

APPENDIX "A"
MAJOR TERMS AND CONDITIONS
7 LESLIE STREET

Tenant: Toronto Hydro Energy Services

Leased Premises: A portion of 7 Leslie St, consisting of approximately 29,200 square feet of land located on the southern portion of the current Transportation Services yard, plus ingress & egress through a right of way over the property.

Term: Twenty two (22) years

Option to Renew: Provided that the Tenant is in occupation of the whole of the Leased Premises, is not in default, upon giving prior written notice not less than 6 months before expiry of the Term, the Tenant shall have the option to renew the lease for two additional ten (10) year terms on the same terms and conditions, save and except for any further right of renewal, and save and except for the rental rate which will be the then market rent in the vicinity.

Commencement Date: June 1, 2009

Rental Rate: \$2.50 per square foot net, plus goods and services tax, increased by 12.5% every five years to end of 22 year term. Renewal rent to be based on market rent, if renewal option is exercised.

Operating Costs and Taxes: Fully net and carefree to the Landlord - the Landlord is not responsible for any costs, charges, expenses, taxes and outlays of any nature or kind whatsoever arising from or relating to the use and occupancy of the Leased Premises. The Tenant is responsible at its costs, for all repairs, maintenance and replacements.

Capital Improvement Costs: The Tenant accepts the Leased Premises "as is" and shall pay any and all capital improvement costs as required to modify the current transportation yard and to construct and maintain the building and interconnection lines, storage tanks, and any other equipment and machinery required for the operation of the cogeneration plant and process, and to keep in a state of good repair and meet all building code, and environmental regulation requirements.

Use: The Tenant shall use the Leased Premises for the purpose of constructing and operating an energy cogeneration facility, and for no other purpose whatsoever.

Assignment: The Tenant shall not sublet or assign the Lease, without the City's consent, which may be unreasonably withheld.

Insurance: The Tenant shall take out liability insurance in form and consent satisfactory to the City, together with such other forms of insurance required by the City's Risk Management Division.

Release and Indemnity: The City shall not be liable whatsoever for any death, injury, loss of property, or damage to property located on the Leased Premises. The Tenant shall fully indemnify and save harmless the City and shall release and forever discharge the City from any actions, claims, costs, damages, losses whatsoever, howsoever caused.

Termination: Lease Agreement is conditional upon the following, failing which the Lease Agreement shall be terminated:

- Execution of an Energy Services Agreement between Toronto Water and TH Energy.
- Obtain site plan and minor variance approval.
- Obtain Ministry of Environment approval certificates for air and noise.

Documentation: The Lease shall be on the City's standard form, to be prepared by the City Solicitor or her designate, and shall include the City's standard clauses including, but not limited to, the provision of post-dated cheques or payment by pre-authorized payment, late payment and NSF charges.