

Via Fax 1 604 864 8432 and Registered Mail

August 14, 2002

Mr. Herb Dutton
Columbia National Investments Ltd. (CNI)
#201 - 31136 Peardonville Rd
Abbotsford, BC V2T 6K7

Dear Herb:

Re: GT v. Columbia National Investments Ltd. (the "Claim") pertaining to Leasehold Allowance for 711 Broughton Street, Victoria, B.C

The matters in this letter offered for acceptance and agreement by GT Group Telecom Services Corp. ("GT") and accepted and agreed to by Columbia National Investments Ltd. ("CNI") are conditional upon the concurrent execution by each of GT and CNI of both this letter and the document entitled "Lease Amending Agreement," attached to this letter for reference.

Upon the completion of the matters set out in this letter and the signing of the Lease Amending Agreement, amending the lease of space at 711 Broughton Street, Victoria, BC, having GT as the Tenant and CNI as the Landlord (the "Lease"), GT and CNI will release each other from any and all claims, matters and things pertaining to the Lease of the Hub Space, the Office Space and the Parking Stalls, that each of them pleaded against the other in the lawsuit filed in the Supreme Court of British Columbia, Vancouver Registry No. S013728, having GT as the Plaintiff and CNI as the Defendant (the "Lawsuit"). The substance of the Lease and the Lease Amending Agreement will not be affected by this release, and CNI will retain the right to ask GT to provide the guarantee of its parent company, GT Group Telecom Inc., to CNI, which GT does not concede it has a duty to provide. GT will file a formal notice of withdrawal of claim in respect of the Lawsuit in the Supreme Court of British Columbia and CNI will consent to such dismissal without costs and GT will forward a copy of that notice to CNI within ten business days of the completion of the matters set out in this letter and the signature of the Lease Amending Agreement by both parties.

In addition, if GT is able to successfully negotiate with existing furniture and equipment suppliers at no cost to GT, (and without accepting any obligation on the part of GT other than that of using commercially reasonable efforts to make the request), GT will leave all furniture and related office equipment that is on the 5th floor of 711 Broughton Street at the time of execution of this letter, on the 5th floor until and including August 15, 2002 and upon request GT will provide CNI with evidence of having negotiated as such with its suppliers.

Should you have any questions regarding the matters expressed above please do not hesitate to contact me at your earliest convenience.

Yours truly,

Director, National Facilities
cc: Mark Hemingway, General Counsel and Secretary
Robert Struthers, Vice President Facilities and Administration
Andrew Blair, Manager National Office Services

THE FOREGOING IS ACCEPTED AND AGREED

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Lene Durrer
President
604-864-8692

NOTICE OF REPUDIATION OF LEASE

Date: July 17, 2002

To: **Columbia National Investments Ltd.**
#201 – 31136 Peardonville Rd.
Abbotsford, B.C.
V2T 6K7

TAKE NOTICE that:

1. On June 26, 2002, a court order in respect of the undersigned was granted under the *Companies' Creditor Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "Order"). A copy of the Order is attached to this notice.
2. Pursuant to section 26. (c) of the Order, the undersigned may abandon premises and repudiate any lease, licence and any ancillary agreements relating to any leased or licensed premises, on at least ten (10) days' prior notice in writing.
3. The undersigned hereby gives you notice that the undersigned will repudiate a **3,208** square foot portion of the Premises as defined in the Lease Agreement dated **19-May-2000** (the "Agreement"), which Agreement granted possession of the property situated at **5th Floor, 711 Broughton Street, Victoria, B.C.**
4. The repudiation of the Agreement will become effective on August 15, 2002.

GT Group Telecom Services Corp.
20 Bay Street, Suite 700
Toronto, Ontario M5J 2N8

General Counsel & Secretary

LEASE AMENDING AGREEMENT

THIS AGREEMENT dated for reference the 15th of July 2002.

BETWEEN:

Columbia National Investments Ltd.
(the "Landlord")

and

GT Group Telecom Services Corp.
(the "Tenant")

Whereas:

- A. Landlord and Tenant entered into a Lease Agreement (the "Agreement") dated May 19, 2000.
- B. Capitalized terms in this agreement have the same meanings as in the Agreement unless it is indicated otherwise in this agreement.

THEREFORE, the Landlord and Tenant agree to amend the Agreement as follows:

- 1. Section 1.1 (c) (ii) is deleted in its entirety, as and from August 15, 2002, and replaced with the following:

The term "Leased Premises" means the Hub Premises.

- 2. The Tenant shall have the right to vacate the Office Premise, being the fifth floor or Strata Lot 8, only, as of August 15, 2002 and leave the said Office Premises in the condition "as is" as of the date of execution of this agreement without penalty, cost or causing a breach of any part of the Agreement, including sections 11.3 and 15.9 thereof, provided that the Tenant must, prior to August 15, 2002, meet all of its obligations that arise prior to August 15, 2002 under the unamended Agreement
- 3. Section 1.1 (d) (ii) "Rentable Area – The Office Premises" is deleted in its entirety.
- 4. Section 1.1 (f) "Annual Base Rent" shall be deleted in its entirety and replaced with the following:

Commencing August 1, 2002, the Tenant shall pay an adjusted Base Net Rent per square foot per annum under the following revised schedule:

For Strata Lot 6

From August 1 st , 2002 to December 31 st , 2005:	\$15.72
From January 1 st , 2006 to December 31 st , 2010:	\$17.72
From January 1 st , 2011 to December 31 st , 2015:	\$19.72

For Strata Lot 7

From August 1 st , 2002 to December 31 st , 2005:	\$16.72
From January 1 st , 2006 to December 31 st , 2010:	\$18.72
From January 1 st , 2011 to December 31 st , 2015:	\$20.72

5. Section 1.1 (h) "Parking Entitlement" is deleted and replaced with the following:

Commencing August 1st, 2002 to the end of the Term of the Lease, the Tenant shall lease nine(9) parking stalls (the "Leased Parking Stalls") in the parkade attached to the Building, legally described as Strata Lot 1, Lot 93, Victoria City, Strata Plan V1S4317 at the following monthly rate per parking stall.

From August 1 st , 2002 to December 31 st , 2005:	\$140.00
From January 1 st , 2006 to December 31 st , 2010:	\$157.00
From January 1 st , 2011 to December 31, 2015:	\$174.00

The lease of the Leased Parking Stalls is not binding and the Tenant may cancel any parking rental at any time upon 90 days notice. The Leased Parking Stalls shall be available for use by the Tenant 24 hours a day, 7days per week. All parking shall be assignable or transferable to any approved assignee or subtenant of the Tenant.

6. Section 1.1 (j) "Leasehold Improvement Allowance" is deleted in its entirety.

7. Section 18.1 (a) (ii) "Option to Renew" for Office Premises is deleted in its entirety

8. Section 18.5 "Right of First Refusal to Lease" is deleted in its entirety.

9. Section 18.11 "Right of First Refusal to Purchase" is deleted in its entirety.

10. Section 18.12 "Right to Cancel" is deleted in its entirety.

11. Schedule "B", "Leased Premises" is deleted in its entirety and replaced with the following:

"Leased Premises" means the Hub Premises.

11. Schedule "B", "Normal Business Hours", the words commencing at "(i) with regard" in the first line and ending with "Hub Premises" in the third line are deleted.

12. All other terms and conditions of the Agreement remain the same.

The parties hereto have executed this Agreement.

Landlord acknowledges and agrees as of August 15, 2002.

Tenant acknowledges and agrees as of _____

OFFICE LEASE

*711 Broughton St.
Victoria, BC, Canada*

THIS LEASE, dated *May 19, 2000* is made and entered into by the Landlord and Tenant named herein who, in consideration of the covenants herein contained, agree as follows:

1. BASIC TERMS, SCHEDULES, AND DEFINITIONS

1.1 Basic Terms

- (a) Landlord: Columbia National Investments Ltd.

Address of Landlord: COLUMBIA NATIONAL INVESTMENTS LTD.
#201-31136 Peardonville Rd.
Abbotsford B.C. V2T 6K7
Telecopier: 604-864-8432, and

RODWAY & PERRY
Barristers and Solicitors
#1 - 699 Qualicum Beach Road
P.O. Box 138, Qualicum Beach, BC
V9K 1S7
Attention: Scott Rodway
Telecopier: 250-752-9521, and

LANG MICHENER LAWRENCE & SHAW
Barristers and Solicitors
1500-1055 West Georgia Street,
Vancouver, BC
V6E 4N7
Attention: Anthony Knight
Telecopier: 604-685-7084

- (b) Tenant: Group Telecom Services Corporation

Address of Tenant: GROUP TELECOM
Suite 700
20 Bay Street
Toronto, Ontario
M5J 2N8
Telecopier: 416-943-1265

Attention: Vice President, National Facilities

(c) Leased Premises:

The Leased Premises shall include:

(i) The Hub Premises

The Hub Premises shall be comprised of the Third (3rd) and the Fourth (4th) floors of 711 Broughton Street, Victoria, in the City of Victoria, Province of British Columbia, legally described as:

Strata Lot 6, Lot 93, Victoria City, Strata Plan VIS 4317 together with an exclusive right to use the limited common property in favour of Strata Lot 6 ("Strata Lot 6"); and Strata Lot 7, Lot 93, Victoria City, Strata Plan VIS 4317 together with an exclusive right to use the limited common property in favour of Strata Lot 7 ("Strata Lot 7")

(collectively, the "Hub Premises").

(ii) The Office Premises

The Office Premises shall be comprised of the Fifth (5th) floor of 711 Broughton Street, in the City of Victoria, Province of British Columbia, legally described as:

Strata Lot 8, Lot 93, Victoria City, Strata Plan VIS 4317, together with an exclusive right to use the limited common property in favour of Strata Lot 8 ("Strata Lot 8")

(the "Office Premises").

The term "Leased Premises" as used hereinafter shall include the Hub Premises and the Office Premises.

(d) Rentable Area:

(i) The Hub Premises

The Hub Premises are deemed to be approximately 9293 square feet of rentable space in total, being comprised of 4705 square feet on the 3rd floor and 4588 square feet on the fourth floor. The final measurement will be according to BOMA standards (ANSI/ BOMA 265.1-1996). The Landlord will pay for the cost of one (1) initial space plan and one (1) revision by the Tenant's choice of space planners. The Landlord, acting reasonably, shall have the right to approve the Tenant's selection of a Designer.

(ii) The Office Premises

The Office Premises are deemed to be approximately 3208 square feet of rentable space. The final measurement will be according to BOMA standards (ANSI/ BOMA 265.1-1996). The Landlord will pay for the cost of one (1) initial space plan and one (1) revision by the Tenant's choice of space planners. The Landlord, acting reasonably, shall have the right to approve the Tenant's selection of a Designer.

(e) Term:

(i) Hub Premises

The Term of the Lease for the Hub Premises shall be for a period of fifteen (15) years, commencing on January 1st, 2001 and expiring on December 31st, 2015.

(ii) Office Premises

The Term of the Lease for the Office Premises shall be for a period of ten (10) years, commencing on January 1st, 2001 and expiring on December 31st, 2010.

Commencement Date:

The Term for the Leased Premises shall commence on the 1st day of January 2001 (the "Commencement Date").

(f) Annual Base Rent:

(i) Hub Premises

During the Term of the Hub Premises, the Tenant shall pay Base Net Rent per square foot per annum under the following schedule:

For Strata Lot 6

From January 1st, 2001 to December 31st, 2005:	\$ 16.50
From January 1st, 2006 to December 31st, 2010:	\$ 18.50
From January 1st, 2011 to December 31st, 2015:	\$ 20.50

For Strata Lot 7

From January 1st, 2001 to December 31st, 2005:	\$ 17.50
From January 1st, 2006 to December 31st, 2010:	\$ 19.50
From January 1st, 2011 to December 31st, 2015:	\$ 21.50

(ii) Office Premises

During the Term of the Office Premises, the Tenant shall pay Base Net Rent per square foot per annum under the following schedule:

For Strata Lot 8

From January 1st, 2001 to December 31st, 2005:	\$ 18.00 3.00
From January 1st, 2006 to December 31st, 2010:	\$ 20.00

(g) Permitted Use:

The Leased Premises shall be used for general office use and, provided the Tenant obtains all necessary municipal and other governmental permits and approvals and provides the Landlord with proof of the same, upon request, the Tenant shall be permitted to use the Hub Premises for the installation, operation, maintenance and repair of telecommunications equipment and the operation of a telecommunication facility and the provision of telecommunication services, in addition to general office use.

(h) Parking Entitlement:

As of the date hereof, the Tenant shall lease fifteen (15) parking stalls (the "Leased Parking Stalls") in the parkade attached to the Building, legally described as Strata Lot 1, Lot 93, Victoria City, Strata Plan V1S4317 at the following monthly rate per parking stall for the term of the Lease

From January 1st, 2001 to December 31st, 2005:	\$140.00
From January 1st, 2006 to December 31st, 2010:	\$157.00
From January 1st, 2011 to November 31st, 2015:	\$174.00

The lease of the Leased Parking Stalls is not binding on the Tenant and the Tenant can cancel any parking rental at any time upon 90 days notice. The Leased Parking Stalls shall be available for use by the Tenant 24 hours a day, 7 days per week. All parking shall be assignable/transferrable to any approved assignee or subtenant of the Tenant.

(i) Deposit: \$44,286.22 plus GST

This deposit amount is the sum of the first monthly instalment payment of Annual Base Rent payable in the Term for the Leased Premises along with the first monthly instalment payment for the Leased Parking Stalls being together \$20,081.96, plus the last monthly instalment payment of Annual Base Rent payable in the Term of the Hub Premises and the Office Premises along with the last monthly instalment payment for the Leased Parking Stalls being together \$24,204.26.

(j) Leasehold Improvement Allowance:

The Landlord shall pay to the Tenant a Leasehold Improvement Allowance in an amount equivalent to Ten dollars (\$10.00) per square foot of the Hub Premises and Office Premises, plus all applicable taxes, upon the completion of all tenant improvements and the commencement of operations by the Tenant.

The Tenant acknowledges that the Leasehold Improvement Allowance is to be applied towards the cost of construction of the Tenant's leasehold improvements.

Provided the Tenant has complied with all the requirements of this clause 1.1(j) and if the Landlord is required under this Lease to pay any monies to the Tenant, and fails to pay all or any portion of the monies due to the Tenant within thirty (30) days of the Tenant's request therefor, the unpaid amount shall, until paid, bear interest at the prime commercial lending rate charged by the Landlord's Canadian Chartered Bank from time to time, plus two (2%) per cent per annum.

The foregoing Basic Terms are approved by the parties. Each reference in this Lease to any of the Basic Terms shall be construed to include the provisions set forth above as well as all of the additional terms and conditions of the applicable sections of this Lease where such Basic Terms are more fully set forth.

1.2 Schedules

All Schedules to this Lease are incorporated into and form an integral part of this Lease and are as follows:

Schedule	Subject
A	Floor Plan(s) of Leased Premises
B	Definitions
C	Rules and Regulations

1.3 Definitions

In this Lease, the words, phrases and expressions set forth in Schedule B are used with the meanings defined therein.

2. PREMISES

In consideration of the rents, covenants, and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed, and performed, the Landlord hereby demises and

leases to the Tenant, and the Tenant leases from the Landlord, the Leased Premises and Leased Parking Stalls.

3. TERM

3.1 Term

The Term of this Lease shall be for the period set out in subclause 1.1(e), beginning on the Commencement Date.

4. RENT

4.1 Rent

The Tenant shall yield and pay for the Leased Premises and Leased Parking Stalls unto the Landlord, at the office of the Landlord's building manager, or at such other place as the Landlord may direct in writing, during the Term in lawful money of Canada without any setoff, abatement, compensation, or deduction whatsoever on the days and at the times hereinafter specified, Rent which shall include the aggregate of the sums specified in subclauses (a) and (b) below:

(a) Annual Base Rent

Annual Base Rent in the amount per annum set out in subclause 1.1(f) for each respective Lease Year, subject to the adjustment provisions of subclause 4.2(c); and

(b) Additional Rent

The aggregate of the following:

- (i) the Tenant's Share of Tax Cost;
- (ii) the Tenant's Share of Operating Cost; and
- (iii) such other amounts, charges, costs, and expenses as are required to be paid by the Tenant to the Landlord pursuant to this Lease in addition to Annual Base Rent,

but will not include structural repairs (except for repairs of structural damage to the Building that is caused by the Tenant), Landlord's Capital Tax or building expenditures of a capital nature. Additional Rent is estimated for the year 2000 to be \$6.70 per square foot, excluding Tenant's electricity consumption. The Landlord warrants that such Additional Rent will not exceed \$8.20 per square foot in each of the first five years of the Term, provided that if the Tenant's leasehold improvements trigger an extraordinary property tax increase, the Additional Rent may exceed \$8.20 per square foot in each of the first five years of the Term to reflect such tax increase.

The Landlord acknowledges and agrees that the Tenant may disconnect all normal base building systems and may refuse any or all of the Additional Services in the Hub Premises. For example, the Tenant may not require daily cleaning, or operation, repair and maintenance of the HVAC system. In such case, such items are to be excluded from the Additional Rent applicable to the Hub Premises.

The Tenant shall install at its cost, an Industry Canada approved meter to separately meter the Tenant's electricity consumption in both the Hub Premises and the Office Premises. The Tenant will arrange to be separately metered by BC Hydro and pay BC Hydro directly for all its electricity consumption. In any event, there will be no percentage management fees on the Tenant's consumption of electricity.

4.2 Payment of Rent

The Rent provided for in this Article 4 shall be paid by the Tenant as follows:

(a) **Annual Base Rent**

The Annual Base Rent shall be paid in equal consecutive monthly instalments in advance on the first day of each and every month during the Term. The first monthly instalment of the Annual Base Rent shall be paid by the Tenant on the Commencement Date.

(b) **Additional Rent Payments**

The amount of any or all of the items of Additional Rent under subclause 4.1(b) which the Tenant is to pay may be estimated by the Landlord for such fiscal period or portion thereof as the Landlord may determine. The Tenant agrees to pay to the Landlord the amount of such estimate in monthly instalments in advance in amounts and during the period specified by the Landlord on the dates and at the times for payment of the Annual Base Rent provided for in this Lease. The Landlord may make its estimates so that the Tenant's share of Additional Rent will be payable to the Landlord prior to the time the Landlord is obliged to pay the costs in respect of which the Additional Rent is payable. The Landlord may submit to the Tenant at any time during a period a re-estimate of the amount of Additional Rent payable by the Tenant under subclause 4.1(b) and a revised monthly instalment amount. As soon as reasonably possible after the end of the fiscal period for which such estimated payments have been made, the Landlord will make a final determination of Tax Cost and Operating Cost and any other applicable amounts for such fiscal period and notify the Tenant of the actual amount required to be paid as Additional Rent under subclause 4.1(b). If necessary an adjustment shall be made between the parties and any money owing by or to one party shall be paid or credited within 30 days of such notice.

(c) **Basis of Determining Rent**

The Tenant acknowledges that the Annual Base Rent is calculated on the basis of the Rentable Area of the Leased Premises, being as set out in subclause 1.1(d) and at the rate set out in subclause 1.1(f) for each square foot of Rentable Area. The Tenant agrees that the Landlord may adjust the Annual Base Rent and the Additional Rent in the event that the Rentable Area of the Leased Premises is found to be different from the Rentable Area stated above.

4.3 Rent for Irregular Periods

All Rent reserved herein shall be deemed to accrue from day to day, and if for any reason it shall become necessary to calculate Rent for irregular periods of less than one year an appropriate pro-rata adjustment shall be made on a daily basis in order to compute Rent for such irregular period.

4.4 Waiver of Offset

The Tenant hereby waives and renounces any and all existing and future claims, offsets, and compensation against any Rent and agrees to pay such Rent regardless of any claim, offset, or compensation which may be asserted by the Tenant or on its behalf.

4.5 Application of Payments

All payments by the Tenant to the Landlord under this Lease shall be applied toward such amounts then outstanding hereunder as the Landlord determines and the Landlord may subsequently alter the application of any such payment.

4.6 Net Lease

The Tenant acknowledges and agrees that it is intended that this Lease shall be a completely net lease for the Landlord except as shall be otherwise provided in the specific provisions contained in this Lease, and that the Landlord shall not be responsible during the Term for any costs, charges, expenses, and outlays of any nature whatsoever arising from or relating to the Leased Premises, and the Tenant, except as shall be otherwise provided in the specific provisions contained in this Lease, shall pay all charges, impositions, and costs of every nature and kind relating to the Leased Premises whether or not referred to herein and whether or not within the contemplation of the Landlord or the Tenant, and the Tenant covenants with the Landlord accordingly.

5. TENANT'S COVENANTS

5.1 Tenant's Covenants

The Tenant covenants with the Landlord as follows:

(a) Rent

To pay the Rent on the days and in the manner provided herein and to pay all other amounts, charges, costs, and expenses as are required to be paid by the Tenant to the Landlord or to others under this Lease.

(b) Occupancy and Permitted Use

To use the Leased Premises only for the purpose set out in subclause 1.1(g) and not to use or permit to be used the Leased Premises or any part thereof for any other purpose, including, without limitation:

- (i) any retail use;
- (ii) the operation of any automatic teller machine or cash dispenser; or
- (iii) as a bank, trust company, credit union, or any business which includes the acceptance of money for deposit from the public.

(c) Waste and Nuisance

Not to commit or permit any waste or injury to the Building or the Leased Premises and Leased Parking Stalls including the Leasehold Improvements and the trade fixtures therein; any overloading of the floors thereof; any conduct which impedes or, in the opinion of the Landlord acting reasonably, could impede the business of any other occupant of the Building or which constitutes or, in the opinion of the Landlord acting reasonably, could constitute a nuisance to the Landlord, any other occupant of the Building, or anyone else; or any other use or manner of use which annoys or interferes with the operations of any other occupant of the Building or, in the opinion of the Landlord acting reasonably, may have an adverse impact on the reputation of the Building.

(d) Insurance Risks

Not to do, omit to do, or permit to be done or omitted to be done upon the Leased Premises and Leased Parking Stalls anything which would cause the Landlord's cost of insurance to be increased (and, without waiving the foregoing prohibition, the Landlord may demand, and the Tenant shall pay to the Landlord upon demand, the amount of any such increase of cost caused by anything so done or omitted to be done) or which shall cause any policy of insurance to be subject to cancellation.

(e) Cleanliness

Not to permit the Leased Premises and Leased Parking Stalls to become untidy, unsightly, or hazardous, or permit unreasonable quantities of waste or refuse to accumulate therein, and at the end of each business day to leave the Leased Premises and Leased Parking Stalls in a condition such as to reasonably facilitate the performance of the Landlord's janitorial and cleaning services referred to in clause 6.1(e).

(f) Compliance with Laws

To comply at its own expense with all municipal, provincial, and federal sanitary, fire, and safety laws, bylaws, regulations, and requirements pertaining to the operation and use of the Leased Premises and Leased Parking Stalls, the condition of the Leasehold Improvements, trade fixtures, furniture, and equipment installed therein, and the making by the Tenant of any repairs, changes or improvements therein.

(g) Installations

To permit the Landlord during the Term, to install any equipment in or make alterations to the Leased Premises and Leased Parking Stalls necessary to comply with the requirements of any statute, law, bylaw, ordinance, order, or regulation referred to in clause 5.1(f) and imposed after completion of the Landlord's original construction of the Building, and upon reasonable notice to the Tenant and with the supervision of the Tenant to permit ingress and egress to and from the Leased Premises and Leased Parking Stalls by the Landlord or by other tenants of the Landlord or by their respective employees, servants, workmen, and invitees, by use of fire exit doors in case of fire or emergency. Notwithstanding the foregoing except in the case of emergencies, the Landlord will not enter the Hub Premises without the consent of, and supervision by, the Tenant.

(h) Rules and Regulations

To observe, and to cause its employees, invitees, and others over whom the Tenant can reasonably be expected to exercise control to observe the Rules and Regulations attached as Schedule C, and such further and other reasonable rules and regulations and amendments and changes therein as may hereafter be made by the Landlord, of which notice in writing shall be given to the Tenant; and all such rules and regulations shall be deemed to be incorporated into and form part of this Lease.

(i) Overholding

That if the Tenant shall continue to occupy the Leased Premises and Leased Parking Stalls after the expiration of this Lease without any further written agreement and without

objection by the Landlord, the Tenant shall be a monthly tenant at a monthly base rent equal to 150% of the monthly instalment of, in the case of the Leased Premises, the Annual Base Rent payable by the Tenant as set forth in Article 4 during the last month of the Term, and in the case of the Leased Parking Stalls, the monthly rental rate per parking stall that is in effect in the last month of the Term, and (except as to length of tenancy) on and subject to the provisions and conditions herein set out.

(j) Inspection and Access

To permit the Landlord at any time and from time to time upon reasonable notice to the Tenant to enter and to have its authorized agents, employees, and contractors enter the Leased Premises for the purpose of inspection, window cleaning, maintenance, providing janitorial service, or making repairs, alterations, or improvements to the Leased Premises or the Building, or to have access to utilities and services or to determine the electric light and power consumption by the Tenant in the Leased Premises, and the Tenant shall provide free and unimpeded access for the purpose, and shall not be entitled to compensation for any inconvenience, nuisance, or discomfort caused thereby, but the Landlord in exercising its rights hereunder shall proceed to the extent reasonably possible so as to minimize interference with the Tenant's use and enjoyment of the Leased Premises. Notwithstanding the foregoing, except in the case of emergency, the Landlord shall not enter the Hub Premises without the consent of, and supervision by, the Tenant.

(k) Showing Leased Premises

To permit the Landlord and its authorized agents and employees to show the Leased Premises to prospective tenants during the Normal Business Hours of the last nine months of the Term. Notwithstanding the foregoing, the Landlord shall not enter the Hub Premises without the consent of, and supervision by, the Tenant.

(l) Noise Levels

The Tenant's equipment shall respect the noise levels in accordance with the latest ASHRAE standards and guidelines for office buildings.

(m) Environmental

The Tenant shall not bring Hazardous Substances, as defined hereto, in or onto the Premises. For the purposes of this warranty "Hazardous Substance" shall mean any substance or thing which is or may be detrimental to living things or the environment, including but not limited to any pollutant, contaminant, toxic or hazardous chemicals or waste, dangerous or noxious insulation, asbestos, polychlorinated biphenyl, pesticides or any other substance, the removal, manufacture, preparation, production, generation, use,

maintenance, treatment, storage, transfer, handling or ownership of which is subject to environmental legislation.

6. LANDLORD'S COVENANTS

6.1 Landlord's Covenants

The Landlord covenants with the Tenant as follows:

(a) Quiet Enjoyment

Provided the Tenant pays the rent hereby reserved and performs its other covenants herein contained, the Tenant shall and may peaceably possess and enjoy the Leased Premises and Leased Parking Stalls for the Term hereby granted, without any interruption or disturbance from the Landlord or its assigns, or any other person or persons lawfully claiming by, from, through, or under the Landlord.

(b) Interior Climate Control

To provide to the Leased Premises during Normal Business Hours, and as an Additional Service outside of Normal Business Hours, by means of a system for heating, cooling, filtering, and circulating air and processed air (except where such system has been removed by the Tenant pursuant to the terms of this lease) in such quantities, at such temperatures as shall maintain in the Leased Premises conditions of reasonable temperature and comfort in accordance with good standards of interior climate control generally pertaining at the date of this Lease applicable to similar buildings based on normal occupancy of premises for office purposes. The Landlord shall have no responsibility for any inadequacy of performance of the system unless the Landlord is negligent in maintaining or operating the system. The Tenant acknowledges that the initial balancing of the system may take up to one year after the Commencement Date. The Tenant acknowledges that the comfort of the Tenant will be reduced if the Leased Premises include installed partitions or other installations in locations which interfere with the proper operation of the said system or if window coverings on exterior windows are not fully closed while such windows are exposed to direct sunlight. The Tenant agrees that the Landlord shall have no responsibility to provide for the removal of smoke, dust, or odours which originate from within the Leased Premises.

(c) Elevators

Subject to the supervision of the Landlord, to furnish for use by the Tenant and its employees and invitees in common with other persons entitled thereto passenger elevator service to the Leased Premises, and to furnish for the use of the Tenant in common with others entitled thereto at reasonable intervals and at such hours as the Landlord may

select, and as an Additional Service outside of such hours, elevator service to the Leased Premises for the carriage of furniture, equipment, deliveries, and supplies, provided however that if the elevators shall become inoperative or shall be damaged or destroyed the Landlord shall have a reasonable time within which to repair such damage or replace such elevator and the Landlord shall repair or replace the same as soon as reasonably possible, but shall in no event be liable for indirect or consequential damages or other damages for personal discomfort or illness during such period of repair or replacement.

(d) Entrances, Lobbies, and Other Common Areas

To permit the Tenant and its employees and invitees to have the use during Normal Business Hours in common with others entitled thereto of the common entrances, lobbies, stairways, and corridors of the Building giving access to the Leased Premises (subject to the Rules and Regulations set out in Schedule C and such other reasonable limitations as the Landlord may from time to time impose).

(e) Janitorial Service

To cause when reasonably necessary from time to time upon reasonable notice to the Tenant the floors of the Leased Premises to be swept and cleaned, the windows on the exterior of the Leased Premises to be cleaned, the desks, tables, and other furniture of the Tenant in the Leased Premises to be dusted, and such other janitorial services to be provided as are commonly provided in comparable buildings, but with the exception of the obligation to cause such work to be done, the Landlord shall not be responsible for any act of omission or commission on the part of the persons employed to perform such work; such work to be done at the Landlord's direction without interference by the Tenant, its agents, or employees.

(f) Maintenance of Common Areas

To cause the elevators, common entrances, lobbies, stairways, corridors, washrooms, and other parts of the Building from time to time provided for common use and enjoyment to be swept, cleaned, or otherwise properly maintained.

(g) Building Directory

To maintain a directory in the main entrance lobby of the Building and will list thereon the name of the Tenant and the suite number(s) of the Leased Premises.

(h) Condition of Leased Premises

- (i) The Hub Premises operating systems, including but not limited to all existing mechanical and electrical systems and all exterior structural elements

including windows and roofs are in good repair and condition. The Landlord will provide clean/new window blinds throughout the Hub Premises at no cost to the Tenant.

- (ii) The Office Premises operating systems, including but not limited to all existing mechanical and electrical systems and all exterior structural elements including windows and roofs are in good repair and condition. The Landlord will provide clean/new window blinds throughout the Office Premises at no cost to the Tenant. The Tenant will take the Office Premises in their 'as is' condition but subject to the provisions of this article 6.1(h). Furthermore, the Tenant may request that the Landlord remove the existing carpet. If so, the Landlord shall remove said carpet at no cost to the Tenant.

(i) Noise and Comfort Levels

The Landlord shall provide air quality, noise levels and comfort levels for the occupants in accordance with the latest ASHRAE standards and guidelines for office buildings. Existing HVAC systems shall be tuned and enhanced so as to provide the expected level of air quality and noise levels from rooftop mechanical systems. Maintenance shall be carried out by the Landlord in accordance with generally accepted industry standards for commercial buildings.

(j) Business Hours

To permit access to the Tenant to the Leased Premises and Leased Parking Stalls twenty-four (24) hours per day seven (7) days per week and three hundred and sixty-five (365) days per year. The Landlord will provide the Tenant and all its employees with access cards. The Tenant will not be responsible for any after hours charges for Building operation for the Leased Premises and Leased Parking Stalls.

(k) Signs

To install signage in the main Building lobby and on the doors to the Leased Premises, all at the Landlord's expense.

The Tenant shall have the right to place its company logo and/or name on the exterior of the Building at its cost. The Landlord agrees that the Building will be identified as the 'Group Telecom' building.

All signage will be subject to the Landlord's review and approval acting reasonable, and will be consistent with all municipal By-Laws and Tenant shall obtain the necessary permits from the City of Victoria.

(l) Security

To permit the Tenant to install motion sensors on the exterior windows of the Leased Premises and the Tenant's own security systems on the Leased Premises.

(m) Non-Disturbance Agreement

To use reasonable commercial efforts to obtain from the holders of all mortgages and lien holders of the Leased Premises or any part thereof, an agreement that the tenancy of the Tenant will not be disturbed for any reason whatsoever during the Tenant's term or any renewals thereof (including, without limiting the generality of the foregoing in the event of a foreclosure or sale by said mortgage or lien holder) so long as the Tenant is not in default under the Lease.

6.2 Environmental

The Landlord represents and warrants that there are no Hazardous Substances in or on the Leased Premises and Leased Parking Stalls.

7. REPAIR, DAMAGE, AND DESTRUCTION

7.1 Landlord's Repairs

The Landlord covenants with the Tenant:

- (a) subject to subclause 7.3(b), to keep in a good and reasonable state of repair, and consistent with the general standards of office buildings of similar age and character in *Victoria, BC*:
 - (i) the Building (other than the Leased Premises and premises of other tenants) including the foundation, roof, exterior walls including glass portions thereof, the systems for interior climate control, the elevators, entrances, stairways, corridors, lobbies, and washrooms from time to time provided for use in common by the Tenant and other tenants of the Building and the systems provided for bringing utilities to the Leased Premises, and
 - (ii) the structural members or elements of the Leased Premises; and
- (b) to repair defects in construction performed or installations made by the Landlord in the Leased Premises and Insured Damage.

7.2 Tenant's Repairs

The Tenant covenants with the Landlord:

- (a) subject to subclause 7.3(b), to keep in a good and reasonable state of repair and consistent with the general standards of office buildings of similar age and location in Victoria, BC, the Leased Premises including all Leasehold Improvements and all trade fixtures therein and all glass therein other than glass portions of exterior walls thereof, but with the exception of (i) structural members or elements of the Leased Premises and Leased Parking Stalls, (which shall be the responsibility of the Landlord except insofar as structural damage has been caused by the Tenant); (ii) defects in construction performed or installations made by the Landlord; and (iii) Insured Damage therein;
- (b) that upon reasonable notice to the Tenant and with the supervision of the Tenant the Landlord may enter and view the state of repair, and that the Tenant will repair according to notice in writing, and that the Tenant will leave the Leased Premises in a good and reasonable state of repair, subject always to the exceptions referred to in subclause 7.2(a); and
- (c) that if any part of the Building including the systems for interior climate control and for the provision of utilities becomes out of repair, damaged, or destroyed through the negligence or misuse of the Tenant or its employees, invitees, or others over which the Tenant can reasonably be expected to exercise control, the expense of repairs or replacements necessitated thereby shall be reimbursed to the Landlord promptly upon demand.

7.3 Abatement and Termination

It is agreed between the Landlord and the Tenant that in the event of damage to the Leased Premises and Leased Parking Stalls or to the Building:

- (a) if the damage is such that the Leased Premises and Leased Parking Stalls or any substantial part thereof are rendered not reasonably capable of use and occupancy by the Tenant for the purposes of its business for any period of time in excess of 10 days, then:
 - (i) unless the damage was caused by the fault or negligence of the Tenant or its employees, invitees, or others under its control, from and after the date of occurrence of the damage and until the Leased Premises and Leased Parking Stalls are again reasonably capable of use and occupancy as aforesaid, Rent shall abate from time to time in proportion to the part or parts of the Leased Premises and Leased Parking Stalls not reasonably capable of use and occupancy, and
 - (ii) unless this Lease is terminated as hereinafter provided, the Landlord or the Tenant, as the case may be (according to the nature of the damage and their respective obligations to repair as provided in clauses 7.1 and 7.2) shall repair such damage with all reasonable diligence, but to the extent that any part of

the Leased Premises and Leased Parking Stalls is not reasonably capable of such use and occupancy by reason of damage which the Tenant is obligated to repair hereunder, any abatement of Rent to which the Tenant is otherwise entitled hereunder shall not extend later than the time by which, in the reasonable opinion of the Landlord, repairs by the Tenant ought to have been completed with reasonable diligence; and

(b) if either:

- (i) the Leased Premises, or
- (ii) premises, whether of the Tenant or other tenants of the Building, comprising in the aggregate 25% or more of the rentable area of the Building

are substantially damaged or destroyed by any cause to the extent such that in the reasonable opinion of the Landlord they cannot be repaired or rebuilt (based on standard hours of construction work) within 90 days after the occurrence of the damage or destruction, then the Landlord may at its option, exercisable by written notice to the Tenant given within 60 days after the occurrence of such damage or destruction, terminate this Lease, in which event neither the Landlord nor the Tenant shall be bound to repair as provided in clauses 7.1 and 7.2, and the Tenant shall instead deliver up possession of the Leased Premises and Leased Parking Stalls to the Landlord with reasonable expedition but in any event within 60 days after delivery of such notice of termination, and Rent shall be apportioned and paid to the date upon which possession is so delivered up (but subject to any abatement to which the Tenant may be entitled under subclause 7.3(a) by reason of the Leased Premises and Leased Parking Stalls having been rendered in whole or in part not reasonably capable of use and occupancy), but otherwise the Landlord or the Tenant as the case may be (according to the nature of the damage and their respective obligations to repair as provided in clauses 7.1 and 7.2) shall repair such damage with reasonable diligence.

7.4 Service Interruptions

The Tenant acknowledges to the Landlord that the operation of systems and the availability of facilities may be interrupted from time to time in cases of accident and emergency or by mutual agreement of the Tenant and the Landlord. During periods of such interruption, any obligation of the Landlord to provide access to such systems and facilities or common areas of the Building shall be suspended and clause 14.1 shall apply.

8. TAXES AND OPERATING COSTS

8.1 Landlord's Tax Obligations

The Landlord covenants with the Tenant, subject to clause 8.2, to pay to the taxing authority or authorities having jurisdiction, all Taxes.

8.2 Tenant's Tax Obligations

The Tenant covenants with the Landlord:

- (a) to pay when due, all taxes, business taxes, business licence fees, and other taxes, rates, duties or charges levied, imposed, or assessed by lawful authority in respect of the use and occupancy of the Leased Premises and Leased Parking Stalls by the Tenant, the business or businesses carried on therein, or the equipment, machinery, or fixtures brought therein by or belonging to the Tenant, or to anyone occupying the Leased Premises and Leased Parking Stalls with the Tenant's consent, or from time to time levied, imposed, or assessed in the future in addition or in lieu thereof, and to pay to the Landlord upon demand the portion of any tax, rate, duty, or charge levied or assessed upon the Land and Building that is attributable to any equipment, machinery, or fixtures on the Leased Premises and Leased Parking Stalls which are not the property of the Landlord or which may be removed by the Tenant;
- (b) to pay promptly to the Landlord when demanded or otherwise due hereunder all Taxes in respect of all Leasehold Improvements in the Leased Premises and Leased Parking Stalls; and
- (c) to pay to the Landlord in the manner specified in subclause 4.2(b) the Tenant's Share of the Tax Cost.

8.3 Goods and Services Tax

Unless otherwise noted, amounts payable by the Tenant to the Landlord under this Lease do not include Goods and Services Tax.

The Tenant shall pay to the Landlord goods and services tax in accordance with the applicable legislation at the same time as the amounts to which such goods and services tax apply are payable to the Landlord under the terms of this Lease or upon demand at such other time or times as the Landlord reasonably determines. The Landlord will provide the Tenant with its goods and services tax registration number. Notwithstanding any other section of this Lease, the amount payable by the Tenant under this clause shall be deemed not to be Rent, but the Landlord shall have the same remedies for and rights of recovery of such amount as it has for recovery of Rent under this Lease.

8.4 Tenant's Tax Cost

After the commencement of the Term of this Lease and prior to the commencement of each fiscal period determined by the Landlord thereafter which commences during the Term, the Landlord may estimate the Tax Cost, or any instalment on account thereof, to become due on any date during the ensuing fiscal period or (if applicable) portion thereof, as the case may be, and the amount thereof which will be payable by the Tenant, and notify the Tenant in writing of such estimate. If the Tenant has overpaid such Tax Cost, the Landlord shall refund any excess paid, but if any balance remains unpaid, the Landlord shall fix monthly instalments for the then-remaining balance of such fiscal period or portion thereof such that, after giving credit for instalments paid by the Tenant hereunder in respect of such calendar year, the entire Tenant's Share of Tax Cost will be fully payable prior to the time the Landlord is obliged to pay the Taxes in respect of which the Tenant's Share of Tax Cost is payable. If for any reason the Tax Cost is not finally determined within such fiscal period or portion thereof, the parties shall make the appropriate readjustment when such Tax Cost becomes finally determined. The Landlord and the Tenant acknowledge that Taxes in respect of the Building may be payable during the course of a year as prepayment for the Taxes accruing due in respect of such year, and if the Term ends during a year, then the appropriate adjustment will be made under clause 4.3. Any report of the Landlord's accountant as to the Tax Cost shall be conclusive as to the amount thereof for any period to which such report relates.

8.5 Postponement of Payment of Taxes

The Landlord may postpone payment of any Taxes payable by it under clause 8.1 to the extent permitted by law if prosecuting in good faith any appeal against the assessment of the Land and Building for Taxes or the imposition of Taxes.

8.6 Receipts for Payment

Whenever requested by the Landlord, the Tenant will deliver to it receipts for payment of all taxes, rates, duties, levies, and assessments payable by the Tenant under subclauses 8.2(a) and (b) and furnish such other information in connection therewith as the Landlord may reasonably require.

8.7 Operating Cost

During the Term of the Lease the Tenant shall pay to the Landlord in the manner set forth in clauses 4.1 and 4.2 the Tenant's Share of Operating Cost. Any report of the Landlord's accountant as to the Operating Cost shall be conclusive as to the amount thereof for any period to which such report relates.

8.8 Allocation to Particular Tenant

Notwithstanding any of the foregoing, whenever in the Landlord's reasonable opinion any Operating Cost or item of Operating Cost properly relates to a particular tenant or tenants within the Building, the Landlord may allocate such Operating Cost or item of Operating Cost to such tenant or tenants. Any amount allocated by the Landlord to the Tenant under this clause shall be payable by the Tenant forthwith upon demand.

9. UTILITIES AND ADDITIONAL SERVICES

9.1 Water and Telephone

The Landlord shall furnish ducts for bringing telephone services to the Leased Premises and shall provide water to washrooms available for the Tenant's use.

9.2 Additional Services

If the Tenant requests from the Landlord any janitorial or cleaning services to the Leased Premises and Leased Parking Stalls additional to those required to be provided by the Landlord under clause 6.1(e), wishes to move furniture or equipment or make repairs or alterations within the Leased Premises and Leased Parking Stalls, or requests from the Landlord other service in the Leased Premises and Leased Parking Stalls, then the Landlord may at its option, by way of Additional Services, provide or have its designated agents or contractors provide such service. The Cost of Additional Services provided shall be paid to the Landlord by the Tenant from time to time promptly upon receipt of invoices therefor from the Landlord. The Cost of Additional Services charged directly to the Tenant and other tenants will be credited in computing Operating Cost to the extent that it would otherwise have been included.

9.3 Additional Utilities

Upon request by the Tenant and subject to the terms of clause 4.1(b), the Landlord may agree from time to time to supply additional heating, ventilating, and air-conditioning, electricity, or other services to the Leased Premises above those normally provided to tenants of the Building or outside Normal Business Hours. The Tenant will pay to the Landlord in the manner in which Operating Cost is paid any additional costs of the Landlord which may arise in respect of the use by the Tenant of the Leased Premises and Leased Parking Stalls for business hours that do not coincide with Normal Business Hours for the Building generally or that may arise in respect of additional heating, ventilating, and air-conditioning, electricity, and other services which are arranged to be provided to the Tenant over and above those normally provided to tenants of the Building or outside of Normal Business Hours, together with the Landlord's reasonable administrative costs in respect of managing, administering, and billing for such services. The Tenant reserves the right to install at the Tenant's expense meters to check the Tenant's consumption of electricity, water, or other utilities.

9.4 Energy Conservation

The Tenant covenants with the Landlord:

- (a) that the Tenant will cooperate with the Landlord in the conservation of all forms of energy in the Building, including without limitation the Leased Premises;
- (b) that the Tenant will comply with all laws, bylaws, regulations, and orders relating to the conservation of energy and affecting the Leased Premises and Leased Parking Stalls or the Building;
- (c) that the Tenant will at its own cost and expense comply with all reasonable requests and demands of the Landlord made with a view to such energy conservation; and
- (d) that any and all costs and expenses paid or incurred by the Landlord in complying with such laws, bylaws, regulations, and orders, so far as the same shall apply to or reasonably be apportioned to the Building by the Landlord, shall be included in Operating Cost.

The Landlord shall not be liable to the Tenant in any way for any loss, costs, damages, or expenses, whether direct or consequential, paid, suffered, or incurred by the Tenant as a result of any reduction in the services provided by the Landlord to the Tenant or to the Building as a result of the Landlord's compliance with such laws, bylaws, regulations, or orders.

10. LICENSES, ASSIGNMENTS, AND SUBLETTINGS

10.1 Licenses, Franchises, and Concessions

Except as set out in this section 10, the Tenant shall not suffer or permit any part of the Leased Premises to be used or occupied by any persons other than the Tenant, any subtenants permitted under clause 10.2, and the employees of the Tenant and any such permitted subtenant, or suffer or permit any part of the Leased Premises to be used or occupied by any licensee, franchisee, or concessionaire, or suffer or permit any persons to be upon the Leased Premises other than the Tenant, such permitted subtenants, and their respective employees, customers, and others having lawful business with them.

There shall be no restriction placed on the Tenant in terms of normal assignment or sublet advertising of the Leased Premises and Leased Parking Stalls for assignment or sublease (either direct by the Tenant or through a broker) and at what price the Leased Premises and Leased Parking Stalls may be offered for assignment or sublease provided the price is not referenced in any mass media advertisements (unless first approved by the Landlord, acting reasonably), and provided the financial terms of the Lease are not disclosed (except to its professional advisors), and the Landlord will permit all such approved sub-tenancies and assignees a position on the lobby directory board of the Building.

10.2 Assignment and Subletting

(a) Assignment to Eligible Corporation

- (i) So long as the Tenant in occupation of the Leased Premises and Leased Parking Stalls is Group Telecom or an Affiliate thereof (defined hereafter), the Tenant shall be entitled to, without the consent of the Landlord, but on prior written notice to the Landlord, assign the Lease or sublet all or any part of the Leased Premises and Leased Parking Stalls to an "Eligible Corporation" defined as:
 - (A) any corporation which is affiliated with Tenant as the term "affiliate" is defined in the Canada Business Corporations Act, or
 - (B) a purchaser of all or substantially all of the shares of the Tenant, or
 - (C) any corporation with which the Tenant is amalgamated or merged as part of a corporate reorganization or take-over (hereinafter called the "Affiliate"); or
 - (D) Lucent Technologies Inc. or any other senior lender of the Tenant.

Any Eligible Corporation taking an assignment or sublease of all or any portion of the Leased Premises and the Leased Parking Stalls shall be called an "Assignee" for the purposes of this Lease.

- (ii) Upon the assignment or sublease of all or any portion of the Leased Premises and Leased Parking Stalls to an Assignee, the Tenant shall remain liable according to the terms of this Lease, and the Assignee shall execute the Landlord's standard document undertaking to perform and be bound by all of the covenants of the Tenant hereunder, jointly and severally with the Tenant.
- (iii) There shall be no requirement to obtain the Landlord's consent to a change in control of the Tenant or any corporate parent of the Tenant.

(b) Assignments to Other Than Eligible Corporations

The Tenant shall have the right to assign or sublet all or part of the Leased Premises and Leased Parking Stalls to any person or entity which is not an Eligible Corporation, provided the Tenant obtains the prior written consent of the Landlord, which consent shall not be unreasonably withheld or delayed.

10.3 Landlord Not to Unreasonably Withhold Consent

Upon request of the Landlord from time to time, a Tenant that is a corporation or partnership shall make available to the Landlord for inspection or copying or both, all books and records of the Tenant which, alone or with other data, in the case of a Tenant that is a corporation, identify the ownership of all of the shares and securities of the Tenant, and in the case of a Tenant that is a partnership, identify the partners of the Tenant and their respective interests in the partnership, all from the commencement of the Term or the date of earlier execution of this Lease up to the date such books and records are made available to the Landlord.

11. FIXTURES AND IMPROVEMENTS

11.1 Installation of Fixtures and Improvements

The Tenant will not make, erect, install, or alter any Leasehold Improvements or trade fixtures in the Leased Premises and Leased Parking Stalls, any safe or special lock in the Leased Premises and Leased Parking Stalls, or any apparatus for illumination, air-conditioning, cooling, heating, refrigerating, or ventilating the Leased Premises and Leased Parking Stalls, in any case without having requested and obtained the Landlord's prior written approval, which the Landlord shall not unreasonably withhold. In making, erecting, installing, or altering any Leasehold Improvements or trade fixtures, the Tenant shall comply with the tenant construction guidelines as established by the Landlord from time to time, shall obtain all required building and occupancy permits, shall not alter or interfere with any installations which have been made by the Landlord without the prior written approval of the Landlord, and in no event shall alter or interfere with window coverings installed by the Landlord on exterior windows. The Tenant's request for any approval hereunder shall be in writing and accompanied by a reasonably detailed description of the contemplated work and, where appropriate, plans, working drawings, and specifications thereof. Any out-of-pocket expense incurred by the Landlord in connection with any such approval shall be deemed incurred by way of Additional Services. All work to be performed in the Leased Premises and Leased Parking Stalls shall be performed by competent contractors and subcontractors of whom the Landlord shall have approved (such approval not to be unreasonably withheld, but provided that the Landlord may require that the Landlord's contractors and subcontractors be engaged for any mechanical or electrical work) and by workmen whose labour union affiliations are compatible with those of workmen employed by the Landlord and its contractors and subcontractors. All such work shall be subject to inspection by and the reasonable supervision of the Landlord as an Additional Service and shall be performed in accordance with any reasonable conditions or regulations imposed by the Landlord and completed in good and workmanlike manner in accordance with the description of the work approved by the Landlord.

11.2 Liens and Encumbrances on Fixtures and Improvements

In connection with the making, erection, installation, or alteration of Leasehold Improvements and trade fixtures, and all other work or installations made by or for the Tenant in the Leased Premises and Leased Parking Stalls, the Tenant shall comply with all of the provisions of the *Builders Lien Act*, S.B.C. 1997, c.45 and amendments thereto, and other statutes from time to time applicable thereto (including any provision requiring or enabling the retention of portions of any sums payable by way of holdbacks), shall permit the Landlord to take all steps to enable the Landlord to obtain the benefit of the provisions of the *Builders Lien Act*, and, except as to any lawful holdback, shall promptly pay all accounts relating thereto.

11.3 Removal of Fixtures and Improvements

All Leasehold Improvements in or upon the Leased Premises and Leased Parking Stalls shall immediately upon affixation be and become the Landlord's property without compensation therefor to the Tenant. Except to the extent otherwise expressly agreed by the Landlord in writing, no Leasehold Improvements, trade fixtures, furniture, or equipment shall be removed by the Tenant from the Leased Premises and Leased Parking Stalls either during or at the expiration or sooner termination of the Term, except that:

- (a) the Tenant may at the end of the Term remove its trade fixtures, trade equipment, furniture, work stations, telephone switches and security systems; and
- (b) during the Term in the usual and normal course of its business where such furniture or equipment has become excess for the Tenant's purposes or the Tenant is substituting therefor new furniture and equipment.

The Tenant shall, in the case of every removal either during or at the end of the Term, immediately make good any damage caused to the Leased Premises and Leased Parking Stalls by the installation and removal, reasonable wear and tear excepted.

11.4 Relocation of Premises

The Landlord will not be permitted the right to relocate the Tenant's Leased Premises.

11.5 Alterations by Landlord

The Landlord reserves the right from time to time, provided the Landlord has obtained the Tenant's prior written consent, to:

- (a) make any deletions, changes, and additions to the equipment, appliances, pipes, plumbing, wiring conduits, ducts, shafts, structures, and facilities of every kind throughout the Building, including the Leased Premises;

- (b) alter the location and nature of common areas of the Building, make reductions therein, erect additions thereto, and extend any part thereof; and
- (c) make alterations and additions to the Building;

and in exercising any such rights, the Landlord will take reasonable steps to minimize any interference caused to the Tenant's operations in the Leased Premises and Leased Parking Stalls, but by exercising any such rights, the Landlord shall not be deemed to have constructively evicted the Tenant or otherwise to be in breach of this Lease, nor shall the Tenant be entitled to any abatement of rent or other compensation from the Landlord.

11.6 Charge on Leasehold Improvements

The Tenant hereby grants to the Landlord a security interest in the Tenant's right, title, and interest in the Leasehold Improvements, except those that are licenced or leased to the Tenant by a third party, and all present and after acquired property of any kind which is now or hereafter affixed or built into the Leased Premises and Leased Parking Stalls or which otherwise becomes part of the Leasehold Improvements, as security for all present and future obligations of the Tenant to the Landlord under this Lease. This security interest secures a running account and will not be discharged if the Tenant is not indebted to the Landlord at any particular time or times. In the event of any default under this Lease in respect of which the Landlord has given notice to the Tenant to cure, and the Tenant has not cured the default, or has not commenced to cure the default within the period set out herein and continued diligently thereafter to fully cure such default, the Landlord will have the right to enter the Leased Premises and Leased Parking Stalls, to sever where applicable, and to take possession of any property secured hereby, and shall have all the rights of a secured party under the Personal Property Security Act to retain possession, sell, and otherwise deal with such property. The Tenant waives its right to receive copies of all financing statements and verification statements that may be filed or issued with respect to the security interests created hereby. The Tenant agrees to enter into and grant such further and other documents as are requested by the Landlord, acting reasonably, to confirm or enhance this security interest. This security interest shall survive expiry or early termination of this Lease and is in addition to, and shall not prejudice, any of the other rights or remedies of the Landlord under this Lease.

12. INSURANCE AND LIABILITY

12.1 Landlord's Insurance

The Landlord shall be deemed to have insured (for which purpose it shall be a co-insurer, if and to the extent that it shall not have insured) the Building and all improvements and installations made by the Landlord in the Leased Premises and Leased Parking Stalls, except to the extent hereinafter specified, in respect of perils and to amounts and on terms and conditions which from time to time are insurable at a reasonable premium and which are normally insured by reasonably

prudent owners of properties similar to the Building, as from time to time determined at reasonable intervals (but which need not be determined more often than annually) by insurance advisors selected by the Landlord, and whose written opinion shall be conclusive. Upon the request of the Tenant from time to time the Landlord will furnish a statement as to the perils in respect of which and the amounts to which it has insured the Building. The Landlord may maintain such other insurance in such amounts and upon such terms as would normally be carried by a prudent owner.

12.2 Tenant's Insurance

The Tenant shall take out and keep in force during the Term:

- (a) comprehensive general liability (including bodily injury, death, and property damage) insurance on an occurrence basis with respect to the business carried on, in, or from the Leased Premises and Leased Parking Stalls and the Tenant's use and occupancy thereof, of not less than \$3,000,000 per occurrence, which insurance shall include the Landlord as an additional insured; and
- (b) insurance in such amounts as may be reasonably required by the Landlord in respect of fire and such other perils, including sprinkler leakage, as are from time to time defined in the usual extended coverage endorsement covering the Tenant's trade fixtures and the furniture and equipment of the Tenant and (except as to Insured Damage) all Leasehold Improvements in the Leased Premises and Leased Parking Stalls, and which insurance shall include the Landlord as an additional insured.

All insurance required to be maintained by the Tenant hereunder shall be on terms and with insurers to which the Landlord has no reasonable objection and shall provide that such insurers shall provide to the Landlord 30 days' prior written notice of cancellation or material alteration of such terms. The Tenant shall furnish to the Landlord certificates or other evidence acceptable to the Landlord as to the insurance from time to time required to be effected by the Tenant and its renewal or continuation in force, either by means of a certified copy of the policy or policies of insurance with all amendments and endorsements or a certificate from the Tenant's insurer which, in the case of comprehensive general liability insurance, shall provide such information as the Landlord reasonably requires. If the Tenant shall fail to take out, renew, and keep in force such insurance the Landlord may do so as the agent of the Tenant and the Tenant shall repay to the Landlord any amounts paid by the Landlord as premiums forthwith upon demand.

12.3 Limitation of Landlord's Liability

The Tenant agrees that except in the case of negligence by the Landlord:

- (a) the Landlord shall not be liable for any bodily injury to or death of, or loss or damage to any property belonging to, the Tenant or its employees, invitees, or licensees or any other

person in, on, or about the Building or the Land, or for any interruption of any business carried on in the Leased Premises and Leased Parking Stalls, and, without limiting the generality of the foregoing, in no event shall the Landlord be liable:

- (i) for any damage other than Insured Damage or for bodily injury or death of anyone which results from fire, explosion, earthquake, flood, falling plaster, steam, gas, electricity, water, rain, snow, dampness, or leaks from any part of the Leased Premises and Leased Parking Stalls or from the pipes, appliances, electrical system, plumbing works, roof, subsurface, or other part or parts of the Building or Land or from the streets, lanes, and other properties adjacent thereto,
 - (ii) for any damage, injury, or death caused by anything done or omitted by the Tenant or any of its servants or agents or by any other tenant or person in the Building,
 - (iii) for the non-observance or the violation of any provision of any of the rules and regulations of the Landlord in effect from time to time or of any lease by another tenant of premises in the Building or any concessionaire, employee, licensee, agent, customer, officer, contractor, or other invitee of any of them, or by anyone else,
 - (iv) for any act or omission (including theft, malfeasance, or negligence) on the part of any agent, contractor, or person from time to time employed by it to perform janitorial services, security services, supervision, or any other work in or about the Leased Premises or the Building,
 - (v) for loss or damage, however caused, to money, securities, negotiable instruments, papers, or other valuables of the Tenant or any of its servants or agents,
 - (vi) for the failure to supply interior climate control or elevator service when prevented from doing so by strikes, the necessity of repairs, any order or regulation of any body having jurisdiction, the failure of the supply of any utility required for the operation thereof, or any other cause beyond the Landlord's reasonable control, or
 - (vii) for any bodily injury, death, or damage to property arising from the use of, or any happening in or about, any elevator; and
- (b) the Tenant releases and discharges the Landlord from any and all actions, causes of action, claims, damages, demands, expenses, and liabilities which the Tenant now or

hereafter may have, suffer, or incur which arise from any matter for which the Landlord is not liable under subclause 12.3(a).

12.4 Limitation of Tenant's Liability

The Landlord releases the Tenant from all claims or liabilities in respect of any damage that is Insured Damage, to the extent of the cost of repairing such damage, but not from injury, loss, or damage which is consequential thereto or which arises therefrom where the Tenant is negligent or otherwise at fault.

12.5 Indemnity of Landlord

Except as provided in clause 12.4 and except in the case of negligence by the Landlord, the Tenant agrees to indemnify and save harmless the Landlord in respect of all claims for bodily injury or death, property damage, or other loss or damage arising from the conduct of any work by or any act or omission of the Tenant or any assignee, subtenant, 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 in respect of any loss, costs, expense, or damage suffered or incurred by the Landlord arising from any breach by the Tenant of any of its covenants and obligations under this Lease. This indemnity shall survive the expiry or termination of this Lease.

13. SUBORDINATION, ATTORNMENT, REGISTRATION, AND CERTIFICATES

13.1 Tenant's Covenants

The Tenant agrees with the Landlord that:

(a) Sale or Financing of Building

The rights of the Landlord under this Lease may be mortgaged, charged, transferred, or assigned to a purchaser or purchasers, or to a mortgagee or trustee for bond holders, and in the event of a sale or of default by the Landlord under any mortgage, trust deed, or trust indenture and the purchaser, mortgagee, or trustee, as the case may be, duly entering into possession of the Building or the Leased Premises and Leased Parking Stalls, the Tenant agrees to attorn to and become the tenant of such purchaser or purchasers, mortgagee, or trustee under the terms of this Lease.

(b) Subordination and Attornment

If required by any mortgagee or the holder of any trust deed or trust indenture, this Lease and all rights of the Tenant hereunder shall be subject and subordinate to all mortgages,

trust deeds, or trust indentures now or hereafter existing which may now or hereafter affect the Building and to all renewals, modifications, consolidations, replacements, and extensions thereof; provided that the Tenant, whenever required by any mortgagee (including any trustee under a trust deed or trust indenture), shall attorn to such mortgagee as the tenant upon all of the terms of this Lease. The Tenant agrees to execute and deliver promptly whenever requested by the Landlord or by such mortgagee an instrument of subordination or attornment, as the case may be, as may be required of it, and if the Tenant fails to do so within seven days after receiving the instrument, the Tenant hereby irrevocably and conclusively authorizes the Landlord to complete, execute, and deliver the instrument for, on behalf of, in the name of, and as agent of, the Tenant.

(c) Registration

The Tenant may at its cost register this Lease, or notice of this Lease or a Short Form thereof against the title(s) of the Leased Premises.

(d) Certificates

The Tenant agrees with the Landlord that the Tenant shall promptly whenever requested by the Landlord from time to time execute and deliver to the Landlord and, if required by the Landlord, to any mortgagee (including any trustee under a trust deed or trust indenture) or prospective purchaser (as designated by the Landlord) a certificate in writing as to the status of this Lease at that time, including as to whether it is in full force and effect, is modified or unmodified, confirming the rental payable hereunder and the state of the accounts between the Landlord and Tenant, the existence or non-existence of defaults, and any other matters pertaining to this Lease as to which the Landlord shall request a certificate. If the Tenant fails to do so within seven days after the Tenant receives the form of certificate, the Tenant hereby irrevocably and conclusively authorizes the Landlord to complete, execute, and deliver the certificate for, on behalf of, in the name of, and as agent of, the Tenant.

13.2 Assignment by Landlord

In the event of the sale by the Landlord of the Building or a portion thereof containing the Leased Premises or the assignment by the Landlord of this Lease or any interest of the Landlord hereunder, and to the extent that such purchaser or assignee has assumed the covenants and obligations of the Landlord hereunder, the Landlord shall, without further written agreement, be freed and relieved of liability upon such covenants and obligations.

14. OCCURRENCE OF DEFAULT

14.1 Unavoidable Delay

Except as herein otherwise expressly provided, if and whenever and to the extent that either the Landlord or the Tenant shall be prevented, delayed, or restricted in the fulfilment of any obligations hereunder in respect of the supply or provision of any service or utility, the making of any repair, the doing of any work or any other thing (other than the payment of Rent) by reason of civil commotion, war-like operation, invasion, rebellion, hostilities, sabotage, strike, or work stoppage, or being unable to obtain any material, service, utility, or labour required to fulfil such obligation or by reason of any statute, law, or regulation of or inability to obtain any permission from any governmental authority having lawful jurisdiction preventing, delaying, or restricting such fulfilment, or by reason of other unavoidable occurrence other than lack of funds, the time for fulfilment of such obligation shall be extended during the period in which such circumstance operates to prevent, delay, or restrict the fulfilment thereof, and the other party to this Lease shall not be entitled to compensation for any inconvenience, nuisance, or discomfort thereby occasioned, nor shall rent abate; but nevertheless the Landlord will use reasonable efforts to maintain services essential to the use and enjoyment of the Leased Premises and Leased Parking Stalls.

14.2 No Admission

The acceptance of any rent from or the performance of any obligation hereunder by a person other than the Tenant shall not be construed as an admission by the Landlord of any right, title, or interest of such person as a subtenant, assignee, transferee, or otherwise in the place and stead of the Tenant.

14.3 Part Payment

The acceptance by the Landlord of a part payment of any sums required to be paid hereunder shall not constitute waiver or release of the right of the Landlord to payment in full of such sums.

15. TENANT'S DEFAULT, REMEDIES OF LANDLORD, AND SURRENDER

15.1 Remediying by Landlord, Non-payment, and Interest

In addition to all the rights and remedies of the Landlord available to it in the event of any default hereunder by the Tenant, either by any other provision of this Lease or by statute or the general law, the Landlord:

- (a) shall have the right at all times to remedy or attempt to remedy any default of the Tenant, and in so doing may make any payments due or alleged to be due by the Tenant to third parties and may enter upon the Leased Premises and Leased Parking Stalls to do any

work or other things therein, and in such event all expenses of the Landlord in remedying or attempting to remedy such default together with an administrative charge equal to 10% of the total of such expenses shall be payable by the Tenant to the Landlord forthwith upon demand;

- (b) shall have the same rights and remedies in the event of any non-payment by the Tenant of any amounts payable by the Tenant under any provision of this Lease as in the case of non-payment of Rent;
- (c) if the Tenant shall fail to pay any Rent promptly when due, shall be entitled, if it shall demand it, to interest thereon at a rate of 3% per annum in excess of the Prime Rate; and
- (d) shall be entitled to be reimbursed by the Tenant, and the Tenant shall forthwith pay the Landlord, the amount of all costs and expenses (including, without limitation, legal costs on a solicitor and own-client basis) incurred by the Landlord in connection with the default or in efforts to enforce any of the rights, or to seek any of the remedies, to which the Landlord is or may be entitled hereunder.

15.2 Remedies Cumulative

The Landlord may from time to time resort to any or all of the rights and remedies available to it in the event of any default hereunder by the Tenant, either by any provision of this Lease or by statute or the general law, all of which rights and remedies are intended to be cumulative and not alternative, as the express provisions hereunder as to certain rights and remedies are not to be interpreted as excluding any other or additional rights and remedies available to the Landlord by statute or the general law.

15.3 Right of Re-entry on Default

Provided and it is expressly agreed that if and whenever the Rent hereby reserved or other moneys payable by the Tenant or any part thereof, whether lawfully demanded or not, are unpaid and the Tenant shall have failed to pay such Rent or other moneys within five days after the Landlord has given to the Tenant written notice requiring such payment; or if the Tenant shall breach or fail to observe and perform any of the covenants, agreements, provisos, conditions, rules, or regulations and other obligations on the part of the Tenant to be kept, observed, or performed hereunder and such breach or failure continues for 10 days after the Landlord has given the Tenant written notice thereof; or if without the written consent of the Landlord the Leased Premises and Leased Parking Stalls shall be used by any other persons than the Tenant or its permitted assigns or permitted subtenants or for any purpose other than that for which the Leased Premises and Leased Parking Stalls were leased, or occupied by any persons whose occupancy is prohibited by this Lease; or if the Leased Premises and Leased Parking Stalls shall be vacated or abandoned or remain unoccupied for 15 days or more while capable of being occupied; or if the Term or any of the goods and chattels of the Tenant shall at any time be seized

in execution or attachment; or if a receiver or receiver-manager is appointed of the business or property of the Tenant; or if the Tenant shall make any assignment for the benefit of creditors or any bulk sale, become bankrupt or insolvent or take the benefit of any statute now or hereafter in force for bankrupt or insolvent debtors or (if a corporation) shall take any steps or suffer any order to be made for its winding-up or other termination of its corporate existence; or if any policy of insurance upon the Building from time to time effected by the Landlord shall be cancelled or about to be cancelled by the insurer by reason of the use or occupation of the Leased Premises and Leased Parking Stalls by the Tenant or any assignee, subtenant, or licensee of the Tenant or anyone permitted by the Tenant to be upon the Leased Premises and Leased Parking Stalls and the Tenant after receipt of notice in writing from the Landlord shall have failed to take such immediate steps in respect of such use or occupation as shall enable the Landlord to reinstate or avoid cancellation of (as the case may be) such policy of insurance; or if the Landlord shall have become entitled to terminate this Lease or to re-enter the Leased Premises and Leased Parking Stalls under any provision hereof; then and in every such case it shall be lawful for the Landlord thereafter to enter into and upon the Leased Premises and Leased Parking Stalls or any part thereof in the name of the whole and the same to have again, repossess, and enjoy as of its former estate, anything in this Lease to the contrary notwithstanding. The Landlord may use such force as it may deem necessary for the purpose of gaining admittance to and re-taking possession of the Leased Premises and Leased Parking Stalls, and the Tenant hereby releases the Landlord from all actions, proceedings, claims, and demands whatsoever for and in respect of any such forceable entry or any loss or damage in connection therewith.

15.4 Termination and Re-entry

If and whenever the Landlord becomes entitled to re-enter upon the Leased Premises and Leased Parking Stalls under any provision of this Lease, the Landlord, in addition to all other rights and remedies, shall have the right to terminate this Lease by giving to the Tenant or by leaving upon the Leased Premises notice in writing of such termination. Thereupon, this Lease and the Term shall terminate, and the Tenant shall immediately deliver up possession of the Leased Premises and Leased Parking Stalls to the Landlord in accordance with clause 15.8.

15.5 Certain Consequences of Termination and Re-entry

If the Landlord re-enters the Leased Premises and Leased Parking Stalls or if this Lease is terminated by reason of any event set out in clause 15.3, then without prejudice to the Landlord's other rights and remedies:

- (a) the provisions of this Lease which relate to the consequences of termination, and the provisions of this Lease as they apply with respect to acts, events, and omissions which occurred prior to the termination, shall all survive such termination;

- (b) in addition to the payment by the Tenant of Rent and other payments for which the Tenant is liable under this Lease, Rent for the current month and the next ensuing three months shall immediately become due and be paid by the Tenant or the person then controlling the Tenant's affairs; and
- (c) the Tenant or person then controlling the affairs of the Tenant shall pay to the Landlord on demand such reasonable expenses as the Landlord has incurred, and a reasonable estimate of the Landlord of expenses the Landlord expects to incur, in connection with the re-entering, terminating, re-letting, collecting sums due or payable by the Tenant, and storing and realizing upon assets seized, including without limitation brokerage fees, legal fees, and disbursements, the expenses of cleaning and making and keeping the Leased Premises and Leased Parking Stalls in good order, and the expenses of repairing the Leased Premises and Leased Parking Stalls and preparing them for re-letting.

15.6 Waiver of Distress and Bankruptcy

The Tenant waives the benefit of any present or future statute taking away or limiting the Landlord's right of distress and covenants and agrees that notwithstanding any such statute none of the goods and chattels of the Tenant on the Leased Premises and Leased Parking Stalls at any time during the Term shall be exempt from levy by distress for rent in arrears. The Tenant will not sell, dispose of, or remove any of the fixtures, goods, or chattels of the Tenant from or out of the Leased Premises and Leased Parking Stalls during the Term without the consent of the Landlord, unless the Tenant is substituting new fixtures, goods, or chattels of equal value or is bona fide disposing of individual items which have become excess for the Tenant's purposes. The Tenant agrees that it will not, without the Landlord's consent, repudiate or disclaim or attempt to repudiate or disclaim or seek any order to permit it to repudiate or disclaim this Lease in any bankruptcy, insolvency, reorganization, or other proceeding or court application, and, if required by the Landlord, waives in favour of the Landlord the benefit of s.65.2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3 as amended, and any provision of similar import.

15.7 Re-letting and Sale of Personalty

Whenever the Landlord becomes entitled to re-enter upon the Leased Premises and Leased Parking Stalls under any provision of this Lease, the Landlord, in addition to its other rights, shall have the right as agent of the Tenant to enter the Leased Premises and Leased Parking Stalls and re-let them (for a term or terms shorter or longer than the balance of the Term, granting reasonable concessions in connection therewith), and to receive the rent therefor, and, subject to all other provisions in this Lease, as the agent of the Tenant to take possession of any furniture or other property thereon, and to sell the same at public or private sale without notice, and to apply the proceeds thereof and any rent derived from re-letting the Leased Premises and Leased

Parking Stalls upon account of the rent due and to become due under this Lease, and the Tenant shall be liable to the Landlord for the deficiency, if any.

15.8 Landlord Remedies

The Landlord shall maintain the rights of distraint, re-entry and all other remedies which have the effect or potential effect of disconnecting power to, denying access to or use of the Leased Premises and Leased Parking Stalls as outlined in the Lease but subject to the following caveats:

Notwithstanding any other provision in this Lease, if the Landlord exercises its rights of re-entry, or any other remedy under the Lease, the Tenant shall nevertheless be granted restricted access to the telecommunications equipment and related monitoring equipment (the "Telecom Equipment") by personnel essential to the operation, maintenance and monitoring of the Telecom Equipment for a maximum of forty-five (45) days following the date the Landlord issues notice of default to the Tenant in accordance with the Lease. Access to the Telecom Equipment shall be granted on a daily basis and for only as long as is reasonably required to ensure continued operation and re-routing of the Telecom Equipment. Access will be granted to the Tenant on a day to day basis and provided:

- (a) the Tenant pays in advance for the Landlord's reasonable anticipated out of pocket costs for the supervision of the Tenant's access to the Telecom Equipment; and
- (b) the Tenant provides the Landlord with proof of insurance as required under the Landlord's then standard form of lease.

15.9 Surrender on Termination

It is understood that the Tenant, as of the termination of the Lease, will surrender the Leased Premises and Leased Parking Stalls in substantially the condition in which the Tenant is required to maintain the Premises, reasonable wear and tear excepted, without compensation and free from any obligation to remove or demolish then existing leasehold improvements on any floors that are used by the Tenant. The Tenant shall have the right to remove its trade fixtures, trade equipment, furniture, work stations, telephone switches and security systems. At the same time the Tenant shall surrender to the Landlord at the place then fixed for the payment of Rent all keys and other devices which provide access to the Leased Premises and Leased Parking Stalls, the Building, or any part thereof and shall inform the Landlord of all combinations to locks, safes, and vaults, if any, in the Leased Premises and Leased Parking Stalls.

15.10 Trade Fixture

Notwithstanding any other provision in this Lease, as the Tenant has certain licensing agreements with vendors/lessors to provide equipment in the Leased Premises it is agreed, so as not to be in

conflict with these agreements, that in the event of default of the Terms or payment of the Rent, the Landlord shall not make any claim on these chattels.

16. STRATA LOT PROVISIONS

16.1 Common Property and Common Facilities and Easement

The Tenant shall be entitled to enjoy all of the Landlord's rights in regard to the common property and common facilities in the Building, including exclusive use of limited common property designated for the use or benefit of the Leased Premises, and to enjoy the easements for the benefit of strata lots implied under the *Condominium Act*.

16.2 Taxes and Maintenance Fees

The Landlord acknowledges and agrees that the payment of Base Rent and Additional Rent represents the sole payment obligations of the Tenant under this Lease and, without limiting the foregoing, the Tenant will not be responsible to pay any taxes, rates, assessments or any other payments to the strata corporation of the Building regarding the Leased Premises, which payments will be the sole responsibility of the Landlord.

16.3 Bylaws, Rules and Regulations

In accordance with the *Condominium Act*, the Tenant shall be bound to comply with the bylaws, rules and regulations of the Building's strata corporation in effect from time to time. It is a fundamental condition of the Lease that the Tenant may occupy and enjoy the Leased Premises without regard for the fact that the Building consists of strata lots and the use and enjoyment of the Leased Premises by the Tenant shall not be materially impaired or abrogated by any bylaws or rules or regulations of the strata corporation. The Tenant is entering into this Lease on the premise and understanding that the use and enjoyment of the Leased Premises permitted and contemplated under this Lease shall not be materially impaired or abrogated by the fact that the Building is stratified under the *Condominium Act* or by any bylaws or rules or regulations of the strata corporation, and the Landlord warrants that such impairment shall not occur. Without limiting the Tenant's other remedies under this Lease or at law, if the Tenant's use or enjoyment is materially impaired or abrogated as a result of the bylaws or rules or regulations of the strata corporation, then a just and equitable reduction or abatement from the Base Rent and Additional Rent shall be made proportionate to the nature and extent of the impairment.

16.4 Voting Rights

Notwithstanding that, as the legal and beneficial owner of the Leased Premises, the Landlord retains all rights (including, without limitation, voting rights) and responsibilities with respect to the Building's strata corporation and other rights under the *Condominium Act* and the bylaws, the Landlord covenants that it will not consent to or approve any resolution changing or amending

the bylaws which would materially impact on the terms of this Lease without the Tenant's prior written consent, and the Landlord agrees in such matters to vote in accordance with the Tenant's instructions.

17. MISCELLANEOUS

17.1 Notices

Any notice required or contemplated by any provision of this Lease shall be given in writing, and if to the Landlord, either delivered to an executive officer of the Landlord or delivered or mailed (by prepaid registered mail) to the Landlord at the address set out in subclause 1.1(a), or if the Landlord has given the Tenant notice of another address in Canada to which notices to the Landlord under this Lease are to be given, then to the last such address of which the Tenant has been given notice; and if to the Tenant, either delivered to the Tenant personally (or to a partner or officer of the Tenant if the Tenant is a firm or corporation) or delivered or mailed (by prepaid registered mail) to the Tenant at the Leased Premises. Every such notice shall be deemed to have been given when delivered or, if mailed as aforesaid, upon the third business day after the day of mailing thereof in Canada provided that if mailed, should there be a mail strike, slowdown, or other labour dispute which might affect delivery of such notice between the time of mailing and the actual receipt of notice, then such notice shall only be effective if actually delivered.

17.2 Extraneous Agreements

The Tenant acknowledges that there are no covenants, representations, warranties, agreements, or conditions expressed or implied relating to this Lease or the Leased Premises and Leased Parking Stalls save as expressly set out in this Lease and in any agreement to lease in writing between the Landlord and the Tenant pursuant to which this Lease has been executed. In the event of any conflict between the terms of this Lease and such agreement to lease, the terms of this Lease shall prevail. This Lease may not be modified except by an agreement in writing executed by the Landlord and the Tenant.

17.3 Time of Essence

Time shall be of the essence of this Lease.

17.4 Area Determination

The rentable area of any premises (including the Leased Premises) or the Building shall be determined by the Landlord's architect or surveyor from time to time appointed for the purpose. Such determination shall be conclusive.

17.5 Successors and Assigns

This Lease and everything herein contained shall enure to the benefit of and be binding upon the successors and assigns of the Landlord and its heirs, executors, and administrators and the permitted successors and permitted assigns of the Tenant. References to the Tenant shall be read with such changes in gender as may be appropriate, depending upon whether the Tenant is a male or female person or a firm or corporation. If the Tenant is comprised of more than one person or entity, then each such person and entity is jointly and severally bound by the representations, warranties, agreements, and covenants of the Tenant herein and any notice given or deemed to have been given at any time to any such person or entity shall be deemed to have been given at the same time to each other such person and entity.

17.6 Frustration

Notwithstanding the occurrence or existence of any event or circumstance or the non-occurrence of any event or circumstance, and so often and for so long as the same may occur or continue which, but for this clause, would frustrate or void this Lease, and notwithstanding any statutory provision to the contrary, the obligations and liabilities of the Tenant hereunder shall continue in full force and effect as if such event or circumstance had not occurred or existed.

17.7 Waiver

No condoning, excusing, or overlooking by the Landlord or Tenant of any default, breach, or non-observance by the Tenant or the Landlord at any time or times in respect of any covenant, proviso, or condition herein contained shall operate as a waiver of the Landlord's or the Tenant's rights hereunder in respect of any continuing or subsequent default, breach, or non-observance or so as to defeat or affect in any way the rights of the Landlord or the Tenant herein in respect of any such continuing or subsequent default or breach, no acceptance of rent by the Landlord subsequent to a default by the Tenant (whether or not the Landlord knows of the default) shall operate as a waiver by the Landlord, and no waiver shall be inferred from or implied by anything done or omitted by the Landlord or the Tenant save only express waiver in writing.

17.8 Governing Law and Severability

This Lease shall be governed by and construed in accordance with the laws in force in the province of British Columbia. The venue of any proceedings taken in respect of or under this Lease shall be Vancouver, British Columbia as long as such venue is permitted by law, and the Tenant shall consent to any application by the Landlord to change the venue to Vancouver, British Columbia of any proceedings taken elsewhere. The Landlord and the Tenant agree that all the provisions of this Lease are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate section hereof. Should any provision or provisions of this Lease be illegal or not enforceable, it or they shall be considered separate and severable from the Lease and its remaining provisions shall remain in

force and be binding upon the parties as though the said provision or provisions had never been included.

17.9 Captions

The captions appearing in this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit, or enlarge the scope or meaning of this Lease or of any provision thereof.

17.10 Deposit

If the Landlord is holding any deposit in connection with this Lease, then unless the Landlord agreed in writing to different arrangements at the time the Landlord received the deposit, the deposit shall be held by the Landlord on a non-interest bearing basis to be applied to the Annual Base Rent for that month of the Term during which Annual Base Rent is first payable hereunder.

17.11 Expropriation

If at any time during the Term the interest of the Tenant under this Lease or the whole or any part of either the Leased Premises and Leased Parking Stalls or any other part of the Building shall be taken by any lawful power or authority by the right of expropriation, the Landlord may at its option give notice to the Tenant terminating this Lease on the date when the Tenant or Landlord is required to yield up possession thereof to the expropriating authority. Upon such termination, or upon termination by operation of law, as the case may be, the Tenant shall immediately surrender the Leased Premises and Leased Parking Stalls and all its interest therein, Rent shall abate and be apportioned to the date of termination, the Tenant shall forthwith pay to the Landlord the apportioned Rent and all other amounts which may be due to the Landlord up to the date of termination, and clause 15.8 shall apply. The Tenant shall have no claim upon the Landlord for the value of its property or the unexpired Term of this Lease, but the parties shall each be entitled to separately advance their claims for compensation for the loss of their respective interests in the Leased Premises and Leased Parking Stalls, and the parties shall each be entitled to receive and retain such compensation as may be awarded to each respectively. If an award of compensation made to the Landlord specifically includes an award for the Tenant, the Landlord shall account therefor to the Tenant. In this clause the word "expropriation" shall include a sale by the Landlord to an authority with powers of expropriation, in lieu of or under threat of expropriation.

18. SPECIAL PROVISIONS

18.1 Option to Renew

(a) The Landlord covenants with the Tenant that:

- (i) The Tenant will be permitted the right to extend the Lease for the Hub Premises for two (2) further terms of five (5) years beyond the expiry of the initial Lease Term on the same terms and conditions contained herein except the Base Net Rent amount which must be established at the time of renewal of the Lease, and except for any terms of the Lease dealing with free rent, leasehold allowance or any other Tenant inducements, which terms will be excluded from the Lease in any renewal term. The Tenant will provide at least six (6) months' written notice of its intention to extend the Lease and the Tenant and Landlord will mutually agree on the Market Base Net Rent for the space, using as a guideline, buildings of similar quality, age and location.
 - (ii) The Tenant will be permitted the right to extend the Lease for the Office Premises for one (1) further term of five (5) years beyond the expiry of the initial Lease Term on the same terms and conditions contained herein except the Base Net Rent amount which must be established at the time of renewal of the Lease, and except for any terms of the Lease dealing with free rent, leasehold allowance or any other Tenant inducements, which terms will be excluded from the Lease in any renewal term. The Tenant will provide at least six (6) months' written notice of its intention to extend the Lease and the Tenant and Landlord will mutually agree on the Market Base Net Rent for the space, using as a guideline, buildings of similar quality, age and location.
 - (iii) For purposes of the Lease, "Market Base Net Rent" means the rate of minimum (basic) rent per square foot per annum, less inducements, for premises in the Building that a willing new tenant looking to lease space in the Building would pay and a willing landlord would accept in a bona fide arm's length negotiation for a similar term.
 - (iv) If the Tenant and the Landlord cannot agree on the Market Base Net Rent within ninety (90) days of the Lease expiry, the rate will be determined by arbitration according to the Commercial Arbitration Act of the Province of British Columbia. Cost of such arbitration shall be borne equally by both parties.
- (b) The Landlord covenants with the Tenant that if:
- (i) the Tenant gives notice to the Landlord that the Tenant wishes to obtain a renewal of this Lease; and
 - (ii) at the time of giving such notice the Tenant shall not be in breach of any covenant or condition herein contained; and
 - (iii) the Tenant has duly and regularly throughout the initial term observed and performed the covenants and conditions herein contained;

then the Landlord shall grant to the Tenant at the Tenant's expense a renewal lease of the Leased Premises and for a further term of that number of years specified in clause 18.1(a) upon the same

terms and conditions as are herein contained, save and except this covenant to renew and save and except the Annual Base Rent which shall be the Market Base Net Rent for the Leased Premises with its Leasehold Improvements (having regard to the duration of the renewal term).

18.2 Parking

Throughout the Term, the Landlord shall provide to the Tenant by way of licence that number and type of parking stalls specified in subclause 1.1(h) in the parking garage in the Building. The Tenant covenants to pay to the Landlord the monthly parking fee for such stalls as adjusted by the Landlord from time to time and will, at the Landlord's request, enter into the Landlord's standard parking stall licence agreement in respect of such stalls.

18.3 Construction and Fixturing Period

The Tenant shall be permitted access to the Leased Premises to plan, design and carry on the construction of the leasehold improvements as of May 11, 2000. The Tenant shall occupy the Leased Premises free of Base Net Rent and free of Additional Rent for the months of June, July and August 2000. Tenant shall also occupy the Leased Premises free of Base Net Rent for the months of September, October, November and December 2000 but shall pay for Additional Rent for those months. Base Net Rent and Additional Rent will be paid from the first day of January, 2001. The Tenant shall observe and perform during said fixturing period all of the provisions of the Lease, except those related to the payment of the rent as hereto mentioned, and shall take out and keep in force All risks, Fire and Public Liability and Property Damage Insurance in an amount acceptable to the Landlord.

18.4 Removal of Materials

The Tenant shall have the right to remove all existing finishes, ceiling grid/tiles, fixtures and all ceiling void mechanical and electrical systems. Said removed material shall remain Landlord's property. All work to be completed by Tenant at Tenant's expense. Fresh air system will be maintained at the shaft level only. The Tenant reserves the right, subject to local codes having jurisdiction, to eliminate one rest room located between grid line D-E to accommodate technical layout.

18.5 Right of First Refusal to Lease

As and from the date of this Offer to Lease, the Tenant shall have the Right of First Refusal to lease (the "RFR") all or any available portion of the remainder of the Building owned by the Landlord (the "RFR Space"). If the Landlord receives a bona fide third party offer (an "Offer") which it is prepared to accept for any RFR Space then the Landlord will provide the Tenant with a copy of said Offer and the Tenant shall have five (5) business days to match said offer including all terms and conditions except (i) the Base Net Rent shall be the lesser of the Base Net Rent then contained in the Offer and the fair market Base Net Rent then in effect, and (ii) the

Lease Term shall be coterminous with the Term contained herein. If the Tenant declines the opportunity to lease said RFR Space then the Landlord can lease said RFR Space to any third party for up to one month thereafter on terms no less favorable to the Landlord than those set out in the Offer, failing which the RFR shall re-apply for the benefit of the Tenant. In the event of a disagreement the parties shall resolve its disputed matters before commercial arbitration pursuant to the Commercial Arbitration Act of British Columbia.

18.6 Installation of Generator and Tenant's Additional Requirements

The Tenant shall be permitted to install its generator and diesel fuel storage tank in the parking garage, using two parking stalls. All costs shall be to the Tenant's account. All structural and mechanical drawings as well as the architectural drawings of the structure to house the equipment shall be subject to review and approval of the Landlord, such approval not to be unreasonably withheld. Ongoing maintenance of the generator shall be carried out by the Tenant.

The Landlord shall also allow and will cooperate with the provisions required for installation of an exterior tie-in box for the use of a mobile generator.

The Landlord hereby agrees to the Tenant's additional requirements as set out herein. Furthermore the Landlord hereby agrees that the Tenant and its engineers will prepare required plans and specifications and will manage the construction of its additional requirements unless it is specifically the Landlord's responsibility.

18.7 Riser Room and Antenna(e)

The Tenant shall, throughout the term of the Lease and any renewals thereof, have a right to a non-exclusive license to install on the roof of the Building up to a maximum of two (2) antennae to service the Tenant's business needs, collectively called the "Tenant's Antennae", provided the Tenant:

1. has executed the Landlord's form of antenna license agreement, in a form reasonably satisfactory to both Landlord and Tenant (to be coterminous with the Term of the Lease);
2. is not in material default of its obligations under the Lease;
3. is GT Group Telecom Services Corp. or an Eligible Corporation and is itself in occupancy of the Leased Premises; and
4. there has not been a change in effective control of the Tenant, save to an Eligible Corporation, to which the Landlord has a reasonable objection.

The location and method of installation of the Tenant's Antennae shall be subject to the Landlord's approval, not to be unreasonably withheld.

There will be no rental fee for the Tenant's Antennae for the Term of the Lease and any renewal periods.

The Landlord will permit the Tenant to access the riser room and riser cables throughout 711 Broughton Street, Victoria, to connect the antenna(e) with the switching operations on the Premises and to deliver telecommunications services to other tenants in the Building. At the end of the Term, the Tenant will be permitted the right to remove the antenna(e) and repair any damage to the roof.

18.8 Storage Space

The Tenant shall have a right to use some of the Leased Parking Stalls as storage space. The Tenant shall pay for the cost of all costs required to create such storage space.

18.9 Establishment of Points of Presence

The Landlord will allow the Tenant to install and maintain a telecommunication point of presence (POP) in every building owned or managed by the Landlord now or during the term of this Lease and any extension(s) thereto. The location of each POP shall be adjacent or as close as possible to the buildings' telecommunications closet. Rent for said POP sites shall be \$1,000 dollars per annum per site.

The Tenant shall sign the Landlord's Standard Agreement for a POP Site, such Agreement to be reviewed by the Tenant's solicitor with any changes recommended to be incorporated into the Agreement, both parties acting reasonably.

18.10 Ownership of the Building

The Landlord hereby confirms that on or before December 31, 2000 it will use its best efforts to purchase Strata Lot 2, Lot 93, Victoria City, Strata Plan VIS 4317 ("Special Teas Shop") at market value, from its current owners, Maria Boultsides and Vas Voultsidis. The Landlord confirms that the Special Teas Shop is the only portion in the Building that is not owned by the Landlord.

The Landlord agrees that if it sells any of the strata lots or other property it owns in the Building to a third party purchaser during the term of the Lease, it will sell all, and not less than all, such strata lots together to such purchaser. The Landlord will also make it a condition precedent to any such sale that any such purchaser must enter into an agreement with the Tenant containing the provision of this paragraph.

18.11 Right of First Refusal to Purchase

The Tenant shall have a right of first refusal (hereinafter "RFRP") on the purchase of all of the strata lots owned by the Landlord in the Building at any time throughout the Term and any renewal period of the Lease. Said RFRP shall be exercised by Tenant after a bona fide third party offer to purchase has been received by the Landlord. After receiving said third party offer, Landlord shall immediately send a notice accompanied by a copy of the offer to Tenant. Tenant will then have fifteen (15) days to decide if it wishes to purchase said strata lots at the same terms and conditions made by the bona fide third party. In the event Tenant wishes to proceed with said purchase, it will send a written notice to Landlord to that effect. Tenant will then have a period of sixty (60) days to complete the purchase of said strata lots. Tenant shall have the right to assign this RFRP and to register this RFRP against title to the Lease Premises and the Hub Premises.

18.12 Right to Cancel

The Tenant shall have the right to vacate the Office Premises in whole or in part, and to cancel that part of the Lease and all liabilities and obligations resulting therefrom on January 31st, 2006 by giving a six (6) month prior written notice thereof to the Landlord. Upon the Tenant vacating all or a part of the Office Premises, the Tenant shall pay an amount of nine dollars and fifty cents (\$9.50) per square foot for the vacated space.

Once such penalty has been paid and Tenant has vacated the Office Premises, the Lease for that portion of space will be cancelled and Tenant will be relieved from all obligations of the Lease as they apply to the vacated space.

If the Tenant exercises this right to vacate the Office Premises then the Landlord may require the Tenant to vacate four of the Leased Parking Stalls when it vacates the Office Premises.

Similarly, if the Tenant vacates the Office Premises after ten (10) or fifteen (15) years, the Landlord may require the Tenant to vacate four of the Leased Parking Stalls when it vacates the Office Premises.

18.13 Tenant's additional technical requirements.

(a) Electrical Requirements

The Tenant shall have the right to install in the Premises Leased Parking Stalls, in addition to the existing BC Hydro electrical service capacity, up to 450 kVA of electrical power at 600 Vac, 3 phase, 3 or 4 wire. As such the Tenant shall complete, in coordination with BC Hydro and the base building electrical engineers, the upgrade of the existing Building electrical service. All costs including cost of design construction and BC Hydro retrofit costs shall be paid for by the Tenant. The design and construction shall be in accordance to BC Hydro standards for an "in-building" unit sub-station. Nominal unit sub-station capacity shall be set at 750kVA at 600 Vac.

Tie-in costs for the re-wiring and to interface to the existing base Building distribution shall be assumed by the Tenant. The design shall include availability for a standby line on the medium voltage side of the distribution. The design shall use solid state circuit breakers as opposed to fusible panels. The Tenant shall include in the design and construction, the availability of a new LSI solid state 600 Amp breaker with a metering cubicle directly off the main load side 600 Vac bus.

(b) Cooling requirements

The Tenant shall have the right to install four to eight roof top condensers for the cooling requirements of the third floor and fourth floor technical areas. The Tenant shall pay for the costs of installation and maintenance. Access to roof level shall be granted throughout the Term for maintenance services on the condensers. All roof work shall be coordinated and approved by the Landlord, which approval shall not be unreasonably withheld.

To access the roof level condenser units, the client shall be granted rights to design and setup a refrigeration lines riser from the third floor to the roof level. Such riser shall be used for refrigeration lines and condenser controls/power.

The Landlord shall assist the Tenant in obtaining necessary development permits necessary for the roof level installations. Such shall extend to the antenna installations as well.

(c) Emergency Power supply

(i) The Tenant shall have the right to install at its cost and conditional to approvals from the local authorities a new 400W to 500kW packaged air cooled standby generator set to be installed at the interior parking level within the Leased Parking Stalls identified as "1", "2" and "3". For security purposes, a small room shall be constructed by the Tenant within the area to house the generator unit, electrical gear and main fuel reservoir. The generator set shall be air cooled with louver air intake and radiator fan air louver discharge to and from the garage space installed so as to avoid short circuiting of the generator room ventilation air. The engine exhaust shall be discharged above at the second floor intermediate roof level. All setup costs for this installation shall be borne by the Tenant. Should the garage level installation not be feasible, a roof level installation may be considered and evaluated in collaboration with the Landlord and its structural engineers.

(ii) The Tenant shall be allowed to install on the exterior wall of the lane side of the building, a mobile generator tie-in box for an extraordinary utility, base building electrical services and, GT generator failures occurrences. The mobile unit, for such occurrences, shall be setup on Broughton street. Coordination with the Corporation of the City of Victoria and availability of a street occupancy permit shall be Tenant's responsibility.

(iii) The Tenant shall install the fuel fill and vent lines to terminate on the lane side exterior wall for fuel servicing. All installations shall be in accordance to local codes having jurisdiction.

(d) Sealed Batteries for power plant.

The Tenant shall have the right to install, within the Leased Premises, multiple strings of sealed maintenance free batteries for it's -48Vdc power plant. Location to be determined in accordance with Landlord's structural engineers.

(e) Roof top antennas.

At any time during Term, the Tenant shall have the right to install on the Building's rooftop, without cost, a microwave dish and/or GPS antennas. The exact locations to be determined in cooperation with the Landlord however it should be located on the side best suited to the Tenant's technical requirements. The Tenant shall pay no charge to the Landlord for such space.

(f) Fiber optics.

(i) The Tenant shall have the right to coordinate with two fiber optics suppliers for two (2) fiber optic entries into the Building and up to the Leased Premises. The Tenant shall pay for all associated costs of installation and its own usage.

(ii) The Tenant shall have the right to core and setup a new fiber riser on the South and/or North side of the Building from the parking level to the third and fourth floor premises. The Landlord shall coordinate access to the second floor tenancy space for such works. The Landlord shall obtain all rights of way through the second space for the riser (s). Conduits shall be furred in with shaft wall in accordance with local codes. All structural work and coring to be reviewed and approved by the base building structural engineer.

(g) Risers.

Landlord shall allow access to data and electrical risers in common with other users in the Building.

(h) Additional issues

(i) The Tenant shall be allowed to install up to five (5) floor drains for the air conditioners with 3" drain line in the ceiling space of the second floor for tie-in with the base building sanitary stack. All second floor work shall be performed after hours in a manner not to disrupt the second floor tenant.

(ii) The Tenant shall be allowed to install one or two architectural louvers to replace a window section within the third and fourth floor premises, i.e. one or two per floor. Such design shall be subject to base building architectural review and approval of the Landlord, which approval shall not be unreasonably withheld. The Tenant shall be permitted at its sole discretion to install a second louver at any time during the Term of the Lease.

(iii) Fire Suppression: The Tenant shall have the right to install an Inergen fire suppression system, including storage tank, in the Hub Premises. So as to ascertain the performance for the Tenant's fire suppression system, the Tenant shall be allowed to vent to the outside.

(iv) In coordination with the base building structural engineers review and design work, the Tenant shall have the right to anchored to the floor slab all telco cabinets and ancillary equipment to the floor slab using 2 ½" expansion shields. Larger and heavier pieces of equipment and cabinets shall be anchored and bolted through the slab and mechanically fastened in the second floor deck underside.

Cabinets and cable trays shall be seismically braced and supported using a ceiling unitrust grid to be structurally attached to the steel structure. Such shall be designed in collaboration with the base building structural engineers. Such scheme shall be used for all Tenant's technical spaces.

(v) The Landlord shall allow the removal of all third floor and fourth floor ceiling void space mechanical and electrical systems. Part of the fourth floor services shall be maintained and operated until expansion of the co-locate space. The operations costs associated and due to the support of the "office" sector of the fourth floor shall be adjusted accordingly. Tenant's to advise Landlord when rest of floor is to be dissociated from base building services and transformed to a technical space.

(vi) Water sources requiring drilling of holes into the ceiling slab of the Leased Premises including plumbing, chilled water, Tenant's cold and hot water, drainage, steam, gas, etc shall not be permitted in the ceiling space of the Leased Premises to service other tenants. The Leased Premises shall not be used as a transit for services required by any other tenants of the Building, nor by the Landlord in any manner, except with the Tenant's consent, which will not be unreasonably withheld, and at no additional cost to the Tenant.

(vii) The layout of the technical facilities shall be submitted by Tenant's for base building structural review and approval. Local structural reinforcing, if required, shall be allowed by the Landlord.

(viii) The Tenant shall have the right to structurally reinforce the 3rd Floor from the second floor. Tenant shall also have the right to reinforce the structure of the Building where the Tenant deems necessary in the Building

IN WITNESS WHEREOF the parties have executed this Lease.

SCHEDULE B

To Lease of Leased Premises and Leased Parking Stalls at *711 Broughton St., Victoria, British Columbia*

DEFINITIONS

In this Lease the following expressions shall have the following meanings:

“Additional Rent” means all sums of money to be paid by the Tenant, whether to the Landlord or otherwise under this Lease, except for Annual Base Rent and goods and services tax payable by the Tenant;

“Additional Services” means the services and supervision supplied by the Landlord and referred to in clause 9.2 or in any other provision hereof as Additional Services; any other services which from time to time the Landlord supplies to the Tenant and which are additional to other services that the Landlord has agreed to supply under this Lease and to like provisions of other leases of the Building, or that the Landlord may elect to supply as included within the standard level of services available to tenants generally and in addition to those normally supplied; the provision of labour and supervision in connection with the moving of any furniture or equipment of the Tenant; the making of any repairs or alterations for the Tenant; and the provision to the Tenant or the Leased Premises and Leased Parking Stalls of maintenance or other services not normally furnished to tenants or other leasable premises generally; and **“Additional Service”** means any such service;

“Annual Base Rent” means the annual rent set out in subclause 1.1(f) and payable by the Tenant as set forth in subclause 4.1(a);

“Basic Terms” means those terms set out in clause 1.1, some of which are more particularly defined in this Schedule B;

“Building” means that certain building and those certain areas and improvements constructed on the Land and all additions and replacements thereto;

“Commencement Date” means the date the Term commences as set forth in or determined under subclause 1.1(e);

“Cost of Additional Services” shall mean in the case of Additional Services provided by the Landlord a reasonable charge made therefor by the Landlord which shall not exceed the cost of obtaining such services from independent contractors, and in the case of Additional Services provided by independent contractors the Landlord’s total cost of providing Additional Services

to the Tenant including the cost of all labour (including salaries, wages, and fringe benefits) and materials and other direct expenses incurred, the cost of supervision and other indirect expenses capable of being allocated thereto (such allocation to be made upon a reasonable basis) and all other out-of-pocket expenses made in connection therewith including amounts paid to independent contractors, plus an administration fee equal to 10% of each component thereof;

“Goods and Services Tax” means and includes any and all goods and services taxes, sales taxes, value added taxes, business transfer taxes, or any other taxes imposed on the Landlord or the Tenant from time to time in respect of the Rent payable by the Tenant to the Landlord under this Lease or the rental of the Leased Premises and Leased Parking Stalls or the provision of any goods, services, or utilities whatsoever by the Landlord to the Tenant under this Lease, whether characterized as a goods and services tax, sales tax, value added tax, business transfer tax, or otherwise;

“Insured Damage” means that part of any damage occurring to any portion of the Leased Premises and Leased Parking Stalls for which the Landlord is responsible, of which the entire cost of repair is actually recoverable by the Landlord under a policy of insurance in respect of fire and other perils from time to time effected by the Landlord, or, if and to the extent that the Landlord has not insured and is deemed to be a co-insurer or self-insurer under clause 12.1, would have been recoverable had the Landlord effected insurance in respect of perils, to amounts and on terms for which it is deemed to be insured;

“Lease Year” means, in the case of the first Lease Year, the period beginning on the Commencement Date and terminating 12 months from the last day of the calendar month in which the Commencement Date occurs (except that if the Commencement Date occurs on the first day of a calendar month, the first Lease Year shall terminate on the day prior to the first anniversary of the Commencement Date) and, in the case of each subsequent Lease Year, means each 12-month period after the first Lease Year;

“Leased Premises” means the Hub Premises and the Office Premises;

“Leasehold Improvements” means all fixtures, improvements, installations, alterations, and additions now or from time to time hereafter made, erected, or installed, whether by the Tenant, the Landlord or anyone else, in the Leased Premises or in other premises in the Building with the exception of trade fixtures and furniture and equipment not of the nature of fixtures, but includes all partitions however fixed (including movable partitions) and includes all wall-to-wall carpeting with the exception of such carpeting where laid over vinyl tile or other finished floor and affixed so as to be readily removable without damage;

“Normal Business Hours” means (i) with regard to the Office Premises, the hours from 8:00 a.m. to 6:00 p.m. Monday to Friday, inclusive, of each week, holidays excepted and (ii) with regard to the Hub Premises, twenty four hours per day, seven days per week without exception;

“Operating Cost” means, subject to the exclusions and deductions set out below, the total, without duplication, of the costs, expenses, fees, rentals, disbursements, and outlays (in this definition referred to collectively as “costs”) of every kind paid, payable, or incurred by or on behalf of the Landlord on an accrual basis consistent with generally accepted accounting principles and fully chargeable in the year in which they were incurred (except as expressly set out below) in accordance with generally accepted accounting principles in the maintenance, repair, operation, administration, and management of the Land and Building. Without limiting the generality of the foregoing, Operating Cost shall include:

- (1) all salaries, wages, fringe benefits, severance pay, and termination payments paid to or for all personnel, including supervisory personnel and managers, and all costs of obtaining or dismissing such personnel, to the extent that they are employed by the Landlord (or a person with whom it does not deal at arm’s length) in connection with the maintenance, repair, operation, administration, or management of the Land and Building or any part of it, and amounts paid to professionals and independent contractors, including any management companies, for any services provided in connection with the maintenance, repair, operation, administration, or management of the Land and Building or any part of it;
- (2) costs of providing security, supervision, traffic control, janitorial, landscaping, window cleaning, waste collection, disposal and recycling, and snow removal services, and the costs of machinery, supplies, tools, equipment, and materials used in connection with the operation, administration, or management of the Land and Building or any rentals thereof;
- (3) costs of providing electric light and power, fuel, water, telephone, steam, gas, sewage disposal, and other utilities, and costs of replacing building-standard electric light fixtures, ballasts, tubes, starters, lamps, light bulbs, and controls;
- (4) costs of all insurance which the Landlord is obligated or permitted to obtain under this Lease;
- (5) sales, goods and services, and excise or other taxes on goods and services provided by or on behalf of the Landlord in connection with the maintenance, repair, operation, administration, or management of the Building net of input tax credits, refunds, or rebates (to the extent the Landlord receives and utilizes same);
- (6) Taxes levied against the Land and Building to the extent not charged to the Tenant under subclauses 4.1(b) and 8.2(b) and to other tenants of the Building under lease provisions similar to subclauses 4.1(b) and 8.2(b); and costs (including legal and other professional fees and interest and penalties on deferred payments) incurred by the Landlord in contesting, resisting, or appealing any Taxes;

- (7) capital tax, if applicable, being the applicable amount (as hereinafter defined) of any tax or taxes imposed on the Landlord by any governmental authority based upon or computed by reference to the paid-up capital or place of business of the Landlord as determined for the purposes of such tax or taxes; and for the purpose of this paragraph the phrase "applicable amount" of such tax or taxes means the amount of tax that would be payable if the Land and Building were the only property of the Landlord, and such portion as the Landlord allocates, acting reasonably, to the Land and Building of any large corporations tax, minimum corporate tax, or other tax imposed on the Landlord by any governmental authority to the extent such tax is not actually credited against any income tax payable by the Landlord;
- (8) a reasonable amount, as determined by the Landlord from time to time, of costs incurred by or on behalf of tenants in the Building with whom the Landlord may have agreements whereby in respect of their premises those tenants perform any cleaning, maintenance, or other work or services which, if directly incurred by the Landlord, would have been included in Operating Cost;
- (9) costs of repairs, alterations, and replacements to the Building (including those required to comply with applicable laws or the requirements of the Landlord's insurers which become effective or are imposed after substantial completion of the original construction of the relevant structure) to the extent reasonably allocated by the Landlord to any fiscal period; and amortization of the cost of any repairs, alterations, or replacements except to the extent charged in accordance with the foregoing provisions of this paragraph, in the case of each item of repair, alteration, or replacement to be calculated on a straight line basis over such period the Landlord determines is reasonable having regard to the nature of the repair, alteration, or replacement, or 15 years, whichever is lesser;
- (10) depreciation (excluding depreciation on the costs of original components of the electrical, mechanical, and other systems installed as part of the original construction of the Building) of the costs of machinery, equipment, facilities, furniture, furnishings, systems, and property (in this paragraph called "machinery") installed in or used in connection with the Building (except to the extent that the costs are charged fully in the fiscal period in which they are incurred):
 - (a) if a principal purpose of such machinery is to conserve energy, reduce the cost of other items included in Operating Cost, or comply with applicable laws or requirements of the Landlord's insurers which become effective or are imposed after substantial completion of the Building, or such machinery is used for normal maintenance of the Building, or
 - (b) if, as in the case of the electrical, mechanical, and other systems, such machinery by its nature requires periodic or substantial replacement;

in the case of each item of machinery to be calculated on a straight line basis over its useful life or 15 years, whichever is lesser;

- (11) interest on the unamortized or undepreciated portion of the costs referred to in paragraphs (9) and (10) of this definition, calculated monthly, from the date on which the relevant costs were incurred, at an annual rate of interest that is 0.5% above the Prime Rate in effect on the first day of the fiscal period in which the relevant costs were incurred (the applicable rate of interest to be adjusted by the Landlord on the first day of each fiscal period to the annual rate of interest that is 0.5% above the Prime Rate then in effect);
 - (12) the fair market rental value (having regard to rent being charged for similar rentable space including additional rent for operating costs and property taxes) of space used by the Landlord, acting reasonably, in connection with the maintenance, repair, operation, administration, and management of the Land and Building; and
 - (13) management fees or management agent fees and administrative charges of an arm's length management company, if any, for the Land and Building or any part of it or, if the Landlord chooses to manage the Land and Building or any part of it through itself or through a company or other person with whom it does not deal at arm's length, a management fee to the Landlord in an amount comparable to that which would be charged by a first-class real estate management company for management of similar buildings in Victoria, B.C.;
- (a) excluding therefrom the following (except as specifically included above):
- (i) depreciation;
 - (ii) capital costs of constructing the Building, of replacements of parts of the Building, and of additions to the Building to comply with all bylaws, regulations, and orders made by any governmental authority with respect to the Building and the operating systems of the Building;
 - (iii) debt service costs;
 - (iv) any taxes on the income or profits of the Landlord to the extent they are not imposed in lieu of Taxes;
 - (v) costs incurred by the Landlord in leasing the Building, including commissions, advertising costs, and tenant inducement payments;
 - (vi) repairs to the footings, foundations, structural columns and beams, structural subfloors, bearing walls, exterior walls and windows, and roofs of the Building;

- (vii) strata fees or dues, special assessments or any other payments payable to the strata corporation of the Building;
- (b) and deducting therefrom the following:
 - (i) net recoveries by the Landlord from the tenants of the Building in respect of and to the extent (but only to the extent) of costs which have been charged as Operating Cost, other than recoveries from the Tenant under paragraph 4.1(b)(ii) and from other tenants under lease provisions similar to paragraph 4.1(b)(ii);
 - (ii) net insurance proceeds received by the Landlord to the extent (but only to the extent) that such proceeds reimburse the Landlord for costs which have been charged as Operating Cost;
 - (iii) net recoveries by the Landlord in respect of warranties or guarantees relating to the construction of the Building to the extent (but only to the extent) that the repair costs in respect of the work covered by such warranties or guarantees have been charged as Operating Cost; and
 - (iv) amounts paid by the operator, if any, of the parking garage forming part of the Building to the extent (but only to the extent) of costs which have been charged as Operating Cost, or, if there is no such operator, the costs that the Landlord determines, acting reasonably, would normally be paid by such an operator, such as the costs of sweeping and providing attendants and such operator's standard equipment;

and in computing Operating Cost, if less than 100% of the Rentable Area of the Building is completed or occupied during any period for which a computation must be made, the amount of Operating Cost will be increased by the amount of the additional costs determined by the Landlord, acting reasonably, that would have been incurred had 100% of the Rentable Area of the Building been completed or occupied during that period;

"Prime Rate" means that rate of interest declared from time to time by the main branch in Vancouver, British Columbia, of the Royal Bank to the Landlord as the annual rate of interest used by such bank as its reference rate in setting interest rates for commercial loans of Canadian dollars in Canada and commonly referred to by such bank as its "prime rate";

"Rent" means and includes the Annual Base Rent, Additional Rent, and all other sums payable by the Tenant to the Landlord under this Lease except for goods and services tax payable by the Tenant;

"Rentable Area", whether in the case of a whole floor of the Building or in the case of premises comprising part of a floor of the Building, shall be determined by the Landlord's architect or land

surveyor according to the American National Standard Method for Measuring Floor Areas in Office Buildings ANSI/BOMA Z65.1-1996, as published by the Building Owners and Managers Association International and in effect as at the Commencement Date;

"Service Areas" shall mean the area of corridors, elevator lobbies, service elevator lobbies, refuse areas, washrooms, air-cooling rooms, fan rooms, janitor's closets, telephone, meter, mechanical, and electrical closets, and other closets on the floor serving the Leased Premises and other premises on such floor should the floor be a multiple-tenancy floor;

"Taxes" means all taxes, rates, duties, levies, and assessments whatsoever, whether municipal, parliamentary, or otherwise, which are levied, imposed, or assessed against or in respect of the Building, the Land, or upon the Landlord in respect thereof, or which are from time to time levied, imposed, or assessed in the future in addition or in lieu thereof, including those levied, imposed, or assessed for education, schools, and local improvements, and includes all costs and expenses (including legal and other professional fees and interest and penalties on deferred payments) incurred by the Landlord in contesting, resisting, or appealing any taxes, rates, duties, levies, or assessments, but excludes taxes and license fees in respect of any business carried on by tenants and occupants of the Building and taxes upon the income of the Landlord to the extent such taxes are not levied in lieu of taxes, rates, duties, levies, and assessments against the Building or the Land or upon the Landlord in respect thereof;

"Tax Cost" for any calendar year means an amount equal to the aggregate, without duplication, of all Taxes in respect of such calendar year;

"Tenant's Share" means the fraction, the numerator of which is the Rentable Area of the Leased Premises and the denominator of which is the Total Rentable Area;

"Term" means the term of this Lease set forth in subclause 1.1(e) and any renewal or extension thereof and any period of permitted overholding; and

"Total Rentable Area" means the total Rentable Area of the Building, whether rented or not, calculated as nearly as possible as if the Building were entirely occupied by tenants renting whole floors. The lobby and entrances on the lower plaza level and main floor lobby level, the areas of the floors below the lower plaza level which are used or available for use in common by tenants for storage or other purposes and the parking garage in the Building shall be excluded from the foregoing calculation. The calculation of the Total Rentable Area, whether rented or not, shall be adjusted from time to time to give effect to any structural change in the Building.

SCHEDULE C

RULES AND REGULATIONS

The Tenant shall observe the following Rules and Regulations (as amended, modified, or supplemented from time to time by the Landlord as provided in the Lease):

- (1) The Tenant shall not use or permit the use of the Leased Premises and Leased Parking Stalls in such manner as to create any objectionable noises, odours, or other nuisance or hazard, or breach any applicable provisions of municipal bylaw or other lawful requirements applicable thereto or any requirements of the Landlord's insurers, shall not permit the Leased Premises and Leased Parking Stalls to be used for cooking (except with the Landlord's prior written consent) or for sleeping, shall keep the Leased Premises and Leased Parking Stalls tidy and free from rubbish, shall deposit rubbish in receptacles which are either designated or clearly intended for waste, and shall leave the Leased Premises and Leased Parking Stalls at the end of each business day in a condition such as to facilitate the performance of the Landlord's janitorial services in the Leased Premises and Leased Parking Stalls.
- (2) The Tenant shall not abuse, misuse, or damage the Leased Premises and Leased Parking Stalls or any of the improvements or facilities therein, and in particular shall not deposit rubbish in any plumbing apparatus or use it for other than purposes for which it is intended, and shall not deface or mark any walls or other parts of the Leased Premises and Leased Parking Stalls.
- (3) The Tenant shall not perform, patronize, or (to the extent under its control) permit any canvassing, soliciting, or peddling in the Building, shall not install in the Leased Premises and Leased Parking Stalls any machines vending or dispensing refreshments or merchandise, and shall not permit food or beverages to be brought to the Leased Premises and Leased Parking Stalls except by such means, at such times, and by such persons as have been authorized by the Landlord.
- (4) The entrances, lobbies, elevators, staircases, and other facilities of the Building are for use only for access to the Leased Premises and other parts of the Building and the Tenant shall not obstruct or misuse such facilities or permit them to be obstructed or misused by its agents, employees, invitees, or others under its control.
- (5) No heavy office equipment or safe shall be moved into or about the Building by or for the Tenant unless the consent of the Landlord is first obtained and unless all due care is taken. Such equipment shall be moved upon the appropriate steelbearing plates, skids, or platforms and subject to the Landlord's direction, and at such times, by such means, and by such persons as the Landlord shall have approved. No furniture, freight, or bulky matter of any description shall be moved in or out of the Leased Premises and Leased

Parking Stalls or carried in the elevators except during such hours as the Landlord shall have approved. Hand-trucks and similar appliances shall be equipped with rubber tires and other safeguards approved by the Landlord, and shall be used only by prior arrangement with the Landlord.

- (6) The Tenant shall permit and facilitate the entry of the Landlord, or those designated by it, into the Leased Premises and Leased Parking Stalls for the purpose of inspection, repair, window cleaning, and the performance of other janitorial services, and shall not permit access to main header ducts, janitorial and electrical closets, and other necessary means of access to mechanical, electrical, and other facilities to be obstructed by the placement of furniture or otherwise. The Tenant shall not place any additional locks or other security devices upon the doors of the Leased Premises and Leased Parking Stalls without the prior written approval of the Landlord and subject to any conditions imposed by the Landlord for the maintenance of necessary access.
- (7) The Landlord may require that all or any persons entering and leaving the Building at any time other than the Normal Business Hours satisfactorily identify themselves and register in books kept for the purpose, and may prevent any person from entering the Leased Premises and Leased Parking Stalls unless provided with a key thereto and a pass or other authorization from the Tenant in a form satisfactory to the Landlord, and may prevent any person removing any goods therefrom without written authorization.
- (8) The Tenant shall refer to the Building only by the name from time to time designated by the Landlord for it and shall use such name only for the business address of the Leased Premises and not for any promotion or other purpose.
- (9) The Tenant shall not interfere with window coverings installed upon exterior windows, and shall close or (if such window coverings are remotely controlled) permit to be closed such window coverings during such hours from dusk to dawn as the Landlord may require, and shall not install or operate any interior drapes installed by the Tenant so as to interfere with the exterior appearance of the Building.

The foregoing Rules and Regulations, as from time to time amended, are not necessarily of uniform application, but may be waived in whole or in part in respect of other tenants without affecting their enforceability with respect to the Tenant and the Leased Premises and Leased Parking Stalls, and may be waived in whole or in part with respect to the Leased Premises and Leased Parking Stalls without waiving them as to future application to the Leased Premises and Leased Parking Stalls, and the imposition of Rules and Regulations shall not create or imply an obligation of the Landlord to enforce them or create any liability of the Landlord for their non-enforcement.