



June 5, 2018

Members of the Audit Committee of The Corporation of the City of London

London & Middlesex Housing Corporation - Report on Internal Audit Results

On February 15, 2018 we issued a report to the Board of Directors of the London & Middlesex Housing Corporation (LMHC) which included a "Review of operational alignment of funding model and strategic plan". The general scope of this project was determined in collaboration with management and the Board of LMHC with the shared objective of contributing our time and effort in an area that could yield the most valuable results for the LMHC.

The review involved a significant number of interviews across different functional areas of LMHC combined with analysis of business plans, strategic plans, budgets, financial and operational results, review of publicly available strategic reports, review of relevant housing legislation and the shareholder agreement between LMHC and the City of London.

The results of our review have been discussed with both management and the Board of LMHC prior to the report being finalized following Board acceptance on February 15, 2018.

It is clear from the results of our report and in depth discussion with the various stakeholders of LMHC that there are significant challenges ahead for not only LMHC but the public sector housing industry in general. Our hope is that these recommendations within this report will be considered by management to help improve the business outcomes of LMHC from both a risk and operational perspective.

We would again like to express our gratitude to management and the Board of Directors of LMHC for their meaningful time and effort they have contributed to this review.

Kind regards,

A handwritten signature in black ink, appearing to read "Chirag Shah", written over a horizontal line.

Chirag Shah, CPA, CA, MBA
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