

**GT GROUP TELECOM INC.
POINT OF PRESENCE "LEASE"
1050 WEST PENDER STREET
VANCOUVER, B.C.**

THIS LEASE made this 20 day of July, 1998 between

WESTPEN PROPERTIES LTD.

("Landlord")

and

GT GROUP TELECOM INC.

("Tenant")

WHEREAS:

The Landlord is the registered owner of those lands ("Lands") situated in the City of Vancouver, in the Province of British Columbia, located at 1050 WEST PENDER STREET (Lot 4, Block 2, DL 185, Plan 14686, except plan 18261X) and it has erected on the Lands a building (the "Building");

AND;

The Tenant wishes to lease from the Landlord that portion (the "Premises") of the Building containing approximately 50 square feet of rentable area outlined in red on the attached Schedule "A", for its use.

WITNESSES that in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. TERM

The term ("Term") shall be for Twelve (12) years and shall commence July 16, 1998 and terminate July 15, 2010.

2. RENT

The Tenant shall pay to the Landlord an annual gross rent (the "Gross Rent") of One Thousand Dollars (\$1,000.00) due in **advance on July 16 annually** plus G.S.T. The Landlord shall require the Tenant to **pay an additional annual fee of \$500.00 for each**



15 amp circuit for electrical consumption. The annual gross rent shall be reviewed to "market" (as described in the renewal section of this Lease) at the conclusion of the 6th year of the Term. **The Tenant shall have the option, upon giving written notice to the Landlord, to install separate metered power at the Tenant's expense.**

3. **TENANT'S WORK**

The Tenant accepts the Premises in an "as-is" condition; however, the Tenant shall have the Landlord's permission to:

- (a) install fiber optic cable (which may include copper wire) and such equipment, apparatus, fixtures and attachments (the "Equipment") within the Premises as may be necessary for its operations, **and;**
- (b) have access to the Premises during normal business hours, subject to security procedures as reasonably required by the Landlord. From time-to-time, in situations of emergency, for repair to the Equipment, the Tenant will have access to the Premises outside normal business hours, through security procedures as determined by the Landlord, **acting reasonably**. The Tenant shall be allowed to install a lock box on the entry door to the Premises, **and;**
- (c) provide ~~general~~ telecommunications services to other tenants of the Building, **and;**
- (d) connect the Equipment to other tenants of the Building, subject to the Landlord's prior approval as to location of installations, such approval not to be unreasonably withheld, **or delayed, and;**
- (e) have access to such portions of the Building, including the riser cables, as per the provisions of Clause 3(b) aforesaid, as may be necessary to enable the Tenant to install and maintain, such equipment, interior or exterior grounding, electric power and communications lines, as may be necessary for the provision of communications services;

provided the Tenant has submitted detailed plans of the contemplated improvements and has obtained the approval of these plans from the Landlord, which approval may not be unreasonably withheld or delayed.

4. **TRADE FIXTURES**

All Equipment within the Premises as well as Air Conditioning Units provided by the Tenant, Microwave Dishes (if any), and fibre optic cable (including copper wire within the Tenant's conduit system) outside the Premises will be deemed "Trade Fixtures". Trade Fixtures will be for the exclusive use of the Tenant and its customers during the Term and any Renewals. At the conclusion of the Term, **subject to and** any Renewals, the Landlord,



~~at its option~~, may assume ownership of the **portion of the trade fixtures identified as fiber optic cable or copper wire at no cost**, outside of the Premises, or have the Tenant remove it. If the C.R.T.C. rules, at any time, the wire and cabling outside of the Premises shall be deemed as a Landlord's asset, the Tenant and Landlord agree that this agreement will be modified to reflect the ruling. All installations in the Building, outside of the Premises, excluding Trade Fixtures, become the property of the Landlord at the end of the Term ~~or~~ **subject to** any Renewals. Any equipment or Trade Fixtures removed, or required to be removed, shall be at the sole expense of the Tenant.

5. **DEFAULT**

~~In the event that the Tenant fails to perform its obligations as set out in this Lease, the Landlord shall provide written notice. The Tenant shall have 30 days from receipt of said notice, to remedy its breach. Failing remedy by the Tenant, the Landlord, at its option and without prejudice to any other remedy available to the Landlord herein, may terminate the obligations of the Landlord herein, by giving written notice of termination.~~ **In the event of any breach of this Agreement the party not in breach shall give the party in breach written notice both describing the breach and setting a reasonable time within which it must be cured. If a resolution is not achieved within thirty days from the receipt of the written notice, then a party may move for mandatory, binding arbitration pursuant to the Commercial Arbitration Act of B.C. Any costs of the arbitration will be decided by the arbitrator.**

6. **LIABILITY & INSURANCE**

The Tenant will hold the Landlord, its employees, agents and contractors, harmless in respect of:

- (a) all claims for bodily injury or death, property damage or other loss or damage arising from the conduct of any work or any act or omission of the Tenant or any assignee, sub-tenant, agent, employee, contractor, invitee or licensee of the Tenant, and in respect of all costs, expenses and liabilities incurred by the Landlord in connection with or arising out of all such claims, including the expenses of any action or proceeding pertaining thereto; and
- (b) any loss, cost (including, **reasonable**, lawyers' fees and disbursements on a solicitor and own client basis), expense or damage suffered by the Landlord arising from any breach by the Tenant of any of its covenants and obligations under this Lease.

The Tenant to provide not less than \$5,000,000.00 liability insurance.

7. **SALE, CONVEYANCE & ASSIGNMENT**

Nothing in this Lease shall restrict the right of the Landlord to sell, convey, assign, pledge or otherwise deal with the Building, subject only to the rights of the Tenant under this



Lease. The Tenant may, without consent, assign its rights and obligations under this Lease to all or part of the Premises to any affiliate or successor thereof. Furthermore, a change of control of the Tenant shall not be considered an assignment of this Lease. Notwithstanding the foregoing, either party may assign its rights hereunder as and by way of security without consent.

8. INTERFERENCE

If the operation of the Equipment is causing the electronic equipment of the Landlord or other tenants of the Building to function improperly, then the Landlord will immediately inform the Tenant of such and the Tenant will promptly rectify the situation, **if the Tenant is at fault and without prior rights. In any event, the Tenant will promptly agree to cooperate in determining the cause of such interference.**

The Landlord agrees to notify the Tenant if at any time it becomes aware of any occurrence or event which results in or could be expected to result in, interference with the operation of the Tenant's Trade Fixtures and shall use its best efforts to notify the Tenant of such occurrence or event, **as well as work diligently to identify and accommodate alternatives or options. The Tenant will comply with all laws and regulations in the operation of the equipment.**

9. TERMINATION

Should GT Group Telecom Inc. elect to no longer provide telecommunication services to the Building, or should a government decision, law, bylaw or regulation, prohibit or curtail the Tenant's commercial viability, the Tenant may terminate this Agreement at any time by providing the Landlord with 180 days prior written notice. Upon ~~said~~ termination the Tenant will remove all Equipment, **except conduits**, from the Premises, repairing any damage caused by whatever cause, to the reasonable satisfaction of the Landlord.

10. GOVERNMENT REGULATIONS

This Lease shall comply with and conform to all laws, by-laws, legislative and regulatory requirements of any governmental authority relating to the business conducted on the Premises. Such governmental authorities shall include but not be limited to the City of Vancouver and the C.R.T.C. Should any provision of this Lease be not enforceable or illegal, it or they shall be considered separate and severable from the remaining provisions of this Lease and the remaining provisions shall remain in force and be binding upon the parties.

11. NOTICE

Any notice required or permitted to be given hereunder or any tender or delivery of documents may be sufficiently given by personal delivery or, if other than the delivery of an original document, by facsimile transmission, to the Tenant at the following address:



GT Group Telecom Inc.
840 Howe Street, 3rd Floor
P.O. Box 40
Vancouver, B.C.
V6Z 2L2

and to the Landlord at:

Westpen Properties Ltd.
c/o Penreal Capital Management
Suite 1500 - 505 Burrard Street
Vancouver, B.C.
V7X 1M5

12. RENEWAL

The Tenant shall have **One (1)** option to renew the Lease for a further term of **Five (5)** years, subject to and in accordance with the following terms and conditions:

- (a) The option shall be to renew this Lease upon the same terms and conditions as are contained in the Lease, excepting the Gross Rent and excepting any other provisions applicable only to the initial Term. The Gross Rent shall be consistent with the then market rate charged to similar communications service providers (including) in similar sized buildings in the vicinity of the Building in accordance with the Arbitration Act of British Columbia in accordance with the foregoing guidelines.
- (b) The option shall be open for exercise by delivery to the Landlord of a letter of exercise. The option shall be exercised not less than **Six (6)** months, nor more than **Nine (9)** months, prior to the expiry of the Term and the Tenant shall have paid all the rents payable under the Lease and shall, at the time of exercise, not be in default (of which it has received notice) of any of the covenants and conditions to be observed and performed by the Tenant under the Lease.

13. ATTACHMENT

The Schedule referred to in this Offer To Lease and attached herewith is deemed to be incorporated herein and includes the following:

- Schedule "A" - Plan of Premises

14. ACCEPTANCE

This Lease constitutes the entire agreement between this Landlord and the Tenant and supersedes all prior arrangements and understandings whether written or oral relative to the subject matter thereof.



