

Re: Interim Letter Agreement for TELUS Communications Inc. and its affiliates (“TELUS”) to use the pathways to provide certain telecommunications services to tenants (the “Tenants”), at the TransCanada Tower, Calgary, Alberta (the “Building”)

H&R Property Management Ltd. (herein after referred to as “H&R”) on behalf of H&R REIT hereby authorizes TELUS to use the sub-grade pathways to access the vertical backbones owned by TransCanada, to install cable to provide certain telecommunications services to TransCanada and other tenants in this Building. TELUS may also request Telus Communications Inc. to install such additional equipment as may be necessary to provide connectivity to TransCanada. This letter authorizes the installation by TELUS or TELUS Communications Inc. of this equipment. This letter does not refer to or apply to the supply of basic service. Basic services means the twisted pair of copper wire used to provide basic telephone service to the Building. Please acknowledge your acceptance of these terms by countersigning this Interim Letter Agreement below.

The terms and conditions of this Interim Letter Agreement commences January 1, 2003 and expire December 31, 2003. This Agreement will automatically be renewed annually unless TELUS or H&R gives 60 days written notice prior to the expiry of this or any subsequent term, of intent not to renew:

- a) H&R authorizes TELUS:
 - (i) To install, operate, maintain, replace and remove at TELUS’ sole expense and risk, certain “Communications Equipment” (defined as certain cabinets, racks and other electronic equipment as network facilities), on and in “equipment room” for the purpose of providing certain telecommunications services to the TransCanada or other tenants in this Building.
 - (ii) To install, maintain, operate and replace at TELUS’ sole expense and risk certain cables and connecting hardware (the “Connecting equipment”), together with the right to pull such Connecting Equipment through the telecommunication pathways to the Main Terminal Room.
 - (iii) To use the telecommunication cable owned by TransCanada and other tenants (including the vertical backbones) to provide service to TransCanada and to other tenants in his Building
- b) H&R hereby reserves the right to grant, renew or extend similar rights to others.

2. TELUS shall pay to H&R \$50.00 per square foot per annum for the Point of Presence space which measures 88 square feet, for a total of Four Thousand Four Hundred Dollars (\$4,400.00) plus GST per annum which payment includes the use of the pathways for the term of this authorization (the “Fee”).

3. (a) Before starting the authorized work, TELUS will, at its sole cost and expense prepare and deliver to H&R working drawings for such work or installation, detailing the type, size and location of TELUS equipment, the Building Communications spaces to be used by TELUS and the Equipment Room. No work shall commence until H&R has approved, in writing, all applicable construction or installation plans, which approval will not be unreasonably withheld or delayed.

(b) TELUS agrees that installation and construction shall be performed in a neat, responsible and workmanlike manner, using generally accepted construction standards, consistent with such reasonable requirements as shall be imposed by H&R.

(c) TELUS shall, at its sole cost and expense, repair any damage to the Building or other property owned by H&R or by any other occupant of the Building where such damage is caused by TELUS.

(d) TELUS shall not interfere with the use and enjoyment of the Building or with any communications services or computer devices of H&R or of other lessees, or licensees of H&R or other tenants or occupants of the Building. If such interference shall occur, H&R shall give TELUS written notice thereof and TELUS shall correct the same within 24 hours after receipt of such notice.

(e) TELUS agrees to comply with all reasonable rules and regulations as adopted and altered by H&R from time to time, and generally applicable to the tenants, licensees and other occupants of the Building.

4. TELUS and TELUS Communications Inc. employees must check in with building security and show a photo ID prior to entering the telephone closets. TELUS and TELUS Communications Inc. employees shall be entitled to access the Building seven days a week, twenty four hours a day during the term of this Letter of Authorization, subject to H&R’s reasonable security requirements.

5. Each party shall save harmless and indemnify the other from injury to the Building, its employees or the public that may occur at any time through such parties' negligent acts or omissions provided that no event will either party be responsible for indirect, special or consequential damages, even if notified of the possibility of such damages.

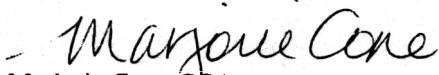
6. H&R and TELUS agree that all information relating to this Letter of Authorization and the Communications Equipment is confidential and unless required by any governmental authority, regulatory body or stock exchange, or by law, the parties will not disclose to any other person the terms and conditions of this Interim Letter Agreement prior to its expiry. The parties shall take all reasonable steps to hold the terms and conditions of this Letter of Authorization in the strictest confidence. This provision shall survive any termination or expiration of this Letter of Authorization.

7. The parties hereto acknowledge and agree that TELUS and its operations are subject to compliance with the orders, decisions, rules, regulations, license and directions of the Canadian Radio and Telecommunications Commission ("CRTC") and Industry Canada and their successors as they exist or are created from time to time during the term of this Letter of Authorization (collectively the "Order"). In the event an Order is issued which appears, in TELUS' reasonable opinion, to impinge upon TELUS' ability to comply with the terms of this Letter of Authorization, TELUS may terminate this Agreement upon thirty (30) days notice.

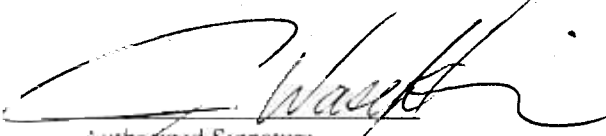
In the event of termination of this Agreement upon notice by TELUS, the parties agree that prior to the expiration of the thirty (30) day period they will use their reasonable best efforts to reach an agreement with respect to the location and operation of Telecommunications Equipment by TELUS in the Building for the purposes of providing the services to TransCanada contemplated by this Agreement, on such terms and conditions as the parties may mutually agree upon.

If the terms and conditions of this Letter of Authorization are acceptable, indicate such by countersigning below.

Yours truly,
H&R Property Management Ltd.


Marjorie Cone, RPA
General Manager

The terms and conditions of this Letter of Authorization are accepted by TELUS Communications Inc.

 JAN. 2, 2003
Authorized Signature _____ Date
Manager, Building Access, Western Canada