

POINT OF PRESENCE LICENCE

This LICENCE entered into between **HOLDINGS 1507 ENTERPRISES LTD.** by its **agent 1507 OPERATIONS INC.**, ("Licensor") and **GT GROUP TELECOM SERVICES CORP.** ("Licensee").

NOW THIS AGREEMENT WITNESSES that in consideration of the mutual promises and covenants contained in this Licence, the sufficiency of which is agreed to by the parties, the parties agree as follows:

1. PREMISES

- (a) Licensor is the agent for Holdings 1507 Enterprises Ltd. the registered owner of those lands situated in the City of Burnaby, in the Province of British Columbia; which are municipally described as 4333 Still Creek Drive Burnaby B.C. (the "Lands");
- (b) There is erected on the Lands a building or buildings (the "Building");
- (c) Licensor has agreed to Licence that portion of the Building containing approximately 10 square feet of wall space as outlined in red on the attached Schedule "B" (the "Premises") for the exclusive use by the Licensee for the installation and operation of the Licensee's communications equipment ("Equipment");
- (d) Licensor has granted to Licensee the right of non-exclusive access to portions (the "Pathways") of the Lands and the Building (other than the Premises) to install, maintain, operate and replace at Licensee's sole expense and risk, certain cabling and ancillary electronic equipment owned and installed by Licensee on and in the Building.
- (e) This agreement and the attached schedules (the "Licence") contains the terms and conditions upon which Licensor shall licence the Premises to Licensee for the non-exclusive use and access to portions of the Lands and the Building.

2. TERM

The term of the Licence shall be for Ten (10) years, commencing January 1, 2002, (the "Commencement Date") and expiring December 31, 2012 (the "Term"), unless earlier terminated according to this Licence.

3. RENT AND ADDITIONAL FEES

- (a) The Licensee shall pay to the Licensor, for the licence of the Premises to the Licensee for exclusive use by the Licensee of the Equipment installed in the Premises and for the non-exclusive access to portions of the Lands and the Building, an annual fee, including utilities, equal to \$1,332.64, plus all applicable government taxes (the Annual Fee) payable annually on or prior to the Commencement Date and thereafter on each anniversary of the Commencement Date.
- (b) The Annual Fee shall provide for an annual escalation equal to the greater of:
 - (i) 2% per annum of the Annual Fee; or
 - (ii) the increase in CPI for Vancouver
- (c) In the event that the Licensee's Equipment services other buildings, not owned or managed by Licensor, from the Premises as described in Section 1 Licensee shall pay to Licensor an additional fee of Five Hundred Dollars (\$500.00) per additional building served per year.

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4. **LICENSEE'S COVENANTS**

- (a) On the Commencement Date, Licensee shall pay to Licensor the Annual Fee. All Annual Fee payments shall be made payable to **1507 OPERATIONS INC.** at Suite #300, 6285 Northam Drive, Mississauga, Ontario, L4V 1X5
- (b) The Licensee agrees to observe and perform all the covenants and obligations of the Licensee herein.

5. **LICENSOR'S COVENANTS**

- (a) Licensor shall maintain in good order and condition the Premises, Lands and the Building to the extent required having regard to Licensee's intended purpose therein.
- (b) Licensor agrees without cost to Licensor to co-operate with Licensee's applications for all necessary consents of the municipality, the Department of Industry Canada, the Department of Transport and other governmental authorities having jurisdiction with respect to the construction, operation, maintenance, repair and replacement of Licensee's communications systems.
- (c) Licensor agrees to observe and perform all the covenants and obligations of Licensor herein.

6. **PERMISSION TO PERFORM WORK**

- (a) Licensee may at or prior to the commencement of the Term of this License if the Premises are then vacant and available for occupation by Licensee and at any time and from time to time during the Term, at its expense, paint and decorate the interior of the Premises and appurtenances thereof and make such changes, alterations or improvements to the interior of the Premises as will in the judgement of Licensee better adapt the same for the same for the purposes of its business, provided that;
- (b) all changes, alterations, additions or improvements will require the prior written consent of Licensor, not to be unreasonably withheld or delayed;
- (c) all initial partitioning work of Licensee will be done in accordance with plans and specifications approved by Licensor, such approval not to be unreasonably withheld or delayed, and performed in accordance with such conditions and regulations as may be adopted from time to time by Licensor with respect to such partitioning work, and Licensor reserves the right to recover from Licensee the reasonable cost of having Licensor's architects or engineers examine such plans and specifications;
- (d) Licensor may require that any or all work to be done, or materials to be supplied hereunder (other than the installations of the Equipment), shall be done or supplied by Licensor's contractors or workmen or by contractors or workmen engaged by Licensee but first approved by Licensor, such approval not to be unreasonably withheld or delayed;
- (e) Licensee may, prior to the delivery of possession, install the Equipment in the Premises so long as such installation does not interfere with construction work on or about the Premises, and it is agreed by Licensee that Licensor has no responsibility whatsoever for any loss or damage to the Equipment so installed or left on the Premises by Licensee;
- (f) all changes, alterations, additions and improvements will comply with all applicable statutes, regulations or bylaws of any municipal, provincial, federal or other authority;

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- (g) notwithstanding any rule of law or equity, the Equipment shall at all times remain the property of Licensee notwithstanding that the Equipment may be annexed or affixed to the Lands, except as hereinafter set out, and Licensee shall, on the written request of Licensor, restore the Premises to the condition existing as of the Commencement Date no later than fifteen (15) days following the termination of this Licence or, at Licensee's option and with Licensor's consent, Licensee may restore the Premises to such extent as Licensee and Licensor agree;
- (h) Licensee shall, in making any alterations, additions or improvements to the Premises, be responsible for paying any of Licensor's reasonable additional costs related to:
 - (i) clean-up of the Lands and Premises;
 - (ii) reasonable security that may be required; and
 - (iii) utility consumption during such period;
- (i) Licensee shall upon request provide to Licensor:
 - (i) prior to commencing construction of any alterations, additions or improvements to the Premises where such construction is being undertaken at or prior to the Term, if the Premises are then vacant and available for occupation by Licensee, proof of insurance as required in Section 9 of this Licence;
 - (ii) upon completion of such construction, proof of compliance by Licensee's contractors or subcontractors with the provisions of the Worker's Compensations Act (British Columbia); and
 - (iii) prior to release of any lien holdback under the Builder's Lien Act (which Act Licensee agrees to comply with fully in respect of any construction within the Premises), statutory declarations of its contractors and subcontractors declaring that all of their respective subcontractors, material suppliers and workmen have been paid all amounts due to them as well as lien waivers from such contractors and subcontractors.

7. USE BY LICENSEE AND GRANT OF ACCESS

Licensor shall permit Licensee, its employees, contractors and agents, at Licensee's sole expense, to:

- (a) use the Premises solely for the purposes of providing communications services to the Building, Licensee's customers and other occupants of the Building;
- (b) access the Premises 24 hours per day, 365 days per year, subject to Licensor's reasonable security requirements (to that end Licensee shall adhere to Licensor's access procedures), along with the right to perform installation, maintenance and subsequent service, testing, repairs, connects and/or disconnects on Licensee's communications systems.
- (c) access portions of the Building and the Lands, including but not limited to, existing risers, cables, chases, pedways, raceways and above-ceiling common areas, 24 hours per day, 365 days per year, as may be necessary to enable the Licensee to install, use and maintain the Equipment.

8. TRADE FIXTURES

- (a) Licensor and Licensee agree that the Equipment are for the exclusive use of Licensee and Licensee's customers and will remain the property of Licensee notwithstanding any rule of law or equity to the contrary.

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- (b) All installations in the Building, excluding the Equipment, will remain the property of Licensor at the end of the Term or Renewal Term.
- (c) Cabling and ancillary electronic equipment shall, if required by Licensor, be removed by Licensee at the end of the Term or Renewal Term, at the Licensee's sole cost and at the written request of Licensor, repairing any damage caused by Licensee to the reasonable satisfaction of Licensor within a reasonable time frame.

9. **DEFAULT BY LICENSEE**

- (a) Licensor and Licensee agree that in the event that Licensee fails to perform its obligations as set out in this Licence, Licensor shall notify Licensee of the default.
- (b) Licensee will have thirty (30) calendar days from receipt of the notice provided in Section 9(a) above, to remedy the default. If the Licensee does not remedy the default, Licensor may immediately terminate this Licence and notify Licensee of the termination, unless the breach is incapable of remedy within such period and Licensee has commenced and is diligently proceeding to cure default.
- (c) Upon receipt of the notice of termination provided in Section 9(b) above, Licensee will remove all Equipment from the Premises, repairing any damage caused by Licensee, to the reasonable satisfaction of Licensor within a reasonable time frame.

10. **INDEMNITY**

- (a) Licensee will indemnify Licensor, except where Licensor or those for whom it is in law responsible, are negligent, against:
 - (i) all claims for bodily injury or death, property damage or other loss or damage arising from the conduct of any work or any wilful or negligent acts or omissions of the Licensee, its employees, contractors or agents, and all costs, expenses and liabilities incurred by the Licensor in connection with or arising out of all such claims, including reasonable legal fees;
 - (ii) any loss, cost, expense or damage suffered by the Licensor arising from any breach by the Licensee of any of its covenants and obligations under this Licence.
- (b) Under no circumstances will either party hereto be liable to the other or any third party or indemnify the other party or any third party for any indirect, special, consequential, incidental, economic or punitive damages, including, without limitation, loss of income or loss of profits.
- (c) Licensor shall be responsible for any pre-existing environmental contamination of the Building and indemnifies and holds Licensee harmless from any costs should any curative or remedial action be required by any governmental authority having jurisdiction over such a pre existing condition.

11. **INSURANCE**

Licensee acknowledges and agrees that it is solely responsible for insuring the Equipment. Licensee agrees to carry and maintain during the Initial Term or Option Term of this Licence, in the amount of Three Million Dollars (\$ 3,000,000.00), comprehensive general liability insurance against claims for death, personal injury and property damage in or about the Premises.

12. **ASSIGNMENT**

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- (a) Licensor may sell, convey, assign, pledge or otherwise deal with the Building and/or the Lands, subject only to the rights of Licensee pursuant to this Licence, without the consent of Licensee, provided Licensor ensures that such transferee receives actual notice of this Licence by delivery of a copy of this Licence on or before the date of transfer in which case this license shall be deemed to be bind such transferor and agrees to indemnify Licensee for direct damages resulting from its failure to provide such notice.
- (b) Licensee may assign this Licence with the prior written consent of the Licensor, which shall not be unreasonably withheld, delayed or conditioned.
- (c) Notwithstanding Section 12(b) above, Licensee may assign its rights or obligations in this Licence to any corporate affiliate, a purchaser of all or part of its assets or by way of security to a creditor without the consent of the Licensor.
- (d) A change of control of Licensor or Licensee shall not be considered an assignment for the purposes of this Licence.

13. **INTERFERENCE**

- (a) If the operation of the Equipment is causing the electronic equipment of the Licensor or other Licensee's of the Building operating in accordance with Industry Canada standards to function improperly, then Licensor shall immediately notify Licensee, and, notwithstanding Section 9 of this Licence, Licensee shall immediately act to rectify the situation.
- (b) Licensor agrees to immediately notify Licensee at (416) 848-2076 if at any time Licensor becomes aware of any occurrence or event which results in, or could be expected to result in, interference with the operation of Licensee's communications systems and/or the Equipment. For greater clarity, in instances of scheduled power outages, Licensor shall provide Licensee with thirty (30) days' notice of such scheduled power outages.
- (c) If the interference referred to in Section 13 is the result of the wilful act or negligence of Licensor, its employees, contractors or agents, Licensor shall immediately act to rectify the situation.

14. **GOVERNMENT REGULATIONS**

- (a) The parties to this Licence shall comply with and conform to all laws, by-laws, legislative and regulatory requirements of any municipal, provincial and federal governmental authority relating to the matters contemplated by this Licence. Such governmental authorities shall include but not be limited to the City of Burnaby, the Province of British Columbia. Should any provision of this Licence be illegal or unenforceable, that provision shall be considered separate and severable from the remaining provision of this Licence and the remaining provision shall remain in force and be binding upon the parties.
- (b) Notwithstanding Section 14(a) above, should a government decision, law, bylaw or regulation, prohibit or curtail Licensee's commercial viability, Licensee may terminate this Licence at any time by providing Licensor with thirty (30) days prior written notice. In addition, Licensee may terminate this Licence upon sixty (60) days' notice to Licensor if the Premises and/or Building is or becomes unsuitable for Licensee's business.

15. **NOTICE**

Except in the instance of an emergency or power outage as described in Section 7(c), any notice, request, demand, consent or other communication provide or permitted by this Licence shall be in writing and given

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by personal delivery, or sent by prepaid registered mail, or transmitted by facsimile, addressed to the party for which it is intended at the address on the below, provided, however, that either party may change its address for purposes of receipt of any such communication by giving ten (10) days prior written notice of such change to the other party in the manner prescribed above. Any notice so given shall be deemed to have been received on the date on which it was delivered or transmitted by facsimile.

to Licensor at the following address:

Address: 6285 Northam Drive, Mississauga, Ontario, L4V 1X5
 Attention: Vice President Leasing
 Telephone: (905) 672-7444
 Facsimile: (905) 672-3114

and to Licensee at the following address:

Address: 20 Bay Street, Suite 700 Toronto, Ontario
 Attention: Director, Facilities
 Telephone: (416) 848-2076
 Facsimile: (416) 848-2834

16. **OPTION TO RENEW**

Licensee has the option to renew the Licence for an additional term of Five (5) years (the "Renewal Term"), subject to and in accordance with the following terms and conditions:

- (a) upon the same terms and conditions as are contained in this Licence, excepting the Annual Fee and excepting any other provisions applicable only to the Term. For the Renewal Term, the Annual Fee shall be consistent with the then market rate charged to similar communications systems providers in similar sized buildings in the vicinity of the Building and in accordance with the foregoing guidelines. If the parties are unable to agree to the amount, the Fee shall be determined by arbitration.
- (b) Licensee shall notify Licensor of Licensee's intention to exercise an option to renew this Licence no less than six (6) months prior to the expiry of the current term.

17. **LICENCE ONLY**

This Agreement creates a Licence only which will be binding on successors and assigns and Licensee acknowledges that Licensee does not and shall not claim at any time any interest or estate of any kind or extent whatsoever in the Building, Pathways or Premises by virtue of this agreement or Licensee's use of the Building, Building Pathways or Premises pursuant hereto. In connection with the foregoing, Licensee further acknowledges that in no event shall Licensee be entitled to avail itself of any rights afforded to tenants under the laws of the province in which the Building is located.

18. **SCHEDULES**

The Schedules referred to in this Licence and attached herewith are deemed to be incorporated herein and includes the following:

Schedule "A" - Legal Description
 Schedule "B" - Plan of Premises

19. **GENERAL**

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- (a) Time is of the essence of this Licence. Except for reason of financial inability, or interference described in Section 13, delay in performance by either party shall be excused for delay for causes beyond their reasonable control.
- (b) This Licence, together with the schedules attached hereto, constitutes the entire agreement of the parties and supersedes all previous and contemporaneous communication, representations, understandings or agreements related to the subject matter of this Licence. The Licence is binding on the parties hereto and their respective successors and assigns. The parties warrant that there are no restrictions contained in any other agreement to which they are a party that would prevent either party from entering into this agreement.
- (c) The invalidity or un-enforceability of any provision of this Licence or any covenant herein contained shall not affect the validity or enforceability of any other provision or of this Licence or any covenant herein contained shall not affect the validity or enforceability of any other provision or covenant herein contained and any such invalid or unenforceable provision or covenant shall be deemed to be severable.
- (d) This Licence shall be governed by and construed under the laws of the Province of British Columbia. The parties hereby attorn to the jurisdiction of the Canadian courts.
- (e) The parties confirm that it is their wish that this Licence, as well as all other documents relating hereto, including all notices, have been and shall be drawn up in the English language only. Les parties aux présentes confirment leur volonté que cette convention, de même que tous les documents, y compris tout avis, qui s'y rattachent, soient rédigés en langue anglaise.
- (f) 1507 Operations Inc. and its directors and the signing officers herein represent and warrant to the Licensee that it has the authority to enter into this agreement and bind the registered owner as Licensor.

IN WITNESS WHEREOF the parties hereto have executed this Licence.

Licensor: HOLDINGS 1507 ENTERPRISES LTD.
by its agent **1507 OPERATIONS INC.**

Licensee: GT GROUP TELECOM SERVICES.
CORP.

Name of Signatory

Name of Signatory

Title
I have authority to bind the Corporation.
G.S.T. Registration #: _____

Title
I have authority to bind the Corporation

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SCHEDULE "A"

Legal Description

Pid: 024-924-881

Plan # LMP48450, Lot B , District Lot 70 , Land District 37

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SCHEDULE "B"

Description of Premises

SEE ATTACHED DRAWING

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