style-type: none"> i. Interest on the Advance shall be calculated at a fixed interest rate per annum based on the indicative fixed interest rate as posted on the Lender’s website (www.infrastructureontario.ca) under “Lending Rates: Municipalities Amortizer” as confirmed by the Lender to the Borrower under the Term Loan. Such fixed interest rate shall be based on the Lender’s cost of funds plus the Lender’s prevailing spread assigned to the Borrower’s sector for program delivery costs and risks. ii. Blended payments of principal and interest to be paid monthly over a 30 year amortization period. iii. The Term Loan is a non-revolving facility and no amounts repaid under the Term Loan may be re-borrowed. iv. No Prepayment: The Borrower shall not be entitled to prepay all or any portion of the principal amount of the Term Loan prior to the Term Loan Maturity Date except in accordance with any agreed amortization schedule or with the prior written consent of the Lender which consent may be withheld or conditioned at the sole discretion of the Lender.
<p>9. Drawdown:</p>	<p>a) Term Loan: Total Lender Advances shall be made for all Credit Facilities and for each Property pursuant to Appendix 1 in a single Advance to the Lender’s solicitor in trust, as set forth below, subject to a direction to effect the payment in full of all amounts outstanding under the CMHC Mortgages in order to provide the Lender with a 1st charge/mortgage over all of the Properties, subject only to Permitted Liens. A Promissory Note shall be required to be executed by the Borrower at the time of the Advance to evidence the terms for repayment of the Term Loan.</p>

	<p>i. Existing Loans – Pursuant to a direction of funds, the Borrower shall direct the Lender to use a portion of the Advance to repay in full the CMHC Mortgages in accordance with the payout statements provided by CMHC. Should the Borrower provide evidence to the Lender of repayment in full of the CMHC Mortgages as detailed in Appendix 1 from its own resources (excluding any of the Credit Facilities) prior to the date of the Advance, the Lender will advance the relevant funds directly to the account of the Borrower; and</p> <p>ii. Capital Expenditure Reserve Funds – Funds shall be held in trust by the Lender and invested for the Borrower in two separate accounts (together, called the “Capital Expenditure Investment Accounts”). The two accounts shall consist of a) an account initially holding approximately \$38.83 million to pay costs of major repairs and maintenance on the Properties as allocated by the Lender in Appendix 2, (the “Cap-Ex Reserve Funds”) and b) an account to hold the Borrower’s annual contribution of 4% based on its gross income (including all subsidies) realized on the Properties, which shall be paid monthly by the Borrower (the (“Gross Income Capex Funds”). The Capital Expenditure Investment Accounts shall be under the control and direction of the Lender pursuant to a Capital Expenditure Investment Account Agreement dated the date of the Advance hereunder.</p> <p>The Borrower may access the Cap-Ex Reserve Funds upon completion of the agreed upon work at the specific subject Property as evidenced by a Borrower declaration of completion and subject to the other requirements of the Capital Expenditure Investment Account Agreement.</p> <p>The Borrower may also request withdrawals from the Cap-Ex Reserve Funds for up to 5.0% of the amount withdrawn from that account for internal project management costs subject to the requirements of the Capital Expenditure Investment Account Agreement. Periodic drawdown requests and reporting will include reporting on the internal project management costs in addition to the amount requested to be withdrawn for work done on specific subject Properties.</p>
<p>10. Security:</p>	<p>The following security shall be provided to support all present and future indebtedness and liability of the Borrower under the Credit Facilities, and shall be registered in first position, subject to Permitted Encumbrances unless otherwise noted below, and shall be substantially in the same form as those entered into in connection with the prior loan agreement entered into with OILC modified to incorporate the terms of this Agreement:</p> <p>a) Promissory Note;</p> <p>b) 1st Charge/Mortgage registered at closing in the amount of \$64,830,000 as a blanket first charge/mortgage over the Properties together with all supportive collateral security in favour of the Lender;</p>

	<ul style="list-style-type: none"> c) 1st Assignment of Rents and Leases registered site specific over the Properties on title and under the <i>PPSA</i> for the duration of the Term Loan; d) 1st General Security Agreement specific to the assets used solely in connection with the Properties for the duration of the Term Loan; e) Triparty Agreement in form and substance acceptable to the Lender executed by the Shareholder (the City of Toronto), the Lender and the Borrower, amending the existing Triparty Agreement dated December 1st, 2016, to include inter alia the subject Term Loan et al., relating to the Shareholder Guarantee and the Indebtedness under the Credit Facilities; f) Creditor Acknowledgement Agreement for the Term Loan be executed by all creditors identified within the Master Covenant Agreement made as of May 11, 2007 (the "Master Covenant Agreement"), in substantially the same form as the agreed upon acknowledgment agreement provided in connection with the prior OILC loan agreement dated December 1, 2016; g) Shareholder's Agreement as amended and restated, executed by the Borrower, Shareholder (City of Toronto) and the Lender, in substantially the same form as the agreed upon shareholder's agreement provided in connection with the Prior OILC Loan Agreement with the Borrower with the inclusion of a Shareholder loan guarantee including monthly principal and interest payments; h) Shareholder Guarantee executed by the Shareholder (City of Toronto) in favour of the Lender which guarantees all of the monthly principal and interest payments under the Credit Facilities and the credit facilities under all prior OILC loan agreements; i) Assignment of Specific Account(s) and Set-off Agreement in respect of the Capital Expenditure Investment Accounts; j) Title Insurance: Title insurance acceptable to the Lender site specific to the subject Properties and for the full amount of the Loan noted on each Property; k) Certificate of Property Insurance with Lender shown as 1st loss payee to the satisfaction of the Lender site specific to the Properties; l) Capital Expenditure Investment Account Agreement between the Borrower and the Lender; and m) all other security documentation as may be required from time to time in the reasonable discretion of the Lender to protect the interests of the Lender; <p>in each case, as supported by resolutions and legal opinion(s) acceptable to the Lender, acting reasonably.</p> <p>All of the above documents and security shall be referred to collectively in this Agreement as the "Lender Security".</p>
<p>11. Conditions Precedent:</p>	<p>In addition to the Lender's standard conditions precedent , the Borrower shall provide to the satisfaction of the Lender prior to Term Loan advance with respect to each Property as applicable, the following:</p> <ul style="list-style-type: none"> a) Building Condition Reports: for the Properties to the Lender's satisfaction;

	<ul style="list-style-type: none"> b) Financial Statements: Borrower’s audited FYE December 31, 2016 financial statements to the Lender’s satisfaction; c) Commercial Leases: copies of all leases at the Properties to the Lender’s satisfaction; d) Payout Statements: The Borrower shall provide payout statements of the CMHC Mortgages no less than 7 days (or such later date as may be agreed to by the Lender) prior to the date on which funds are requested from the Lender; e) Building and Zoning By-laws: The Borrower shall have provided to the satisfaction of the Lender evidence that the Properties comply and will comply in all respects with all municipal and provincial by-laws and statutes; such evidence may consist of protection of the interests of Lender through title insurance; f) Property Taxes: The Borrower shall have provided to the satisfaction of the Lender evidence of payment in full of all property taxes due and payable on the Properties; g) Partial and Full Property Taxes Exemptions: The Borrower shall have provided to the satisfaction of the Lender evidence of all property tax exemptions for the Properties; h) Fire Inspection Report: To the extent not covered by title insurance acceptable to the Lender, the Borrower shall have provided a report by the municipal fire department confirming that all pre-existing units at the Properties have met all necessary fire code standards and such report shall be to the satisfaction of the Lender; i) Court Ordered Judgments: Any and all court ordered judgments greater than \$100,000 outstanding against the Borrower shall be shown to be satisfied from the Borrower's own financial resources (other than relating to the Credit Facilities and other than those where the Borrower is appealing such judgment in good faith) to the satisfaction of the Lender; and j) Title Insurance: The Borrower shall obtain title insurance in favour of the Lender. The title insurer for this transaction shall be Chicago Title Insurance Company.
12. Expenses:	<p>The Borrower agrees to remit directly or by way of deduction from initial and subsequent advances, all fees and charges associated with the financing provided under this Agreement. This includes but is not limited to: registration costs, legal fees and disbursement charges, title insurance costs, municipal fire code inspection fees, specific Property reports as agreed to by the Borrower and the Lender.</p>
13. Evidence of Indebtedness:	<p>The Lender shall record the principal amount of any advance, the payment of principal and interest on account of the advance, and all other amounts becoming due to the Lender under this Agreement. The Lender's accounts and records shall constitute, in absence of manifest error, <i>prima facie</i> evidence of the indebtedness of the Borrower under the Credit Facilities. For the Term Loan advance, the Borrower shall provide a promissory note in favour of the Lender</p>

	which shall include the scheduled dates for principal repayment and interest payments.
14. Representations and Warranties :	The Borrower shall and is deemed to make the Lender's standard Representations and Warranties.
15. Events of Default:	The Lender may accelerate the payment of principal and interest under any committed credit facility hereunder and/or terminate any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any Event of Default.
16. Positive Covenants:	<p>The Borrower shall observe the Lender's standard Positive Covenants set out in Schedule A and in addition, those set out below:</p> <ul style="list-style-type: none"> a) The Borrower shall maintain each of the Properties, where applicable, in accordance with the <i>Residential Tenancies Act</i> (Ontario); b) The Lender may require that a Building Condition Assessment ("BCA") be completed for any Property at the cost of the Borrower, seven (7) years after the Advance Date or at any other time (not more frequently than annually) if the Lender is of the opinion following completion of its annual review assessments of the Property that a BCA is desirable; c) The Borrower shall endeavour to discharge or cause CMHC to discharge the CMHC Mortgages within a reasonable period of time after the Advance; and d) The Borrower shall comply with its procurement directives and policies in the matter of capital expenditures from the Capital Expenditure Investment Reserve Accounts.
17. Negative Covenants:	<p>The Borrower shall observe the Lender's standard Negative Covenants set out in Schedule A and in addition, shall not:</p> <ul style="list-style-type: none"> a) make any payment to any guarantor or creditor that may have any past, present or future financial claims against any of the Properties if the Borrower is in breach of the Financial Covenants set out in paragraph 19 below and remains indebted to the Lender under the terms of this Agreement; b) permit any cross default provisions to be included with any other loan documentation related to the Properties; and c) issue further corporate debt instruments that could reasonably be expected to reduce the Borrower's ability to maintain its Financial Covenants set out in paragraph 20 below; <p>in each case, without the Lender's prior written consent.</p>
18. Security Substitution:	The following conditions may require the Borrower to replace specific Lender Security in substitution of an existing secured Property at the Lender's reasonable discretion. The Lender will consider at its reasonable discretion the partial discharge of the blanket mortgage to discharge a specific Property on the basis that the Borrower pledges replacement security of same or similar age and characteristics so as to provide equal or greater value in substitution as a result of any of the following:

	<p>a) Property Sale – in the event the Borrower enters into an agreement to sell a Property held as Lender Security;</p> <p>b) Environmental Concern – in the event a Property within the Lender Security is determined, at the sole discretion of the Lender, to contain an environmental concern;</p> <p>c) Property Condition – in the event a Property within the Lender Security is determined, at the sole discretion of the Lender, not to be maintained in an acceptable condition to the Lender where there is a reasonable expectation that such condition will negatively affect the generation of rental income that ultimately services the debt allocated on that Property; and</p> <p>d) Property Redevelopment – in the event the Borrower enters into an agreement to redevelop a Property held as Lender Security.</p> <p>For purposes of determining the value of Property to be substituted as contemplated herein and assisting the Lender in the valuation of such property in the Lender’s reasonable discretion,</p> <ul style="list-style-type: none"> i. The Borrower agrees to supply the Lender with additional information on both the Property being considered or requested by the Lender for partial discharge of the blanket mortgage to discharge the relevant Property along with information on the proposed replacement property. ii. The Borrower may provide the Lender with a then current AACI Property valuation report(s) acceptable to the Lender, should the Borrower request reconsideration of Lender assessed Property valuation. The final assessment of value shall be determined by the Lender. iii. The Borrower will be permitted a 90-day curing period to address the Lender’s concerns in correcting identified deficiencies to propose another replacement property. Should the Borrower not address such concerns to the satisfaction of the Lender, the subject Property will be discharged from the Lender’s security with a proportionate principal reduction to the loan(s) determined by the Lender with applicable loan breakage fees required.
<p>19. Capital Expenditures and Reserve Funds:</p>	<p>The Capital Expenditure Investment Account Agreement is an extension of the Financing Agreement. Such agreement serves as supplementary security that details the manner in which funds reserved in the Capital Expenditure Investment Accounts are (i) in the case of the Cap-Ex Reserve Funds allocated as “Cap-Ex Funds” (i.e., approximately \$38.83 million) in Appendix 2, allocated for capital improvements and repairs for the secured Properties, (ii) Gross Income Capex Funds (see Section 19 b) below). The deposits in the Capital Expenditure Investment Accounts are to be utilized only for the respective purposes set out in Section 6 above. The funds in the Capital Expenditure Investment Accounts (“Capex Funds”) will be invested by the Lender or such investment management firm as the Lender may select with the approval of the Borrower in accordance with the Capital Expenditure Investment Account Agreement, it being agreed that Phillips, Hager & North Investment Funds Ltd.</p>

	<p>is an approved investment management firm. The Capex funds shall be accumulated in the following manner:</p> <ul style="list-style-type: none"> a) Drawdown Under the Term Loan – Funds drawn down under the Term Loan shall be invested in accordance with the Capital Expenditure Investment Account Agreement; b) Gross Income Capex Funds – based on the aggregate gross income (including all subsidies) realized on the subject Property, a 4.0% allocation will be added to the monthly payment obligation of the Borrower. <p>The Capital Expenditure Investment Account Agreement will detail the manner in which the Capex Funds are accessible to the Borrower including reporting requirements. Capex Funds will be released to the Borrower for deposit into a separate bank account of the Borrower upon satisfaction of the terms of the Capital Expenditure Investment Account Agreement.</p>
<p>20. Financial Covenants:</p>	<ul style="list-style-type: none"> a) Debt Service Coverage Ratio: The Borrower shall maintain a minimum Debt Service Coverage Ratio (DSCR) of not less than 1.10 to 1.00 on the secured Properties listed in Appendix 1, such ratio to be tested and calculated for the Properties as a whole as of the end of each Fiscal Year. Debt Service Coverage Ratio means gross earnings from the Properties (rent, subsidies, parking, laundry, commercial income, etc.) less vacancy and bad debt, less all Properties specific expenses excluding extraordinary items and capital reserve funds divided by the sum of the principal and interest payments made on the Term Loan during the applicable fiscal year of the Borrower. b) Permitted Distributions: Distributions to Shareholder will only be allowed if all the financial covenants are satisfied before and immediately after giving effect to such distribution.
<p>21. Reporting:</p>	<p>In addition to any reporting obligations set out in the Lender Security (including, but not limited to, the Capital Expenditure Investment Account Agreement), the Borrower shall have the following reporting obligations to the Lender:</p> <ul style="list-style-type: none"> a) The Borrower shall provide to the Lender audited financial statements of the Borrower within 120 days of the Fiscal Year end of the Borrower; b) The Borrower as part of its year-end audit, shall request its external auditor to review the previous year’s capital projects funded by Lender loans and provide a letter to the Lender confirming the loan funds were spent as per the reports; c) The Borrower shall provide evidence to the Lender within 30 days of the end of each Fiscal Year of the Borrower that any and all annual property taxes due and payable for each Property have been paid; d) The Borrower shall within 120 days of each Fiscal Year end of the Borrower provide Property Income and Expense Rent Rolls as requested by the Lender for its annual review; e) The Borrower shall provide copies of insurance policies maintained for the Properties to the Lender as requested by the Lender; and

	f) The Borrower shall furnish to the Lender as soon as practicable with any other Borrower reporting information related to the Properties to assist in the completion of the Lender's annual review.
22. Permitted Liens:	Permitted Liens are listed in Schedule A and also include: a) Any Liens in connection with existing lines of credit of the Borrower not to exceed \$200,000,000 in the aggregate; b) Multiple loan facilities site specific as arranged in the normal course of business by the Borrower; and c) Liens permitted under the Master Covenant Agreement entered into by the Borrower.

Appendix 1

CMHC Loan No.	Property #	Address	City	Loan Maturity Date	Loan Balance as at Jan. 31, 2017	Total Amount Financed
08 189 151	170	330 Gerrard Street E.	Toronto	7/1/2027	958,844.75	\$2,674,611.21
08 192 916	171	341 Bloor Street W.	Toronto	3/1/2030	6,163,990.69	\$15,204,910.00
08 187 734	301	9; 11 Balsam Avenue	Toronto	5/1/2026	127,463.16	\$345,425.99
08 176 349	303	98 Elmer Avenue	Toronto	4/1/2025	263,660.32	\$778,357.56
08 188 922	308	42 Hubbard Boulevard	Toronto	8/1/2028	281,353.88	\$663,025.39
08 730 632	310	331 Kingston Road	Toronto	12/1/2028	90,625.39	\$230,865.95
08 187 841	355	188 Sherbourne Street	Toronto	10/1/2026	148,776.60	\$391,455.48
08 185 522	360	195 Logan Avenue	Toronto	4/1/2028	153,714.01	\$368,855.76
08 732 158	413	2 Antler Street	Toronto	7/1/2029	2,529,365.83	\$6,135,196.15
08 731 879	416	300 Dufferin Street	Toronto	9/1/2028	350,726.03	\$902,007.25
03 667 243	420	133 Beverley Street	Toronto	1/1/2027	694,786.25	\$1,797,766.71
08 187 957	465	3 Laxton Avenue	Toronto	1/1/2026	310,425.46	\$862,352.10
08 176 745	678	118 Paton Rd.	Toronto	12/1/2025	15,895.48	\$44,489.52
08 177 214	679	16 Saunders Ave.	Toronto	3/1/2026	17,994.98	\$49,362.50
03 667 250	682	286 Bain Ave.	Toronto	3/1/2025	14,966.69	\$44,517.41
03 667 342	684	393/395 Kingston Rd.	Toronto	3/1/2025	29,231.44	\$86,915.75
03 668 340	690	206 Parkmount Rd.	Toronto	3/1/2025	14,730.53	\$43,771.02
03 668 951	694	585 Clendenan Ave.	Toronto	7/1/2025	15,511.24	\$44,899.18
08 177 032	675	6 Shipman St.	Toronto	4/1/2026	17,078.38	\$46,578.56
03 653 607	702	251 Sherbourne Street	Toronto	1/1/2027	5,148,618.88	\$13,322,147.13
08 730 855	706	25 Henry Lane Terrace	Toronto	3/1/2030	5,391,210.95	\$12,808,972.27
08 192 148	740	70 Dunfield Avenue	Toronto	7/1/2029	3,212,439.35	\$7,982,990.25
			Grand-Total		25,951,410.29	64,829,473.13

APPENDIX 2

CapEx Funds by Property

Toronto Community Housing Corporation ("Borrower")

Property #	Address	# of Units	CAPEX Amount
170	330 Gerrard Street E.	81	1,715,766.45
171	341 Bloor Street W.	326	9,040,919.31
301	9; 11 Balsam Avenue	12	217,962.83
303	98 Elmer Avenue	36	514,697.24
308	42 Hubbard Boulevard	27	381,671.51
310	331 Kingston Road	6	140,240.56
355	188 Sherbourne Street	6	242,678.88
360	195 Logan Avenue	9	215,141.75
413	2 Antler Street	100	3,605,830.32
416	300 Dufferin Street	144	551,281.22
420	133 Beverley Street	58	1,102,980.46
465	3 Laxton Avenue	42	551,926.64
678	118 Paton Rd.	19	28,594.05
679	16 Saunders Ave.	5	31,367.52
682	286 Bain Ave.	65	29,550.71
684	393/395 Kingston Rd.	81	57,684.31
684	206 Parkmount Rd.	6	29,040.49
694	585 Clendenan Ave.	6	29,387.94
694	6 Shipman St.	15	29,500.18
702	251 Sherbourne Street	376	8,173,528.25
706	25 Henry Lane Terrace	207	7,417,761.32
740	70 Dunfield Avenue	170	4,770,550.90
	Total	1797	38,878,062.84