

SPACE LICENSE AGREEMENT

THIS AGREEMENT made on the 1st day of July, 1998

BETWEEN:

P. SUN'S ENTERPRISES (VANCOUVER) LTD.

(the "Licensor")

AND

GT GROUPTELECOM NETWORKS INC.

(the "Licensee")

WHEREAS:

- A. The Licensor is the owner of the building known as The Hong Kong Bank of Canada Building located at 885 West Georgia Street, Vancouver, B.C. (the "Building").
- B. The Licensee provides telecommunications services, including access to fibre optic transmission technology (the "Services"), and wishes to have the ability to provide the Services to occupants of the Building.
- C. The Licensor has agreed to grant a non-exclusive license to the Licensee with respect to those areas of the Building indicated in Schedule A (the "Cable Entry Area") and Schedule B (the "Cable Expansion Area") (together, the "Licensed Areas") so that the Licensee may install, operate and maintain certain fibre optic cable, connections, and ancillary telecommunications equipment (the "Equipment") necessary to provide the Services to occupants of the Building.

NOW THEREFORE in consideration of the mutual promises contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree each with the other as follows:

1. **License**. The Licensor hereby grants to the Licensee and its authorized agents the right and license to access and occupy:
 - (a) the Cable Entry Area, for the purposes of installing, operating and maintaining such Equipment in the locations indicated in Schedule A hereto, as may be necessary to provide the Services; and
 - (b) the Cable Expansion Area, for the purposes of installing, operating and maintaining such Equipment in the locations indicated in Schedule B hereto, as may be necessary to provide the Services; provided that the Licensee will not install any Equipment in the Cable Expansion Area without obtaining the Licensor's prior written consent in accordance with the procedure set out in paragraph 12 of this Agreement.
2. **Access**. In order to enable the Licensee to install, operate and maintain the Equipment, the Licensor agrees that it will provide the Licensee and its authorized agents with unimpeded access to the Licensed Areas:

- (a) during normal business hours for the purposes of conducting routine inspections and maintenance, provided that the Licensee may not access the Licensed Areas for any other purposes, including the installation of cable or the alteration of the Licensed Areas, unless the Licensee provides the manager of the Building with 24 hours' notice; and
- (b) after normal business hours, provided that the Licensee may not access the Licensed Areas unless it obtains the prior written consent of the Licensor, which consent will not be unreasonably withheld or delayed.

Notwithstanding the foregoing, the Licensee may access the Licensed Areas in the event of an emergency without providing notice to, or obtaining the consent of, the Licensor. The Licensee will make all reasonable efforts to provide the Licensee with access to the Licensed Areas in the event of an emergency.

- 3. **License Non-Exclusive.** The right and license granted by the Licensor to the Licensee to install, operate and maintain the Equipment necessary to supply the Building with the Services is not exclusive to the Licensee and the Licensor expressly reserves the right at any time to grant other or similar rights and privileges for the same or similar uses as expressed herein to other persons.
- 4. **Term.** The term (the "Term") of this Agreement with respect to the Equipment to be installed in the Cable Expansion Area, if any, will be for a period of ten (10) years, commencing on the date that the Licensee begins the cable and equipment expansion described in Schedule B hereto. The parties agree that the Equipment to be installed in the Cable Entry Area will, upon installation, be permanent fixtures of the Building and, as such, not be subject to removal upon expiry of this Agreement provided that the Licensee may remove all or a portion of the Equipment installed in the Cable Entry Area upon obtaining the prior written consent of the Licensor, such consent not to be unreasonably withheld.

At any time during the Term, the Licensee may, if the Licensee is not then providing any services to any tenant or other occupant of the Building and if the Licensee, acting reasonably, is of the opinion that the terms and conditions of this Agreement or the technology of the Licensee is not economically viable, terminate this Agreement upon 180 day's notice to the Licensor. In the event of such termination the Licensee will be responsible for the performance of all of its obligations hereunder (and, in particular will be responsible for payment of the Fee (as defined below) to the end of the calendar year in which the effective date of such termination occurs) until the Licensee has removed the Equipment and restored the Licensed Areas or transferred ownership of the Equipment to the Licensor as per the provisions of paragraph 13 of this Agreement.

- 5. **License Fees.** In consideration of the license granted to the Licensee in respect of the Cable Entry Area, the Licensee will pay the Licensor a one-time fee of \$500 within thirty (30) days after the Licensee completes the installation of Equipment in the Cable Entry Area pursuant to Schedule A hereto. In consideration of the license granted to the Licensee in respect of the Cable Expansion Area, the Licensee will pay to the Licensor an annual license fee (the "Fee") of \$2,000 throughout the Term. The initial Fee will be paid to the Licensor by the Licensee within thirty (30) days after the Licensee commences the installation of Equipment in the Cable Expansion Area described in Schedule B hereto, and will be pro-rated until January 1st of the next year following commencement of such installation. Thereafter, the Licensee will pay the Fee to the Licensor on January 1st of each year throughout the Term.

6. **Internet Access Point.** In addition to payment of the Fee, the Licensee will provide the Licensor, throughout the Term, with one (1) separate access point in the Building for internet access only. Such access will be for the sole personal use of Mr. Jackson Lam ("Mr. Lam"), the Vice-President of the Licensor, and will be provided free of charge throughout the Term, or until Mr. Lam ceases to hold office with the Licensor or maintain an office within the Building, whichever first occurs; provided that the Licensor will be responsible for any internet usage charges (representing actual on-line time) which exceed the sum of \$200 per month.
7. **Net License/Taxes.** The Licensee will pay all taxes, costs, fees, expenses and other levies relating to the use of the Licensed Areas or the provision of Services to occupants of the Building including, without limitation, the costs of the installation, operation, maintenance, replacement, relocation and removal of any Equipment. Without limiting the generality of the foregoing, the Licensee will be responsible for and will pay or reimburse the Licensor for all taxes, levies, assessments levied by any federal, provincial, municipal or other competent authorities in respect of the Equipment, the Licensed Areas or the provision of the Services to any person in the Building and any improvements to the Licensed Areas including, without limitation, local improvement taxes and business taxes, but excluding any realty taxes or federal and provincial income taxes of the Licensor.
8. **Right of Renewal.** If the Licensee performs all of the Licensee's covenants and is not in default under any of the terms of this Agreement, then the Licensee, on giving written notice to the Licensor not earlier than six (6) months, and not later than three (3) months, prior to the last day of the Term will have the right to renew this Agreement for a renewal term (the "Renewal Term") of five (5) years upon the same terms and conditions as contained in this Agreement, except the annual Fee payable by the Licensee and this right of renewal. The annual Fee will be reviewed prior to the commencement of the Renewal Term and the annual Fee during such Renewal Term will be the then current market rental rate for the Cable Expansion Area based on comparable space in comparable buildings in the vicinity of the Building. The parties will commence making bona fide efforts to determine the renewal Fee twelve (12) months prior to the commencement of the Renewal Term. Failing agreement by the parties on such Fee at least sixty (60) days prior to the commencement of the Renewal Term, such Fee will be determined by either:
 - (a) an arbitrator mutually agreed upon by the parties who will be a person currently active in the Province of British Columbia as an accredited real estate appraiser having not less than five (5) years experience as an appraiser; or
 - (b) if the parties are unable to mutually agree upon an arbitrator pursuant to subparagraph 8(a) of this Agreement, by a single arbitrator under the *Commercial Arbitration Act* (British Columbia), and amendments thereto, or any like statute in effect from time to time, and the decision of such arbitrator will be final and binding upon the parties. The costs of such arbitration will be borne equally by the parties.
9. **Compliance with Laws.** The Licensee will, at its own expense, keep the Equipment in good repair and promptly comply with all applicable laws, regulations, bylaws and government orders (including all applicable environmental laws) and with all reasonable requirements or directives of the Licensor affecting the Building or the exercise by the Licensee of its rights hereunder.

10. **No Disturbance.** The Licensee will ensure, at its own expense, that neither the Equipment nor the operation and location of the Equipment will at any time disturb the normal operations or renovations conducted by others in the Building.
11. **Interference.** In the event that interference of any type develops at any time between the installations of other users of the Building and those of the Licensee, the Licensee will take reasonable and immediate steps to determine the cause of the interference and will take immediate steps to resolve the interference, at its own expense, should the Licensee be responsible for such interference.
12. **Improvements.** The Licensee will not make any improvements or alterations to the Building, or install any additional Equipment, without the Licensor's prior written consent, which consent will not be unreasonably withheld or delayed. The Licensee will, prior to undertaking any improvement or alteration or installation of additional Equipment, submit to the Licensor for its review details of its proposed work including drawings and specifications. All such improvements or alterations or installations of additional Equipment will be performed: (i) at the sole expense of the Licensee; (ii) in a good and workmanlike manner; (iii) in accordance with the drawings and specifications approved by the Licensor; (iv) subject to the reasonable supervision and inspection of the Licensor; (v) in accordance with all applicable laws, regulations, bylaws and government orders and with all reasonable requirements or directives of the Licensor affecting the Building; and (vi) with no undue disturbance to the occupants of the Building.
13. **Removal of Equipment on Termination.** The Licensee will, upon the expiration or earlier termination of this Agreement, at its sole expense and to the satisfaction of the Licensor, remove the Equipment (other than mechanical conduits and the Equipment installed in the Cable Entry Area), unless the Licensee obtains the consent of the Licensor pursuant to section 4 hereof) from the Building and restore the Building to the state and form in which it existed prior to the installation of the Equipment, all such work to commence within thirty (30) days, and to be completed within sixty (60) days, of such expiration or earlier termination. Upon mutual agreement, the Licensor will have the right to assume ownership of the Equipment, or portions thereof, without payment.
14. **Insurance.** The Licensee will take out and keep in force during this Agreement comprehensive general liability (including bodily injury, death and property damage) insurance on an occurrence basis with respect to the installation, operation and maintenance of the Equipment of not less than \$2,000,000 per occurrence, which insurance will include the Licensor as a named insured and will protect the Licensor in respect of claims by the Licensee as if the Licensor were separately insured. The Licensee will, at the request of the Licensor, provide the Licensor with reasonable proof of such insurance.
15. **Limitation of Liability.** The Licensee agrees that:
 - (a) Except to the extent caused by the gross negligence or malicious act of the Licensor or those for whom, in law, the Licensor is responsible, the Licensor will not be liable for any death or injury arising from or out of any occurrence in, upon, at, or relating to the Building or any loss or damage to the property of the Licensee located in the Building. Without limiting the generality of the foregoing, the Licensor will not, in any circumstances, be liable for any injury or damage to persons or property resulting from fire, explosion, falling fixtures, steam, gas, electricity, water, rain, flood, snow or leaks from any part of the Building or from the pipes, sprinklers, appliances, plumbing works, roof, windows or subsurface of any floor or ceiling or from the street or any

other place or by dampness or by any other cause whatsoever. The Licensor will not be liable for any such damage caused by other tenants or persons in the Building, or the public. All property of the Licensee within the Building will be at the risk of the Licensee only and, except to the extent set out above, the Licensee releases and agrees to indemnify the Licensor and save it harmless from any claims arising out of any damage to the same including, without limitation, any subrogation claims by the Licensee's insurers.

- (b) The Licensor will not be responsible for any damages caused to the Licensee by reason of failure of any Equipment installed in the Licensed Areas. Upon reasonable notice in writing, except in emergency circumstances, the Licensor will have the right to stop, interrupt or reduce any services, systems or utilities provided to, or serving the Building to perform repairs, alterations or maintenance or to comply with laws or regulations, or requirements of its insurers, or for causes beyond the Licensor's reasonable control. The Licensor will make all reasonable efforts to minimize or avoid any such interruptions and to accommodate any alternate arrangements made by the Licensee before and during any such interruptions.
16. **Indemnity.** Notwithstanding any other provision of this Agreement, the Licensee will indemnify the Licensor and save it harmless from all loss, claims, actions, damages, liability and expense in connection with loss of life, personal injury, damage to property or any other loss or injury whatsoever arising out of this Agreement or the exercise by the Licensee of its rights hereunder unless such loss or injury results from the gross negligence or malicious act of the Licensor or a representative of the Licensor.
17. **Assignment.** The Licensee will not assign its rights under this Agreement, or grant a mortgage or security interest of any kind in the Equipment or its rights under this Agreement except to:
- (a) a person or company that directly controls the Licensee, or is controlled by the Licensee, or is under common control with the Licensee; or
- (b) a purchase of all or substantially all of the Licensee's assets,
- without the prior written consent of the Licensor, which consent will not be unreasonably withheld, provided that the Licensee will not be relieved of any of its obligations under this Agreement. A change of control of the Licensee will not be considered an assignment of this Agreement.
18. **Authority to Contract.** Each of the Licensor and the Licensee represents and warrants to the other party hereto that it has the authority to enter into this Agreement and that the individual signing this Agreement on its behalf has the authority to so sign and to bind it, and that the carrying out of the provisions of this Agreement will not result in the violation by such party of any statute, regulation, law or other restriction whatsoever or result in the creation of any lien, encumbrance or security interest on any of the Equipment or the Building.
19. **Cancellation.** In the event that the Licensor enters into an agreement to sell the Building which contains a condition that this Agreement is to be cancelled, the Licensor will have the right to cancel this Agreement. The Licensor will show just cause for cancellation, in writing, and will notify the Licensee, in writing, not less than six (6) months prior to actual cancellation. The Licensor will not cancel this Agreement if such cancellation could result in the Licensee failing to abide by contractual service obligations, either directly or indirectly, to occupants of the Building.

20. **Notices.** Any notice or communication relating to this Agreement will be in writing and sent by registered mail to the other party, delivered personally or transmitted by teletype to the following address:

To:

GT Grouptelecom Networks Inc.
Suite 300 - 840 Howe Street
P.O. Box 40
Vancouver, B.C. V6Z 2L2

Attention: Clive Boomer

Facsimile: (604) 688-3011

To:

P. Sun's Enterprises (Vancouver) Ltd.
c/o Colliers International
16th Floor, 200 Granville Street
Vancouver, B.C. V6C 1S4

Attention: Property Management

Facsimile: (604) 684-7104

21. **Enurement.** This Agreement will enure to the benefit of and be binding upon the parties and their respective successors and assigns.
22. **Severance/Entire Agreement.** If any provision of this Agreement is declared invalid such provision will be deemed severed and will not affect the remaining provisions of this Agreement. This is the entire agreement between the parties and supersedes all prior agreements and understandings, whether written or oral.
23. **Governing Law.** This Agreement will be governed by and construed and enforced in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

P. SUN'S ENTERPRISES (VANCOUVER) LTD. GT GROUPTELECOM NETWORKS INC.

By:

By:

Title: *Director*

Title: _____