



Disclaimer: The proposed terms contained herein are for discussion purposes only and shall not be enforceable against any party and shall have no force and effect. This Term Sheet is not a commitment of Ontario Infrastructure and Land Corporation. This document is confidential and must not be distributed to any person not involved in the proposed transaction without the consent of Ontario Infrastructure and Lands Corporation. Ontario Infrastructure and Lands Corporation does not accept any liability whatsoever for any direct, indirect or consequential loss arising from any actions undertaken in reliance on anything contained in this confidential Term Sheet. This confidential Term Sheet is provided on the basis that you have the capability to make your own independent evaluation of the financial, market, legal, regulatory, credit, tax and accounting risks and consequences involved in the described transaction and its suitability for your purposes.

December 14, 2012

Jason F. Gorel, CFO
Toronto Community Housing Corporation
931 Yonge Street
Toronto, ON
M4W 2H2

Dear Jason,

We are pleased to consider financing for Toronto Community Housing Corporation with the following credit facilities (the "**Credit Facilities**"), subject to the terms and conditions set forth below and in the schedules to be finalized by Ontario Infrastructure and Lands Corporation. Unless otherwise provided, all dollar amounts are in Canadian currency.

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| 1. Borrower: | Toronto Community Housing Corporation (the " Borrower ") |
| 2. Lender: | Ontario Infrastructure and Lands Corporation (the " Lender ") |
| 3. Committed Amount: | \$154,703,882 (the " Committed Amount ") |
| 4. Credit Facilities: | <p>a) Interim Loan #1: Non-revolving floating interest rate loan in the aggregate maximum principal amount of \$139,203,851;</p> <p>b) Interim Loan #2: Non-revolving floating principal plus interest rate loan in the aggregate maximum principal amount of \$15,500,031;</p> <p>c) Term Loan: Non-revolving fixed interest rate Term Loan(s) in the aggregate maximum principal amount of \$139,203,851.</p> |
| 5. Purpose: | <p>a) Interim Loan #1: The advance of funds from Interim Loan #1 will accommodate the Borrower's request with the following provisions:</p> <p>i. Existing Loans – Allocation of funds in repayment of matured Borrower loans outstanding on specific properties (the "Property") as detailed within Appendix #1;</p> <p>ii. Capital Expenditure Reserve Funds – Allocation of funds for repair and maintenance work of the Property in amounts detailed within Appendix #1.</p> <p>iii. Equity Withdrawal - Provide the Borrower with an equity withdrawal for use at the Borrower's discretion in the repairs and maintenance of other Borrower's properties. Allocation as estimated within Appendix #1;</p> |

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| | <p>b) Interim Loan #2: The advance of funds from Interim Loan #2 will accommodate the Borrower's specific request for a Credit Facility to assist with the redevelopment of sites located at 679 Queen's Quay and 931 Yonge St., Toronto, ON with the following provisions:</p> <ul style="list-style-type: none"> i. Existing Loans – Allocation of funds in repayment of matured Borrower loans outstanding on specific properties (the "Property") as detailed within Appendix #1; ii. Capital Expenditure Reserve Funds – Allocation of funds for repair and maintenance work of the Property in amounts detailed within Appendix #1; iii. Equity Withdrawal - Provide the Borrower with an equity withdrawal for use at the Borrower's discretion in the repairs and maintenance of other Borrower properties. Allocation as estimated within Appendix #1. <p>c) Term Loan: Provide quarterly tranche advances converting accumulated Interim Loan #1 funds into long term financing facilities at fixed interest rate(s).</p> |
| 6. Credit Facility Maturity Dates: | <p>a) Interim Loan #1: Anticipated to be fully repaid by advances from Term Loan(s) estimated no later than January 30, 2014;</p> <p>b) Interim Loan #2: 5 year term, amortization over 30 years from advance from the advance date of Interim Loan #2.</p> <p>c) Term Loan: 30 year term, amortized over 30 years from the advance date of the Term Loan tranches.</p> |
| 7. Interest Rates & Repayment: | <p>a) Interim Loan #1: the floating interest rate is posted on the Lender's website on the first Business Day of each calendar month.</p> <ul style="list-style-type: none"> i. The subject interest rates are not determined at this time and are subject to change without notice. For indicative purposes, the current floating interest rate is noted on Appendix #1; ii. Interest only payments are due monthly on Interim Loan #1 and shall be deducted from the Borrower's payment account; iii. Repayment of Interim Loan #1 shall ultimately be from Lender Term Loan facilities in repayment of Interim Loan #1. <p>b) Interim Loan #2: the floating interest rate is posted on the Lender's website on the first Business Day of each calendar month.</p> <ul style="list-style-type: none"> i. The subject interest rates are not determined at this time and are subject to change without notice. For indicative purposes, the current floating interest rate is noted on Appendix #1. ii. Principal plus Interest payments are due monthly on Interim Loan #2 and shall be deducted from the Borrower's payment account; iii. Repayment of Interim Loan #2 shall ultimately be from a Borrower redevelopment of the specific sites of Interim Loan #2 estimated to be within the initial 5 year term. <p>c) Term Loan:</p> <ul style="list-style-type: none"> i. Fixed interest rate(s) are posted on the Lender's website with the subject interest rates not determined at this time and are subject to change without notice. For indicative purposes, the fixed term interest rate is noted on Appendix #1. ii. Blended monthly payments of principal and interest shall be deducted |

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| | <p>from the Borrower's payment account;</p> <p>All Credit Facilities are non-revolving facility and no amounts repaid under the Credit Facilities may be re-borrowed and it is understood by the Borrower that in no event shall the amounts outstanding under the Credit Facilities be repaid in full later than the Term Loan Maturity Date.</p> |
| 8. Drawdown: | <p>a) Interim Loan #1: Loan advances shall be made to the Borrower's Solicitor upon satisfaction of Lender Security as follows:</p> <ul style="list-style-type: none"> i. Existing Loans - direction of funds in repayment of matured Borrower loans on specific Property as detailed and upon maturity dates as noted within Appendix #1; ii. Capital Expenditure Reserve Funds – funds to be held in trust by the Lender invested for the Borrower within the Capital Expenditure Reserve Fund account as allocated by the by the Lender in Appendix #1. Upon completion of the agreed upon work at the subject Property and evidenced by a Borrower declaration of completion, the funds shall be released from the Capex reserve to the Borrower; and iii. Equity Withdrawal – immediate release of funds as directed by the Borrower. <p>b) Interim Loan #2: Loan advances shall be made to the Borrower's Solicitor upon satisfaction of Lender Security as follows:</p> <ul style="list-style-type: none"> i. Existing Loans - direction of funds in repayment of matured Borrower loans on specific Property as detailed and upon maturity dates as noted within Appendix #1; ii. Capital Expenditure Reserve Funds – funds to be held in trust by the Lender invested for the Borrower within the Capital Expenditure Reserve Fund account as allocated by the by the Lender in Appendix #1. Upon completion of the agreed upon work at the subject Property and evidenced by a Borrower declaration of completion, the funds shall be released from the Capex reserve to the Borrower; and iii. Equity Withdrawal – immediate release of funds as directed by the Borrower <p>c) Term Loan: Advances shall be made once per quarter on the 1st or 15th day of the month and tabled with Appendix #1 in repayment of the Interim Loan. Subsequent Promissory Notes shall be required executed by the Borrower to set the terms for repayment of a Term Loan.</p> |
| 9. Security: | <p>The following security shall be provided to support all present and future indebtedness and liability of the Borrower, and shall be registered in first position unless otherwise noted below, and shall be on the Lender's standard form, supported by resolutions and legal opinion, all acceptable to the Lender:</p> <ul style="list-style-type: none"> a) Financing Agreement; b) Promissory Note(s); c) 1st Charge/Mortgage registered in the amount of \$154,703,882 as a blanket charge/mortgage over the subject Property as detailed within Appendix #1; <ul style="list-style-type: none"> i. Save and accept the Property located at 111 chestnut Street, Toronto shall constitute a 2nd Charge/Mortgage with 2nd position of all supportive collateral security. d) 1st Leasehold Charge/Mortgage with Landlord Consent Agreement |

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| | <p>registered as required:</p> <ul style="list-style-type: none"> e) 1st Assignment of Rents and Leases registered site specific over the Property on title and under the PPSA for the duration of the Term Loan. Amendments to include additional Lender Security is permitted; f) 1st General Security Agreement registered site specific over the Property under PPSA for the duration of the Term Loan. Amendments to include additional Lender Security is permitted; g) Letter of Credit drawn on a Canadian chartered bank payable to the Lender in the amount of \$4,540,000; h) Shareholders Agreement – executed by the Borrower, Shareholder (City of Toronto) and the Lender. The Shareholders Agreement shall provide the following; <ul style="list-style-type: none"> i. The Shareholder acknowledges the Borrower's acceptance of the Financing Agreement; ii. The Shareholder authorizes and assigns the direct payment of any and all Shareholder subsidies and tenant allowances normally payable and site specific to the subject Property, through direct deposit into a Borrower bank account for the sole benefit of making loan payments to the Lender; iii. In a Borrower Event of Default, the Shareholder acknowledges that the Lender shall at its sole discretion, accelerate repayment of the Credit Facilities; iv. Postpones the debts and claims against the Borrower in favour of the Lender site specific to the subject Property. i) Assignment of Specific Account(s) and Set-off Agreement – Capital Expenditure Reserve Fund deposits; j) Title Insurance: The Borrower agrees to obtain title insurance acceptable to the Lender on the subject Property; k) Certificate of Property Insurance with Lender shown as 1st loss payee to the satisfaction of the Lender; l) Solicitor's Report All necessary legal documentation and relevant legal opinions customary for this type of transaction shall have been executed and registered; and m) all other security documentation as may be required from time to time in the sole discretion of the Lender to protect the interests of the Lender. <p>All of the above security shall be referred to collectively in this Agreement as the "Lender Security".</p> |
| 10. Conditions Precedent: | <p>The Borrower shall provide to the satisfaction of the Lender prior to the initial Interim Loan advance in addition to conditions precedent within the Schedule are:</p> <ul style="list-style-type: none"> a) Payout Statements: The Borrower shall supply payout statements of existing financing no less than 7 days prior to requested advance of funds; b) Building and Zoning By-laws: The Borrower shall have provided to the satisfaction of the Lender that the premises and Property comply and will comply in all respects with all municipal and provincial by-laws, statutes and regulations and are not in contravention of any such by-laws, statutes and regulations; c) Property Taxes: The Borrower shall have provided to the satisfaction of the Lender of payment in full or will be paid on closing with funds directed from the Interim Loan; and |

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| | d) Fire Inspection Report: The Borrower shall have provided a report by the municipal fire department confirming that all pre-existing units at the Property has met all necessary fire code standards and to the satisfaction of the Lender. |
| 11. Evidence of Indebtedness: | The Lender shall record the principal amount of the Advances, the payment of principal and interest on account of the Advances, 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 each Term Loan Advance, the Borrower shall provide a promissory note in favour of the Lender which shall include the scheduled dates for principal repayment and interest payments. |
| 12. Representations and Warranties: | The Borrower shall and is deemed to make the Lender's standard Representations and Warranties. |
| 13. 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 one of Lender's standard Events of Default. |
| 14. Positive Covenants: | <p>The Borrower and its subsidiaries shall observe the Lender's standard Positive Covenants and those set out below:</p> <ul style="list-style-type: none"> a) The Borrower shall maintain the subject Property, where applicable in accordance to Residential Tenancies Act; b) The Lender may require that a Building Condition Assessment (BCA) be completed for the Property, seven (7) years after the Advance Date. The requirement of a BCA shall be determined upon completion of Annual Reviews assessments. |
| 15. Negative Covenants: | <p>The Borrower and its subsidiaries shall observe the Lender's standard Negative Covenants and shall not:</p> <ul style="list-style-type: none"> a) Make any payment to any guarantor and/or creditor that may have any past, present and future financial claims against it so long as the Borrower has not achieved the terms of the Financial Covenants of this Agreement 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 Property; and c) The Borrower shall not issue further corporate debt instruments that could reduce the Borrower's ability to achieve its Financial Covenants without Lender acknowledgement. |
| 16. Security Substitution: | <p>The following conditions may require the Borrower to replace specific Lender Security in substitution of an existing secured Property. The benefit of security substitution is maintaining the principal loan balance unaffected without the necessity of a principal pay down. The Lender will consider at its sole discretion the partial discharge of a charge on a specific Property on the basis that the Borrower pledges replacement security of equal or greater value in substitution as a result of the following:</p> <ul style="list-style-type: none"> a) Property Sale – should the Borrower enter into an agreement to sell a Property held as Lender Security; b) Environmental Concern – should a Property within the Lender Security be determined at the sole discretion of the Lender, to contain an environmental concern; c) Property Condition – should a Property within the Lender Security be determined at the sole discretion of the Lender, not be maintained in an |

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| | <p>acceptable condition to the Lender so as to negatively affect the generation of rental income that ultimately services the debt allocated on that Property as disclosed within Appendix #1.</p> <p>d) Property Redevelopment - should the Borrower enter into an agreement to redevelop a Property held as Lender Security.</p> <p>Determination of Value - the determination of Property value is at the sole discretion of the Lender in consideration of the following:</p> <ul style="list-style-type: none"> i. The Borrower agrees to supply the Lender additional information on both the Property being considered or requested by the Lender for partial discharge 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. Should the Borrower not correct to the satisfaction of the Lender, the subject Property will be partially 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. |
| 17. Capital Expenditures and Reserve Funds: | <p>The capital expenditure (Capex) reserve fund agreement is an extension of the Financing Agreement. This agreement serves as supplementary security that details the manner in which Capex funds are allocated for capital improvements and repairs for the secured Property. The Capex deposits are to be utilized for the repair and completion of capital improvements. The Capex reserve funds held on deposit will be invested in trust with investment management firm; Phillips, Hager & North Investment Funds Ltd. The Capex funds shall be accumulated in the following manner:</p> <ul style="list-style-type: none"> a) Capital Expenditure Fund Holdback – based on the Borrower supplied BCA reports, the Lender has allocated as detailed within Appendix #1, specific holdbacks for Capex purposes from the initial Lender advance(s); b) Gross Income Capex Funds – based on the 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 Capex agreement (separate from a Financing Agreement) will detail the manner in which the Capex funds are accessible to the Borrower including reporting requirements.</p> |
| 18. Financial Covenants: | <ul style="list-style-type: none"> a) Debt Service Coverage Ratio: The Borrower will be required to maintain a minimum Debt Service Coverage Ratio (DSCR)⁽¹⁾ to be agreed but not less than <ul style="list-style-type: none"> i. The secured Property DSCR is established at 1.10 to 1.00 coverage for the term of the Agreement; such ratio will otherwise be tested and calculated as of the end of each Fiscal Year as applicable; and ii. A corporate Debt Service Coverage Ratio of 1.50 to 1.00 is established over the Borrower's ability to meet all its combined financial obligations b) Permitted Contributions: Distributions to shareholder(s) will only be allowed if all the covenants are met. <p>⁽¹⁾ Debt Service Coverage Ratio is defined as Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) excluding extraordinary items and capital reserve funds divided by the sum of</p> |

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| | principal and interest payments made on all interest-bearing debts, during the fiscal year in question. |
| 19. Reporting: | <p>The Borrower agrees to provide for the Lender's Annual Review:</p> <ul style="list-style-type: none"> a) Audited Financial Statements: of the Borrower within 120 days of the fiscal year end of the Borrower; b) Property Tax Confirmation: that any and all property taxes are paid to current; c) Property Income and Expense Rent Rolls: as requested by the Lender for annual review. d) Property Insurance: is provided as originally required by the Lender; and e) Furnish the Lender as soon as practicable with any other financial reporting information that the Lender may require. |
| 20. Permitted Liens: | <p>Permitted Liens are listed in the standard Lender's Schedule and also include:</p> <ul style="list-style-type: none"> a) Any Liens in connection with existing lines of credit of the Borrower not to exceed \$200,000,000; and b) Multiple other loan facilities site specific as arranged in the normal course of business by the Borrower. |
| 21. Additional Terms and Conditions: | <p>Additional Terms and Conditions which apply to the Credit Facilities are set out under the Lender's standard Schedule. The Additional Terms and Conditions, including the defined terms set out therein, form part of this Agreement, unless to the extent this letter states specifically that one or more of the Additional Terms and conditions do not apply or are modified.</p> |

TO: ONTARIO INFRASTRUCTURE AND LANDS CORPORATION

ACCEPTANCE:

It is understood that this confidential Term Sheet is for discussion purposes only and shall not be construed as a commitment on the part of the Lender and that it does not define all of the terms and conditions of any proposed Financing Agreement. This confidential Term Sheet will be null and void after;

December 20, 2012.

BORROWER: Toronto Community Housing Corporation

Signature:

Signature:

Please Print:

Please Print:

Date:

Date:

Appendix #1:

Property Listing, Anticipated Lender Advances and Allocation of Funds:

Repayment: All interest rates are subject to change without notice, please review www.infrastructureontario.ca for interest rate updates.

As at December 4, 2012 the following interest rates are for indicative purposes only:

- Floating Interest Rate: **1.79%**
- Fixed Term Amortizer Rate, years: **3.91%**

The below tables are based on information provided by the Borrower and allocated by Tranche in anticipation of maturing 2013 Borrower loans and potential Lender advances:

Tranche #1 - Redevelopment Sites

| Bldg ID: | Property Location: | Loan Maturity Date: | Existing Borrower Loan: | Capex Reserve Funds: | Equity Withdrawal (estimated): | Total Lender Advance: | Est. Mtly Tranche Pymt: |
|-------------------------------------|--------------------|---------------------|-------------------------|----------------------|--------------------------------|-----------------------|---|
| 5950 | 679 Queen's Quay | Mar '13 | \$ 3,408,827 | \$ 994,598 | \$ 5,212,900 | \$ 9,616,325 | @ 1.79% {float rate} Prin. + Int. |
| HQ | 931 Yonge St | Oct '13 | 5,883,706 | 0 | 0 | 5,883,706 | |
| Tranche #1 Estimated Totals: | | | \$ 9,292,533 | \$ 994,598 | \$ 5,212,900 | \$ 15,500,031 | \$ 65,100 |

Tranche #2

| Bldg ID: | Property Location: | Loan Maturity Date: | Existing Borrower Loan: | Capex Reserve Funds: | Equity Withdrawal (estimated): | Total Lender Advance: | Est. Mtly Tranche Pymt: |
|-------------------------------------|-----------------------|---------------------|-------------------------|----------------------|--------------------------------|-----------------------|--|
| 5443 | 384 Mt Pleasant Rd | Mar '13 | \$ 11,492,698 | \$ 1,454,365 | \$ 4,863,715 | \$ 17,810,778 | @ 3.91% {30 term/ 30 amt} Blended Prin. and Int. |
| 5566 | 1286 Wilson Ave | Apr '13 | 10,649,037 | 1,163,492 | 3,235,526 | 15,048,055 | |
| 5768 | 316-318 Brunswick Ave | Jun '13 | 401,810 | 52,298 | 3,406,592 | 3,860,700 | |
| 5642 | 154 Vaughan Rd | Jun '13 | 817,422 | 478,533 | 3,113,080 | 4,409,035 | |
| 5675 | 195-203 Chatham Ave | Jun '13 | 189,790 | 112,596 | 713,026 | 1,015,412 | |
| Tranche #2 Estimated Totals: | | | \$ 23,550,757 | \$ 3,261,284 | \$ 15,331,939 | \$ 42,143,980 | \$ 199,021 |

Tranche #3

| Bldg ID: | Property Location: | Loan Maturity Date: | Existing Borrower Loan: | Capex Reserve Funds: | Equity Withdrawal (estimated): | Total Lender Advance: | Estimated Monthly Payment: |
|-------------------------------------|--------------------------|---------------------|-------------------------|----------------------|--------------------------------|-----------------------|--|
| 5759 | 575 Adelaide St W | Sep '13 | \$ 2,609,265 | \$ 1,407,450 | \$ 13,982,969 | \$ 18,773,610 | @ 3.91% {30 term/ 30 amt} Blended Prin. and Int. |
| 4705 | 285-291 Jarvis St | Sep '13 | 1,358,965 | 0 | 0 | 1,358,965 | |
| 4718 | 1466-1468 Bathurst St | Sep '13 | 610,485 | 75,064 | 391,212 | 1,076,761 | |
| 69252 | 291 George St | Oct '13 | 1,645,792 | 638,556 | 188,652 | 2,473,000 | |
| 6080 | 111 Chestnut St (Note 1) | Oct '13 | 2,880,135 | 0 | 0 | 2,880,135 | |
| 70454 | 111 Kendleton Dr | Oct '13 | 1,645,792 | 377,573 | 0 | 2,023,365 | |
| Tranche #3 Estimated Totals: | | | \$ 10,750,434 | \$ 2,498,643 | \$ 14,562,833 | \$ 28,585,836 | \$ 134,995 |

Note 1 – this Property location has a Great West Life 1st Charge/Mortgage of \$6,302,965 (11.71% Nov 1, 2022) with the Lender taking a 2nd Charge/Mortgage paying out a 2nd Great West Life facility on this site.

Tranche #4

| Bldg ID: | Property Location: | Loan Maturity Date: | Existing Borrower Loan: | Capex Reserve Funds: | Equity Withdrawal (estimated): | Total Lender Advance: | Estimated Monthly Payment: |
|-------------------------------------|---------------------|---------------------|-------------------------|----------------------|--------------------------------|-----------------------|---|
| 5948 | 63 Mitchell Ave | Dec '13 | \$ 60,380 | \$ 28,149 | \$ 420,556 | \$ 509,085 | @ 3.91% {30 term/ 30 amt} Blended Prin. and Int. |
| 5864 | 384-390 Christie St | Dec '13 | 1,168,452 | 37,532 | 10,981,219 | 12,187,203 | |
| 5440 | 2468 Eglinton Ave | Dec '13 | 8,384,596 | 1,970,430 | 8,567,242 | 18,922,268 | |
| 6008 | 55 The Esplanade | Dec '13 | 1,703,639 | 1,557,578 | 19,519,503 | 22,780,720 | |
| 5434 | 72 Clinton St | Dec '13 | 5,536,344 | 1,473,131 | 7,065,284 | 14,074,759 | |
| Tranche #4 Estimated Totals: | | | \$ 16,853,411 | \$ 5,066,820 | \$ 46,553,804 | \$ 68,474,035 | \$ 323,363 |

Combined Summary

| 2013 Combined Summary: | Existing Borrower Loan: | Capex Reserve Funds: | Equity Withdrawal (estimated): | Total Lender Advance: | Est. Annual Tranche Payment: |
|-----------------------------------|-------------------------|----------------------|--------------------------------|-----------------------|------------------------------|
| | | | | | |
| Combined Estimated Totals: | \$60,447,135 | \$11,821,345 | \$ 81,661,476 | \$154,703,882 | \$ 8,669,748 |