
SECOND AMENDED AND RESTATED TRUST INDENTURE

Amended and Restated as of the 31st day of July, 2014

between

HOLLOWAY LODGING CORPORATION

and

COMPUTERSHARE TRUST COMPANY OF CANADA

Providing for the issue of Unsecured Subordinated Debentures

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THIS SECOND AMENDED AND RESTATED TRUST INDENTURE is amended and restated as of the 31st day of July, 2014.

BETWEEN:

HOLLOWAY LODGING CORPORATION, a corporation existing under the laws of the Province of Ontario and having its head office in the City of Halifax, in the Province of Nova Scotia (hereinafter called the "**Corporation**")

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company existing under the federal laws of Canada having an office in the City of Halifax, in the Province of Nova Scotia (hereinafter called the "**Indenture Trustee**")

WITNESSETH THAT:

WHEREAS Royal Host Real Estate Investment Trust (the "**Trust**") entered into a trust indenture with the Indenture Trustee made as of the 21st day of February, 2002 (the "**Original Indenture**") to provide for the creation and issuance of Debentures;

AND WHEREAS under the Original Indenture, provision was made for the issuance of an unlimited principal amount of Debentures, issuable in one or more series;

AND WHEREAS the Trust created and issued a first series of Debentures designated as "9.50% Convertible Unsecured Subordinated Debentures" pursuant to the Original Indenture, none of which are outstanding on the date hereof;

AND WHEREAS the Trust and the Indenture Trustee entered into a first supplemental trust indenture (the "**First Supplemental Indenture**") dated April 20, 2004, to provide for the creation and issuance of Series A 7.90% Convertible Unsecured Subordinated Debentures due in 2009, none of which are outstanding on the date hereof;

AND WHEREAS the Trust and the Indenture Trustee entered into a second supplemental trust indenture (the "**Second Supplemental Indenture**") dated October 20, 2005, to provide for the creation and issuance of Series B 6.00% Convertible Unsecured Subordinated Debentures due October 31, 2015, the terms of which were subsequently amended by the Eighth Supplemental Indenture;

AND WHEREAS the Trust and the Indenture Trustee entered into a third supplemental trust indenture (the "**Third Supplemental Indenture**") dated September 12, 2006, to provide for the creation and issuance of Series C 6.25% Convertible Unsecured Subordinated Debentures due September 30, 2013, the terms of which were subsequently amended by the Sixth Supplemental Indenture;

AND WHEREAS the Trust and the Indenture Trustee entered into a fourth supplemental indenture (the "**Fourth Supplemental Indenture**") dated June 26, 2007 to provide for the creation and issuance of Series D 5.90% Convertible Unsecured Subordinated Debentures due June 30, 2014, the terms of which were subsequently amended by the Seventh Supplemental Indenture;

AND WHEREAS Royal Host Inc. ("**Royal Host**"), a corporation existing under the federal laws of Canada, is the successor in title to all right, title and interest of the Trust by virtue of a plan of arrangement which became effective on January 1, 2011 (the "**Plan of Arrangement**");

AND WHEREAS the Trust and the Indenture Trustee entered into a fifth supplemental indenture (the "**Fifth Supplemental Indenture**") on January 1, 2011 providing for (i) the assignment to, and assumption by, Royal Host of the rights, covenants, obligations and liabilities of the Trust under the Original Indenture, as supplemented, (ii) the release of the Trust from all of its obligations and liabilities under the Original Indenture, as supplemented, and (iii) consequential amendments provided for in the Fifth Supplemental Indenture;

AND WHEREAS Royal Host and the Indenture Trustee entered into a sixth supplemental indenture (the "**Sixth Supplemental Indenture**") dated December 13, 2012, which amended the terms of the Series C Convertible Unsecured Subordinated Debentures and extended the maturity date to September 30, 2018, of which \$40,661,000 principal amount is outstanding as of the date hereof;

AND WHEREAS Royal Host and the Indenture Trustee entered into a seventh supplemental indenture (the "**Seventh Supplemental Indenture**") dated November 19, 2013, which amended the terms of the Series D Convertible Unsecured Subordinated Debentures and extended the maturity date to June 30, 2019, of which \$29,052,000 principal amount is outstanding on the date hereof;

AND WHEREAS Royal Host and the Indenture Trustee entered into an eighth supplemental indenture (the "**Eighth Supplemental Indenture**") dated November 19, 2013, which amended the terms of the Series B 6.00% Convertible Unsecured Subordinated Debentures and extended the maturity date to October 31, 2020, of which \$23,600,000 principal amount is outstanding on the date hereof;

AND WHEREAS Royal Host and the Indenture Trustee entered into an amended and restated indenture dated January 8, 2014 (the "**First Amended and Restated Indenture**") to amend and restate the Original Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture and the Eighth Supplemental Indenture, and to make certain other amendments to the Series B Debentures (as defined below), Series C Debentures (as defined below) and Series D Debentures (as defined below);

AND WHEREAS on July 1, 2014 the Corporation acquired all of the issued and outstanding common shares of Royal Host pursuant to a plan of arrangement under the *Canada*

Business Corporations Act and in connection therewith Royal Host, the Corporation and the Indenture Trustee entered into a first supplemental indenture to the First Amended and Restated Indenture (the "**First Supplemental Indenture to the First Amended and Restated Indenture**") providing, among other things, that each Debentureholder would be entitled to acquire from Holloway, in lieu of the number of common shares of Royal Host that such holder was entitled to acquire, the consideration which such holder would have been entitled to receive as a result of the plan of arrangement if, on the effective date of the plan of arrangement, the Debentureholder had been the registered holder of the number common shares of Royal Host to which such Debentureholder was entitled upon exercise of Debentures in accordance with the terms and conditions of such Debentures and the First Amended and Restated Indenture;

AND WHEREAS the Corporation, Royal Host and the Indenture Trustee wish to enter into this Indenture to provide for (i) the assignment to, and assumption by, the Corporation of the rights, covenants, obligations and liabilities of Royal Host under the First Amended and Restated Indenture, as amended, restated and supplemented, (ii) the release of Royal Host from all of its obligations and liabilities under the Original Indenture, the First Amended and Restated Indenture, and all amendments and restatements thereof and all supplements thereto, and (iii) consequential and other amendments provided for herein;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Indenture Trustee;

NOW THEREFORE it is hereby covenanted, agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Indenture and in the Debentures, unless there is something in the subject matter or context inconsistent therewith, the expressions following shall have the following meanings, namely:

- (a) **"this Indenture"**, **"this Trust Indenture"**, **"hereto"**, **"herein"**, **"hereby"**, **"hereunder"**, **"hereof"** and similar expressions refer to this Indenture and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;
- (b) **"1933 Act"** means the United States *Securities Act of 1933*, as amended;
- (c) **"Additional Debentures"** means Debentures of any one or more series issued under this Indenture, other than (i) the Series B Debentures issued under the Second Supplemental Indenture, as amended, the terms and conditions of which have been incorporated into Section 2.4 of this Indenture, (ii) the Series C Debentures issued under the Third Supplemental Indenture, as amended, the terms and conditions of which have been incorporated into Section 2.5 of this Indenture, and (iii) the Series D Debentures issued under the Fourth Supplemental Indenture,

as amended, the terms and conditions of which have been incorporated into Section 2.6 of this Indenture;

- (d) **"Applicable Securities Legislation"** means applicable securities laws in each of the Provinces of Canada;
- (e) **"Business Day"** means any day other than a Saturday, Sunday or any other day that banking institutions in Toronto, Ontario are not generally open for business;
- (f) **"Common Shares"** means common shares in the capital of the Corporation, as such common shares are constituted on the date of execution and delivery of this Indenture; provided that in the event of a change or a subdivision, revision, reduction, combination or consolidation thereof, any reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up, or successive such changes, subdivisions, redivisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, consolidations, amalgamations, arrangements, mergers, sales or conveyances or liquidations, dissolutions or windings-up, then, subject to adjustments, if any, having been made in accordance with the provisions of Section 6.5, "Common Shares" shall mean the shares or other securities or property resulting from such change, subdivision, redivision, reduction, combination or consolidation or reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up;
- (g) **"Common Share Interest Payment Notice"** has the meaning ascribed thereto in Section 10.1(c).
- (h) **"Common Share Interest Payment Right"** has the meaning ascribed thereto in Section 10.1(b);
- (i) **"Common Share Redemption Right"** has the meaning ascribed thereto in Section 4.6(a);
- (j) **"Common Share Repayment Right"** has the meaning ascribed thereto in Section 4.10(a);
- (k) **"Conversion Price"** means the dollar amount for which each Common Share (or, in the case of the Series B Debentures, the Series C Debentures and the Series D Debentures, for which each combination of 0.1 of a Common Share and \$1.00 in cash) may be issued from time to time upon the conversion of Debentures or any series of Debentures which are by their terms convertible in accordance with the provisions of Article 6;
- (l) **"Counsel"** means a barrister or solicitor or firm of barristers or solicitors retained or employed by the Indenture Trustee or retained or employed by the Corporation and acceptable to the Indenture Trustee, acting reasonably;

- (m) **"Current Market Price"** means the weighted average price per share for Common Shares for 20 consecutive trading days on the Toronto Stock Exchange ending on the fifth trading day preceding the date of determination (or, if the Common Shares are not listed thereon, on such stock exchange on which the Common Shares are listed as may be selected for such purpose by the directors and approved by the Indenture Trustee, or if the Common Shares are not listed on any stock exchange, then on the over-the-counter market, or if the Common Shares are not listed on any stock exchange or traded on any over-the-counter market, the fair market value of the Common Shares as at such date as determined by an independent, nationally-recognized investment dealer selected for such purpose by the directors). The weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said 20 consecutive trading days by the total number of Common Shares so sold;
- (n) **"Date of Conversion"** has the meaning ascribed thereto in Section 6.4(b);
- (o) **"Debentures"** means the debentures, notes or other evidence of indebtedness of the Corporation assumed by Royal Host pursuant to the Fifth Supplemental Indenture and subsequently assumed by the Corporation pursuant to this Indenture, issued and certified hereunder, or deemed to be issued and certified hereunder, including, without limitation, the Series B Debentures, the Series C Debentures and the Series D Debentures, and for the time being outstanding, whether in definitive or interim form, and without limiting the generality of the foregoing:
 - (i) **"coupon Debentures"** means Debentures which are issued with interest coupons attached thereto;
 - (ii) **"coupons"** means the interest coupons attached or appertaining to coupon Debentures;
 - (iii) **"fully registered Debentures"** means Debentures without coupons registered as to both principal and interest;
 - (iv) **"global Debenture"** means a Debenture that is issued to and registered in the name of the Depository, or its nominee, pursuant to Section 2.8 for purposes of being held by or on behalf of the Depository as custodian for participants in the Depository's book-entry only registration system;
 - (v) **"registered Debentures"** where not qualified by other words means fully registered Debentures, coupon Debentures registered as to principal only and non-interest bearing Debentures registered as to principal; and
 - (vi) **"unregistered Debentures"** means Debentures which are not registered Debentures;

- (p) **"Debentureholders"** or **"holders"** means the Persons for the time being entered in the register for Debentures as registered holders of Debentures payable to a named payee or any transferees of such Persons by endorsement or delivery and the Persons for the time being in possession of those Debentures which are in bearer form;
- (q) **"Debt Account"** means an account or accounts required to be established by the Corporation (and which shall be maintained by and subject to the control of the Indenture Trustee) for each series of Debentures pursuant to and in accordance with Section 2.16 of this Indenture;
- (r) **"Depository"** means, with respect to the Debentures of any series issuable or issued in the form of one or more global Debentures, the person designated as Depository by the Corporation pursuant to Section 2.8 until a successor Depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter **"Depository"** shall mean each person who is then a Depository hereunder, and if at any time there is more than one such person, "Depository" as used with respect to the Debentures of any series shall mean each Depository with respect to the one or more global Debentures of such series;
- (s) **"directors"** means the directors of the Corporation for the time being and reference to action by the directors means action by the directors of the Corporation as a board;
- (t) **"distributions paid in the ordinary course"** means a distribution paid in respect of a Common Shares, whether in (i) cash, (ii) Common Shares, (iii) rights, options, or warrants to purchase any Common Shares, property or other assets of the Corporation) or (iv) in property or other assets of the Corporation, in each case to the extent that the aggregate amount or value of such distributions per Common Share in respect of a financial year does not exceed the greater of:
 - (A) 150% of the aggregate amount or value of distributions per Common Share paid by the Corporation in respect of the two immediately preceding financial years; or
 - (B) 150% of the Corporation's cash flow from operating activities before changes in non-cash working capital for the immediately preceding four financial quarters, determined in accordance with Canadian Generally Accepted Accounting Principles;

and for the purpose of the foregoing, (i) where any distribution is paid, otherwise than in cash, any securities, property or other assets so distributed by way of distribution shall be valued at the fair market value of such securities, property or other assets, as the case may be, as determined by the directors of the Corporation which determination shall be conclusive, and (ii) determinations of the per Common Share amounts

shall be adjusted for any Common Share subdivisions or consolidations during the relevant period.

- (u) **"especially affected series"** has the meaning ascribed thereto in Section 13.2(b);
- (v) **"Event of Default"** has the meaning ascribed thereto in Section 8.1;
- (w) **"Extraordinary Resolution"** has the meaning ascribed thereto in Section 13.12;
- (x) **"Freely Tradeable"** means, in respect of shares of any class of any corporation or securities of any class of any corporation, as the case may be, which (i) are issuable without the necessity of filing a prospectus or any other similar offering document (other than such prospectus or similar offering document that has already been filed) under Applicable Securities Legislation and such issue does not constitute a distribution (other than a distribution already qualified by prospectus or similar offering document) under Applicable Securities Legislation; and (ii) can be traded by the holder thereof without any restriction under Applicable Securities Legislation, such as hold periods, except in the case of a distribution by a control person (as defined in the Applicable Securities Legislation);
- (y) **"Generally Accepted Accounting Principles"** means generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants;
- (z) **"Indenture Trustee"** means Computershare Trust Company of Canada or its successor or successors for the time being as trustee hereunder;
- (aa) **"Interest Obligation"** means the obligation of the Corporation to pay interest on the Debentures, as and when the same becomes due;
- (bb) **"Interest Payment Date"** means a date specified in a Debenture as the date on which an installment of interest on such Debenture shall become due and payable;
- (cc) **"Legended Debentures"** means Debentures bearing the legend provided for in Section 2.17;
- (dd) **"Maturity Date"** has the meaning ascribed thereto in Section 4.10(a);
- (ee) **"Maturity Notice"** means a maturity notice (i) in the form attached as Schedule "B.2" with respect to the Series B Debentures, (ii) in the form attached as Schedule "C.2" with respect to the Series C Debentures and (iii) in the form attached as Schedule "D.2" with respect to the Series D Debentures;
- (ff) **"Officers' Certificate"** means a certificate of the Corporation signed by any two authorized officers or directors of the Corporation in their capacities as officers or directors of the Corporation, as the case may be, and not in their personal capacities;

- (gg) **"Periodic Offering"** means an offering of Debentures of a series from time to time, the specific terms of which Debentures, including, without limitation, the rate or rates of interest, if any, thereon, the stated maturity or maturities thereof, the conversion rates, the currency thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Corporation upon the issuance of such Debentures from time to time;
- (hh) **"Person"** includes an individual, corporation, company, partnership, joint venture, association, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof;
- (ii) **"Redemption Date"** has the meaning ascribed thereto in Section 4.4;
- (jj) **"Redemption Notice"** has the meaning ascribed thereto in Section 4.3;
- (kk) **"Redemption Price"** means, in respect of a Debenture, the dollar amount, excluding interest, payable upon the redemption of such Debenture (or a Debenture of any series of Debentures which are by their terms redeemable) in accordance with the provisions of Article 4, which amount may be payable by the issuance of Freely Tradeable Common Shares as provided for in Section 4.6;
- (ll) **"Regulation S"** means Regulation S adopted by the United States Securities and Exchange Commission under the 1933 Act;
- (mm) **"Senior Indebtedness"** means all indebtedness, liabilities and obligations of the Corporation which, by the terms of the instrument creating or evidencing the same, is not expressed to rank in right of payment in subordination to, or *pari passu* with, the indebtedness evidenced by the Debentures;
- (nn) **"Serial Meeting"** has the meaning ascribed thereto in Section 13.2(b);
- (oo) **"Series B Debentures"** means the Debentures designated as designated as "Series B Convertible Unsecured Subordinated Debentures" and described in Section 2.4;
- (pp) **"Series C Debentures"** means the Debentures designated as "Series C Convertible Unsecured Subordinated Debentures" and described in Section 2.5;
- (qq) **"Series D Debentures"** means the Debentures designated as "Series D Convertible Unsecured Subordinated Debentures" and described in Section 2.6;
- (rr) **"Subsidiary"** has the meaning ascribed thereto in the *Securities Act* (Nova Scotia);
- (ss) **"Successor"** has the meaning ascribed thereto in Section 11.1(a);

- (tt) **"Time of Expiry"** means the time of expiry of certain rights with respect to the conversion of Debentures under Article 6 which is to be set forth for each series of Debentures which by their terms are to be convertible;
- (uu) **"trading day"** means, with respect to the Toronto Stock Exchange or other market for securities, any day on which such exchange or market is open for trading or quotation;
- (vv) **"United States"** means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
- (ww) **"U.S. Legend"** has the meaning ascribed thereto in Section 2.17(a); and
- (xx) **"Written Direction of the Corporation"** means an instrument in writing signed by any two officers or directors of the Corporation.

1.2 Meaning of "Outstanding"

Every Debenture certified and delivered by the Indenture Trustee hereunder shall be deemed to be outstanding until it shall be cancelled, converted or redeemed or delivered to the Indenture Trustee for cancellation, conversion or redemption or moneys and/or Common Shares or other securities or property, as the case may be, for the payment thereof shall have been set aside under Section 9.2, provided that:

- (a) Debentures which have been partially redeemed, purchased or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof;
- (b) when a new Debenture has been issued in substitution for a Debenture which has been lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of Debentures outstanding; and
- (c) for the purposes of any provision of this Indenture entitling holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, or to constitute a quorum of any meeting of Debentureholders, Debentures owned directly by the Corporation (but excluding, for greater certainty, Debentures owned by any Subsidiary of the Corporation) shall be disregarded except that:
 - (i) for the purpose of determining whether the Indenture Trustee shall be protected in relying on any such vote, consent, acquisition or other instrument or action, or on the holders of Debentures present or represented at any meeting of Debentureholders, only the Debentures which the Indenture Trustee knows are so owned shall be so disregarded; and

- (ii) Debentures so owned which have been pledged in good faith shall not be so disregarded if the pledgee shall establish to the satisfaction of the Indenture Trustee the pledgee's right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in his discretion free from the control of the Corporation.

1.3 Interpretation

In this Indenture:

- (a) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, respectively, and vice versa;
- (b) all references to Articles and Schedules refer, unless otherwise specified, to articles of and schedules of this Indenture;
- (c) all references to Sections refer, unless otherwise specified, to sections, subsections or clauses of this Indenture and reference to subsections or clauses refer to paragraphs in the same section as the reference or clauses in the same subsection as the reference; and
- (d) words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by and do not imply limitation of their context or the words or phrases which precede or succeed them.

1.4 Headings Etc.

The division of this Indenture into Articles and Sections, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or of the Debentures.

1.5 Day not a Business Day

In the event that any day on or before which any action required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the next succeeding day that is a Business Day. For greater certainty, whenever any payment of principal, premium, if any, or interest to be made hereunder shall be stated to be due on a day which is not a Business Day, then the Debentureholder shall not be entitled to payment of the amount due until the next succeeding Business Day and will not be entitled to interest or other payment in respect of such delay.

1.6 Applicable Law

This Indenture (as supplemented and amended from time to time) and the Debentures shall be construed in accordance with the laws of the Province of Nova Scotia and the laws of Canada applicable therein and shall be treated in all respects as a Nova Scotia contract. The parties hereto attorn to the jurisdiction of the courts of the Province of Nova Scotia.

1.7 Monetary References

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of Canada unless otherwise expressed.

1.8 Invalidity, Etc.

Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof.

1.9 Language

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Indenture and all documents relating thereto, including, without limiting the generality of the foregoing, the forms of Debenture attached hereto as Schedules "B.1", "C.1" and "D.1" be drawn up in the English language only. Chacune des parties aux présentes reconnaît par les présentes avoir demandé que le présent acte et les documents connexes, y compris la débenture présentée aux annexes "B.1", "C.1" et "D.1" ci-jointe, soient rédigés en anglais seulement, et avoir consenti.

1.10 Successors and Assigns

All covenants and agreements in this Indenture by the Corporation shall bind its successors and assigns, whether expressed or not.

1.11 Benefits of Indenture

Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any paying agent, the holders of Debentures, the directors (to the extent provided in Sections 1.13 and 8.10), the holders of Common Shares and (to the extent provided in Article 5) the holders of Senior Indebtedness, any benefit or any legal or equitable right, remedy or claim under this Indenture.

1.12 References to Acts of the Corporation

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Corporation is party, to an act to be performed by, an obligation or liability of, an asset or right of, or a covenant by, the Corporation, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an obligation or liability of, or a covenant by, the directors.

1.13 No Personal Liability

The obligations of the Corporation under this Indenture are not personally binding upon any director, any registered or beneficial holder of Common Shares, or any annuitant under a plan of which a shareholder of the Corporation acts as trustee or carrier, resort shall not be had to, nor shall recourse or satisfaction be sought from, any of such persons or the private property

of any such persons, and any recourse against any of such persons in any manner in respect of any indebtedness, obligation or liability of the Corporation arising hereunder or in connection herewith or from the matters to which this Indenture relates, if any, including, without limitation, claims based on negligence or otherwise tortious behaviour, shall be limited to, and satisfied only out of, the assets of the Corporation.

1.14 Assignment and Assumption

- (a) Royal Host hereby assigns to the Corporation, and the Corporation assumes, all of the covenants and obligations under the First Amended and Restated Indenture, as amended, restated and supplemented, including without limitation:
 - (i) the right to convert the Series B Debentures into \$285.71 in cash and 28.57 Common Shares for each \$1000 principal amount of Series B Debentures outstanding;
 - (ii) the right to convert the Series C Debentures into \$285.71 in cash and 28.57 Common Shares for each \$1000 principal amount of Series C Debentures outstanding; and
 - (iii) the right to convert the Series D Debentures into \$285.71 in cash and 28.57 Common Shares for each \$1000 principal amount of Series D Debentures outstanding.

Fractional interests in Common Shares shall be adjusted in the manner provided for in Section 6.6.

- (b) The Corporation accepts the assignment of the First Amended and Restated Indenture, as amended, restated and supplemented, from Royal Host, including without limitation, the Series B Debentures, Series C Debentures and Series D Debentures and by execution of this Indenture assumes and agrees to be bound by, observe, carry out, perform and fulfill all of the covenants, conditions, obligations and liabilities of Royal Host pursuant to the First Amended and Restated Indenture, as amended, restated and supplemented.
- (c) The Corporation agrees that the Series B Debentures, Series C Debentures and Series D Debentures are valid and binding obligations of the Corporation, entitling the holders thereof, as against the Corporation to all the rights of Debentureholders pursuant to this Indenture.
- (d) Royal Host is hereby released of all of its obligations, liabilities and covenants pursuant to the Original Indenture and the First Amended and Restated Indenture, and all amendments and restatements thereof and all supplements thereto.
- (e) The Indenture Trustee hereby acknowledges, confirms and agrees that by execution of this Indenture, the Corporation succeeds to, and is substituted for, and may exercise every right and power of, Royal Host under the First Amended

and Restated Indenture, as amended, restated and supplemented, and the Debentures.

ARTICLE 2 THE DEBENTURES

2.1 Limit of Debentures

The aggregate principal amount of Debentures authorized to be issued under this Indenture is unlimited, but Debentures may be issued only upon and subject to the conditions and limitations herein set forth.

2.2 Terms of Debentures of any Series

The Debentures may be issued in one or more series. There shall be established herein or in or pursuant to one or more indentures supplemental hereto, prior to the initial issuance of Debentures of any particular series:

- (a) the designation of the Debentures of the series (which need not include the term "Debentures"), which shall distinguish the Debentures of the series from the Debentures of all other series;
- (b) any limit upon the aggregate principal amount of the Debentures of the series that may be certified and delivered under this Indenture (except for Debentures certified and delivered upon registration of, transfer of, amendment of, or in exchange for, or in lieu of, other Debentures of the series pursuant to Sections 2.11, 3.2 and 3.3);
- (c) the date or dates on which the principal of the Debentures of the series is payable;
- (d) the rate or rates at which the Debentures of the series shall bear interest, if any, the date or dates from which such interest shall accrue, on which such interest shall be payable and on which a record, if any, shall be taken for the determination of holders to whom such interest shall be payable and/or the method or methods by which such rate or rates or date or dates shall be determined;
- (e) the place or places where the principal of and any interest on Debentures of the series shall be payable or where any Debentures of the series may be surrendered for registration of transfer or exchange;
- (f) the right, if any, of the Corporation to redeem Debentures of the series, in whole or in part, at its option and the period or periods within which, the price or prices at which and any terms and conditions upon which, Debentures of the series may be so redeemed, pursuant to any sinking fund or otherwise;
- (g) the obligation, if any, of the Corporation to redeem, purchase or repay Debentures of the series pursuant to any mandatory redemption, sinking fund or analogous

provisions or at the option of a holder thereof and the price or prices at which, the period or periods within which, the date or dates on which, and any terms and conditions upon which, Debentures of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligations;

- (h) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which Debentures of the series shall be issuable;
- (i) any trustees, Depositories, authenticating or paying agents, transfer agents or registrars or any other agents with respect to the Debentures of the series;
- (j) any other events of default or covenants with respect to the Debentures of the series;
- (k) whether and under what circumstances the Debentures of the series will be convertible into or exchangeable for securities of any Person;
- (l) the form and terms of the Debentures of the series, including, without limitation, if the Debentures of the series shall be in registered and/or bearer form;
- (m) if applicable, that the Debentures of the series shall be issuable in whole or in part as one or more global Debentures and, in such case, the Depository or Depositories for such global Debentures in whose name the global Debentures will be registered, and any circumstances other than or in addition to those set forth in Section 2.11 or 3.2 or those applicable with respect to any specific series of Debentures, as the case may be, in which any such global Debenture may be exchanged for coupon Debentures or fully registered Debentures, or transferred to and registered in the name of a person other than the Depository for such global Debentures or a nominee thereof;
- (n) if other than Canadian currency, the currency in which the Debentures of the series are issuable; and
- (o) any other terms of the Debentures of the series (which terms shall not be inconsistent with the provisions of this Indenture).

All Debentures of any one series shall be substantially identical, except as may otherwise be established herein or by or pursuant to a resolution of the directors (including in an Officers' Certificate) and in an indenture supplemental hereto. All Debentures of any one series need not be issued at the same time and may be issued from time to time, consistent with the terms of this Indenture, if so provided herein, by or pursuant to such resolution of the directors (including in an Officers' Certificate) or in an indenture supplemental hereto.

2.3 Form of Debentures

Except in respect of the Series B Debentures, the Series C Debentures and the Series D Debentures, the form of which is provided for herein, the Debentures of each series shall be substantially in such form or forms (not inconsistent with this Indenture) as shall be established

herein or by or pursuant to one or more resolutions of the directors (as set forth in a resolution of the directors or to the extent established pursuant to rather than set forth in a resolution of the directors, in an Officers' Certificate detailing such establishment) or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform to general usage, all as may be determined by the directors executing such Debentures, as conclusively evidenced by their execution of such Debentures.

2.4 Form and Terms of Series B Debentures

- (a) The Series B Debentures shall have the terms set forth in Section 2.4(b) to Section 2.4(m) unless the Corporation provides written notice to the Indenture Trustee and issues a press release not later than October 16, 2014 that the provisions of this Section 2.4(a) shall apply. If the Corporation provides such notice to the Indenture Trustee, on October 31, 2014, the maturity date of the Series B Debentures shall be amended to February 28, 2020, and all references to "October 31, 2020" in this Section 2.4 (and in the appendices related hereto) shall be deemed to be references to "February 28, 2020".
- (b) The Series B Debentures authorized for issue by the Trust pursuant to the Second Supplemental Indenture, as amended by the Eighth Supplemental Indenture, and assumed by Royal Host pursuant to the Fifth Supplemental Indenture and subsequently assumed by the Corporation pursuant to this Indenture, were limited to an aggregate principal amount of \$60,000,000 and have been designated as "Series B Convertible Unsecured Subordinated Debentures".
- (c) The Series B Debentures issued as of October 20, 2005, shall mature on October 31, 2020, and shall bear interest (subject to the provisions of Section 2.18) from October 20, 2005 to April 29, 2014 at the rate of 6% per annum and from April 30, 2014 to October 31, 2020 at a rate of 6.25% per annum, payable in semi-annual payments in arrears on April 30 and October 31 in each year, the last such payment to fall due on October 31, 2020, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded, semi-annually.
- (d) The Series B Debentures will be redeemable in accordance with the terms of Article 4, provided that the Series B Debentures will not be redeemable prior to October 31, 2009. On and after October 31, 2009, but prior to October 31, 2011, the Series B Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation's sole option on not more than 60 days' and not less than 30 days' prior notice, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price (as defined

in the Debenture attached as Schedule "B.1"). On and after October 31, 2011, but prior to the Maturity Date, the Series B Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation's sole option on not more than 60 days' and not less than 15 days' prior notice. In the case of redemption of less than all of the Debentures, the Series B Debentures to be redeemed will be selected by the Indenture Trustee on a pro rata basis or in such other manner as the Indenture Trustee deems equitable, subject to the consent of the Toronto Stock Exchange.

- (e) The Series B Debentures will be subordinated to the Senior Indebtedness of the Corporation in accordance with the provisions of Article 5.
- (f) Upon and subject to the provisions and conditions of Article 6, the holder of each Series B Debenture shall have the right, at such holder's option, at any time prior to 5:00 p.m. (Toronto time) on the Business Day immediately preceding October 31, 2020 (the "**Time of Expiry**" for the purposes of Article 6 in respect of the Series B Debentures), to convert the whole or, in the case of a Series B Debenture of a denomination in excess of \$1,000, any part which is \$1,000 or an integral multiple thereof, of the principal amount of such Series B Debenture into 0.1 of a Common Share and \$1.00 in cash at the Conversion Price in effect on the Date of Conversion.

The Conversion Price in effect on the date of this Indenture for each 0.1 of a Common Share and \$1.00 in cash to be issued upon the conversion of Series B Debentures shall be equal to \$3.50 such that approximately 28.57 Common Shares shall be issued and \$285.71 in cash shall be delivered for each \$1,000 principal amount of Series B Debentures so converted. No adjustment will be made for dividends or distributions on Common Shares issuable upon conversion or for interest accrued on Series B Debentures surrendered for conversion; however, the holder of a Series B Debenture so surrendered for conversion in accordance with Section 6.4 shall be entitled to receive accrued and unpaid interest in respect thereof from the latest Interest Payment Date until the Date of Conversion. The Conversion Price applicable to and the Common Shares, securities or other property receivable on the conversion of the Series B Debentures are subject to adjustment pursuant to the provisions of Section 6.5.

- (g) On maturity of the Series B Debentures, the Corporation may, at its option and subject to the provisions of Section 4.10, and subject to regulatory approval, elect to satisfy its obligation to pay the principal amount of the Series B Debentures by issuing and delivering to the holders of Series B Debentures Freely Tradeable Common Shares. If the Corporation elects to exercise such option, it shall deliver a Maturity Notice in the form of Schedule "B.2" to this Indenture to the holders of the Series B Debentures.
- (h) The Series B Debentures shall be issued only in denominations of \$1,000 and integral multiples of \$1,000 and the Indenture Trustee is hereby appointed as registrar and transfer agent for the Series B Debentures. The Series B Debentures

and the certificate of the Indenture Trustee endorsed thereon shall be in substantially the form set forth in Schedule "B.1" to this Indenture. The Series B Debentures shall bear such distinguishing letters and numbers as the Indenture Trustee may approve.

- (i) The Series B Debentures shall be issued as one or more fully registered global Debentures and the Depository for the Series B Debentures shall be The Canadian Depository for Securities Limited. The global Debentures shall be registered in the name of The Canadian Depository for Securities Limited (or any nominee of the Depository). No beneficial holder will receive definitive certificates representing their interest in Series B Debentures except as provided in Sections 2.11 and 3.2. A global Debenture may be exchanged for Series B Debentures in registered form that are not global Debentures, or transferred to and registered in the name of a person other than the Depository for such global Debentures or a nominee thereof, as provided in Sections 2.11 and 3.2.
- (j) Interest on the Series B Debentures will be payable in accordance with Section 2.18.
- (k) Upon and subject to the provisions and conditions of Article 10, the Corporation may elect, from time to time, subject to regulatory approval, to satisfy its Interest Obligation on the Series B Debentures on any Interest Payment Date by delivering Common Shares to the Indenture Trustee for delivery to the holders of the Series B Debentures in accordance with Article 10.
- (l) The Corporation shall file with the Indenture Trustee and provide holders of Series B Debentures who request such materials in writing, within 15 days after the filing thereof with the Nova Scotia Securities Commission, copies of the Corporation's annual report and the information, documents and other reports that the Corporation is required to file with the Nova Scotia Securities Commission and deliver to holders of Common Shares. Notwithstanding that the Corporation may not be required to remain subject to the reporting requirements of the Nova Scotia Securities Commission, the Corporation shall provide to the Indenture Trustee and holders of Series B Debentures who request such materials in writing (i) within 140 days after the end of each fiscal year, an annual financial statement of the Corporation, and (ii) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, interim financial statements of the Corporation (or within such other time period or periods as is prescribed by applicable law) which shall, at a minimum, contain such information as is required to be provided in quarterly reports under the laws of Canada or any province thereof to security holders of a company with securities listed on the Toronto Stock Exchange, whether or not the Corporation has any of its securities so listed. Each of such reports will be prepared in accordance with Canadian disclosure requirements and Generally Accepted Accounting Principles.

- (m) The Indenture Trustee shall be provided with the documents and instruments referred to in Sections 2.7(b), (c) and (d) with respect to the Series B Debentures prior to the issuance of the Series B Debentures.

2.5 Form and Terms of the Series C Debentures

- (a) The Series C Debentures authorized for issue by the Trust pursuant to the Third Supplemental Indenture, as amended by the Sixth Supplemental Indenture, and assumed by Royal Host pursuant to the Fifth Supplemental Indenture and subsequently assumed by the Corporation pursuant to this Indenture, were limited to an aggregate principal amount of \$69,000,000 and have been designated as "Series C Convertible Unsecured Subordinated Debentures".
- (b) The Series C Debentures issued as of September 12, 2006, shall mature on September 30, 2018 and shall bear interest (subject to the provisions of Section 2.14) from September 12, 2006 to March 30, 2013 at the rate of 6.25% per annum and from March 31, 2013 to September 30, 2018 at a rate of 7.50% per annum, payable in semi-annual payments in arrears on March 31 and September 30 in each year, the last such payment to fall due on September 30, 2018, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded, semi-annually.
- (c) The Series C Debentures will be redeemable in accordance with the terms of Article 4, provided that the Series C Debentures will not be redeemable on or prior to September 30, 2009. After September 30, 2009, but on or prior to September 30, 2011, the Series C Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation's sole option on not more than 60 days' and not less than 30 days' prior notice, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price (as defined in the Debenture attached as Schedule "C.1"). After September 30, 2011, but prior to the Maturity Date, the Series C Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation's sole option on not more than 60 days' and not less than 15 days' prior notice. In the case of redemption of less than all of the Debentures, the Series C Debentures to be redeemed will be selected by the Indenture Trustee on a pro rata basis or in such other manner as the Indenture Trustee deems equitable, subject to the consent of the Toronto Stock Exchange.
- (d) The Series C Debentures will be subordinated to the Senior Indebtedness of the Corporation in accordance with the provisions of Article 5, provided that the Series C Debentures will rank *pari passu* with the Series B Debentures.
- (e) Upon and subject to the provisions and conditions of Article 6, the holder of each Series C Debenture shall have the right, at such holder's option, at any time prior to 5:00 p.m. (Toronto time) on the Business Day immediately preceding September 30, 2018 (the "**Time of Expiry**" for the purposes of Article 6 in

respect of the Series C Debentures), to convert the whole or, in the case of a Series C Debenture of a denomination in excess of \$1,000, any part which is \$1,000 or an integral multiple thereof, of the principal amount of such Series C Debenture into 0.1 of a Common Share and \$1.00 in cash at the Conversion Price in effect on the Date of Conversion.

The Conversion Price in effect on the date of this Indenture for each 0.1 of a Common Share and \$1.00 in cash to be issued upon the conversion of Series C Debentures shall be equal to \$3.50 such that approximately 28.57 Common Shares shall be issued and \$285.71 in cash shall be delivered for each \$1,000 principal amount of Series C Debentures so converted. No adjustment will be made for dividends or distributions on Common Shares issuable upon conversion or for interest accrued on Series C Debentures surrendered for conversion; however, the holder of a Series C Debenture so surrendered for conversion in accordance with Section 6.4 shall be entitled to receive accrued and unpaid interest in respect thereof from the latest Interest Payment Date until the Date of Conversion. The Conversion Price applicable to and the Common Shares, securities or other property receivable on the conversion of the Series C Debentures are subject to adjustment pursuant to the provisions of Section 6.5.

- (f) On maturity of the Series C Debentures, the Corporation may, at its option and subject to the provisions of Section 4.10, and subject to regulatory approval, elect to satisfy its obligation to pay the principal amount of the Series C Debentures by issuing and delivering to the holders of Series C Debentures Freely Tradeable Common Shares. If the Corporation elects to exercise such option, it shall deliver a Maturity Notice in the form of Schedule "C.2" to this Supplemental Indenture to the holders of the Series C Debentures.
- (g) The Series C Debentures shall be issued only in denominations of \$1,000 and integral multiples of \$1,000 and the Indenture Trustee is hereby appointed as registrar and transfer agent for the Series C Debentures. The Series C Debentures and the certificate of the Indenture Trustee endorsed thereon shall be in substantially the form set forth in Schedule "C.1" to this Indenture. The Series C Debentures shall bear such distinguishing letters and numbers as the Indenture Trustee may approve.
- (h) The Series C Debentures shall be issued as one or more fully registered global Debentures and the Depository for the Series C Debentures shall be The Canadian Depositary for Securities Limited. The global Debentures shall be registered in the name of The Canadian Depositary for Securities Limited (or any nominee of the Depository). No beneficial holder will receive definitive certificates representing their interest in Series C Debentures except as provided in Sections 2.11 and 3.2. A global Debenture may be exchanged for Series C Debentures in registered form that are not global Debentures, or transferred to and registered in the name of a person other than the Depository for such global Debentures or a nominee thereof, as provided in Sections 2.11 and 3.2.

- (i) Interest on the Series C Debentures will be payable in accordance with Section 2.18.
- (j) Upon and subject to the provisions and conditions of Article 10, the Corporation may elect, from time to time, subject to regulatory approval, to satisfy its Interest Obligation on the Series C Debentures on any Interest Payment Date by delivering Common Shares to the Indenture Trustee for delivery to holders of the Series C Debentures in accordance with Article 10.
- (k) The Corporation shall file with the Indenture Trustee and provide holders of Series C Debentures who request such materials in writing, within 15 days after the filing thereof with the Nova Scotia Securities Commission, copies of the Corporation's annual report and the information, documents and other reports that the Corporation is required to file with the Nova Scotia Securities Commission and deliver to holders of Common Shares. Notwithstanding that the Corporation may not be required to remain subject to the reporting requirements of the Nova Scotia Securities Commission, the Corporation shall provide to the Indenture Trustee and holders of Series C Debentures who request such materials in writing (i) within 140 days after the end of each fiscal year, an annual financial statement of the Corporation, and (ii) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, interim financial statements of the Corporation (or within such other time period or periods as is prescribed by applicable law) which shall, at a minimum, contain such information as is required to be provided in quarterly reports under the laws of Canada or any province thereof to security holders of a company with securities listed on the Toronto Stock Exchange, whether or not the Corporation has any of its securities so listed. Each of such reports will be prepared in accordance with Canadian disclosure requirements and Generally Accepted Accounting Principles.
- (l) The Indenture Trustee shall be provided with the documents and instruments referred to in Sections 2.7(b), (c) and (d) with respect to the Series C Debentures prior to the issuance of the Series C Debentures.

2.6 Form and Terms of Series D Debentures

- (a) The Series D Debentures shall have the terms set forth in Section 2.6(b) to Section 2.6(m) unless the Corporation provides written notice to the Indenture Trustee and issues a press release not later than October 16, 2014 that the provisions of this Section 2.6(a) shall apply. If the Corporation provides such notice to the Indenture Trustee, on October 31, 2014, (i) the Corporation shall pay all accrued and unpaid interest on such Series D Debentures up to and including October 31, 2014, (ii) the Series D Debentures shall be redesignated as "Series B 6.25% Convertible Unsecured Subordinated Debentures" and on and after such date shall have the same terms as, and form part of, the Series B Debentures as set forth in Section 2.4 above, and (iii) the provisions of Section 2.6(b) to Section 2.6(m) shall cease to apply and have no further force or effect.

- (b) The Series D Debentures authorized for issue by the Trust pursuant to the Fourth Supplemental Indenture, as amended by the Seventh Supplemental Indenture, and assumed by Royal Host pursuant to the Fifth Supplemental Indenture and subsequently assumed by the Corporation pursuant to this Indenture, were limited to an aggregate principal amount of \$60,000,000 and have been designated as "Series D Convertible Unsecured Subordinated Debentures".
- (c) The Series D Debentures issued as of June 26, 2007, shall mature on June 30, 2019 and shall bear interest (subject to the provisions of Section 2.14) from June 26, 2007 to December 2013 at a rate of 5.90% per annum and from December 31, 2013 to June 30, 2019 at a rate of 6.25% per annum, payable in semi-annual payments in arrears on June 30 and December 31 in each year, the last such payment to fall due on June 30, 2019, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded, semi-annually.
- (d) The Series D Debentures will be redeemable in accordance with the terms of Article 4, provided that the Series D Debentures will not be redeemable on or prior to June 30, 2010. After June 30, 2010, but on or prior to June 30, 2011, the Series D Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation's sole option on not more than 60 days' and not less than 30 days' prior notice, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price. After June 30, 2011, but prior to the Maturity Date, the Series D Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation's sole option on not more than 60 days' and not less than 15 days' prior notice. In the case of redemption of less than all of the Debentures, the Series D Debentures to be redeemed will be selected by the Indenture Trustee on a pro rata basis or in such other manner as the Indenture Trustee deems equitable, subject to the consent of the Toronto Stock Exchange.
- (e) The Series D Debentures will be subordinated to the Senior Indebtedness of the Corporation in accordance with the provisions of Article 5, provided that the Series D Debentures will rank *pari passu* with the Series B Debentures and the Series C Debentures.
- (f) Upon and subject to the provisions and conditions of Article 6, the holder of each Series D Debenture shall have the right, at such holder's option, at any time prior to 5:00 p.m. (Toronto time) on the Business Day immediately preceding June 30, 2019 (the "**Time of Expiry**" for the purposes of Article 6 in respect of the Series D Debentures), to convert the whole or, in the case of a Series D Debenture of a denomination in excess of \$1,000, any part which is \$1,000 or an integral multiple thereof, of the principal amount of such Series D Debenture into Common Shares at the Conversion Price in effect on the Date of Conversion.

The Conversion Price in effect on the date of the Seventh Supplemental Indenture for each Common Share to be issued upon the conversion of Series D Debentures shall be equal to \$3.50 such that approximately 285.714 Common Shares shall be issued for each \$1,000 principal amount of Series D Debentures so converted. No adjustment will be made for dividends or distributions on Common Shares issuable upon conversion or for interest accrued on Series D Debentures surrendered for conversion; however, the holder of a Series D Debenture so surrendered for conversion in accordance with Section 6.4 shall be entitled to receive accrued and unpaid interest in respect thereof from the latest Interest Payment Date until the Date of Conversion. The Conversion Price applicable to and the Common Shares, securities or other property receivable on the conversion of the Series D Debentures are subject to adjustment pursuant to the provisions of Section 6.5.

- (g) On maturity of the Series D Debentures, the Corporation may, at its option and subject to the provisions of Section 4.10, and subject to regulatory approval, elect to satisfy its obligation to pay the principal amount of the Series D Debentures by issuing and delivering to the holders of Series D Debentures Freely Tradeable Common Shares. If the Corporation elects to exercise such option, it shall deliver a Maturity Notice in the form of Schedule "D.2" to this Indenture to the holders of the Series D Debentures.
- (h) The Series D Debentures shall be issued only in denominations of \$1,000 and integral multiples of \$1,000 and the Indenture Trustee is hereby appointed as registrar and transfer agent for the Series D Debentures. The Series D Debentures and the certificate of the Indenture Trustee endorsed thereon shall be in substantially the form set forth in Schedule "D.1" to this Indenture. The Series D Debentures shall bear such distinguishing letters and numbers as the Indenture Trustee may approve.
- (i) The Series D Debentures shall be issued as one or more fully registered global Debentures and the Depository for the Series D Debentures shall be The Canadian Depository for Securities Limited. The global Debentures shall be registered in the name of The Canadian Depository for Securities Limited (or any nominee of the Depository). No beneficial holder will receive definitive certificates representing their interest in Series D Debentures except as provided in Sections 2.11 and 3.2. A global Debenture may be exchanged for Series D Debentures in registered form that are not global Debentures, or transferred to and registered in the name of a person other than the Depository for such global Debentures or a nominee thereof, as provided in Sections 2.11 and 3.2.
- (j) Interest on the Series D Debentures will be payable in accordance with Section 2.18.
- (k) Upon and subject to the provisions and conditions of Article 10, the Corporation may elect, from time to time, subject to regulatory approval, to satisfy its Interest Obligation on the Series D Debentures on any Interest Payment Date by

delivering Common Shares to the Indenture Trustee for delivery to the holders of the Series B Debentures in accordance with Article 10.

- (l) The Corporation shall file with the Indenture Trustee and provide holders of Series D Debentures who request such materials in writing, within 15 days after the filing thereof with the Nova Scotia Securities Commission, copies of the Corporation's annual report and the information, documents and other reports that the Corporation is required to file with the Nova Scotia Securities Commission and deliver to holders of Common Shares. Notwithstanding that the Corporation may not be required to remain subject to the reporting requirements of the Nova Scotia Securities Commission, the Corporation shall provide to the Indenture Trustee and holders of Series D Debentures who request such materials in writing (i) within 140 days after the end of each fiscal year, an annual financial statement of the Corporation, and (ii) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, interim financial statements of the Corporation (or within such other time period or periods as is prescribed by applicable law) which shall, at a minimum, contain such information as is required to be provided in quarterly reports under the laws of Canada or any province thereof to security holders of a company with securities listed on the Toronto Stock Exchange, whether or not the Corporation has any of its securities so listed. Each of such reports will be prepared in accordance with Canadian disclosure requirements and Generally Accepted Accounting Principles.
- (m) The Indenture Trustee shall be provided with the documents and instruments referred to in Sections 2.7(b), (c) and (d) with respect to the Series D Debentures prior to the issuance of the Series D Debentures.

2.7 Certification and Delivery of Additional Debentures

The Corporation may from time to time request the Indenture Trustee to certify and deliver Additional Debentures of any series by delivering to the Indenture Trustee the documents referred to below in this Section 2.7 whereupon the Indenture Trustee shall certify such Additional Debentures and cause the same to be delivered in accordance with the Written Direction of the Corporation referred to below or pursuant to such procedures acceptable to the Indenture Trustee as may be specified from time to time by a Written Direction of the Corporation. The maturity date, issue date, interest rate (if any) and any other terms of the Additional Debentures of such series shall be set forth in or determined by or pursuant to such Written Direction of the Corporation and procedures. In certifying such Additional Debentures, the Indenture Trustee shall be entitled to receive and shall be fully protected in relying upon, unless and until such documents have been superseded or revoked:

- (a) an Officers' Certificate, executed supplemental indenture and/or a resolution of the directors by or pursuant to which the form and terms of such Additional Debentures were established;

- (b) a Written Direction of the Corporation requesting certification and delivery of such Additional Debentures and setting forth delivery instructions, provided that, with respect to Additional Debentures of a series subject to a Periodic Offering:
 - (i) such Written Direction of the Corporation may be delivered by the Corporation to the Indenture Trustee prior to the delivery to the Indenture Trustee of such Additional Debentures of such series for certification and delivery,
 - (ii) the Indenture Trustee shall certify and deliver Additional Debentures of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount, if any, established for such series, pursuant to a Written Direction of the Corporation or pursuant to procedures acceptable to the Indenture Trustee as may be specified from time to time by a Written Direction of the Corporation,
 - (iii) the maturity date or dates, issue date or dates, interest rate or rates (if any) and any other terms of Additional Debentures of such series shall be determined by an executed supplemental indenture or by Written Direction of the Corporation or pursuant to such procedures, and
 - (iv) if provided for in such procedures, such Written Direction of the Corporation may authorize certification and delivery pursuant to oral or electronic instructions from the Corporation which oral or electronic instructions shall be promptly confirmed in writing;
- (c) an opinion of Counsel that all requirements imposed by this Indenture or by law in connection with the proposed issue of Additional Debentures have been complied with, subject to the delivery of certain documents or instruments specified in such opinion; and
- (d) an Officers' Certificate certifying that the Corporation is not in default under this Indenture, that the terms and conditions for the certification and delivery of Additional Debentures (including those set forth in Section 15.5), have been complied with subject to the delivery of any documents or instruments specified in such Officers' Certificate and that no Event of Default exists or will exist upon such certification and delivery.

2.8 Issue of Global Debenture

- (a) The Corporation may specify that the Debentures of a series are to be issued in whole or in part as one or more global Debentures registered in the name of a Depository, or its nominee, designated by the Corporation in the Written Direction of the Corporation delivered to the Indenture Trustee at the time of issue of such Debentures.
- (b) Each Depository designated for a global Debenture must, at the time of its designation and at all times while it serves as such Depository, be a clearing

agency registered or designated under the securities legislation of the jurisdiction applicable to the issue of such Debentures, and under any other applicable legislation.

2.9 Execution of Debentures

All Debentures and any coupons shall be signed (either manually or by facsimile signature) by any one authorized trustee or officer of the Corporation holding office at the time of signing. A facsimile signature upon a Debenture or a coupon shall for all purposes of this Indenture be deemed to be the signature of the person whose signature it purports to be. Notwithstanding that any person whose signature, either manual or in facsimile, appears on a Debenture or a coupon as a trustee or officer may no longer hold such office at the date of the Debenture or coupon or at the date of the certification and delivery thereof, such Debenture or coupon shall be valid and binding upon the Corporation and entitled to the benefits of this Indenture.

2.10 Certification

No Debenture shall be issued or, if issued, shall be obligatory or shall entitle the holder to the benefits of this Indenture, until it has been certified by or on behalf of the Indenture Trustee substantially in the form set out in this Indenture, in the relevant supplemental indenture, or in some other form approved by the Indenture Trustee. Such certification on any Debenture shall be conclusive evidence that such Debenture is duly issued, is a valid obligation of the Corporation and the holder is entitled to the benefits hereof.

The certificate of the Indenture Trustee signed on the Debentures, or interim Debentures hereinafter mentioned, shall not be construed as a representation or warranty by the Indenture Trustee as to the validity of this Indenture or of the Debentures or interim Debentures or as to the issuance of the Debentures or interim Debentures and the Indenture Trustee shall in no respect be liable or answerable for the use made of the Debentures or interim Debentures or any of them or the proceeds thereof. The certificate of the Indenture Trustee signed on the Debentures or interim Debentures shall, however, be a representation and warranty by the Indenture Trustee that the Debentures or interim Debentures have been duly certified by or on behalf of the Indenture Trustee pursuant to the provisions of this Indenture.

2.11 Interim Debentures

Pending the preparation and delivery to the Indenture Trustee of definitive Debentures, the Corporation may execute in lieu thereof (but subject to the same provisions, conditions and limitations as herein set forth), and the Indenture Trustee may certify, interim printed, mimeographed or typewritten Debentures in such form and in such denominations and with such appropriate insertions, omissions, substitutions and variations as the Indenture Trustee and the Corporation may approve (such approval to be conclusively evidenced by the certification of such Debentures by or on behalf of the Indenture Trustee and the signature thereof, either manual or in facsimile, by any trustee or officer of the Corporation) entitling the holders thereof to definitive Debentures in any authorized denominations when the same are prepared and ready for delivery, without expense to the holders, but the total amount of interim Debentures shall not

exceed the aggregate principal amount of Debentures authorized to be issued hereunder. Forthwith after the issuance of any such interim Debentures the Corporation shall cause to be prepared the appropriate definitive Debentures for delivery to the holders of such interim Debentures.

Any such interim Debentures when duly issued shall, until exchanged for definitive Debentures, entitle the holders thereof to rank for all purposes as Debentureholders and otherwise in respect of this Indenture to the same extent and in the same manner as though the said exchange had actually been made. When exchanged for definitive Debentures such interim Debentures shall forthwith be cancelled by the Indenture Trustee.

2.12 Mutilation, Loss, Theft or Destruction

In case any of the Debentures issued hereunder shall become mutilated or be lost, stolen or destroyed, the Corporation, in its discretion, may issue, and thereupon the Indenture Trustee shall certify and deliver, a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Indenture Trustee and shall be entitled to the benefits of this Indenture and rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder. In case of loss, theft or destruction the applicant for a substituted Debenture shall furnish to the Corporation and to the Indenture Trustee such evidence of the loss, theft or destruction of the Debenture as shall be satisfactory to them in their discretion and shall also furnish an indemnity satisfactory to them in their discretion. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted Debenture.

2.13 Pledge and Re-Issue of Debentures

Provided the Corporation is not at the time in default hereunder, all or any of the Debentures may be pledged, hypothecated or charged from time to time by the Corporation as security for advances or loans to or for indebtedness or other obligations of the Corporation, provided that the principal amount of the advances, loans, indebtedness or other obligations so secured is initially not less than one hundred per cent (100%) of the principal amount of Debentures so pledged, hypothecated or charged in respect thereof, and, when redelivered to the Corporation or its nominees on or without payment, satisfaction, release or discharge in whole or in part of any such advances, loans, indebtedness or obligations, together with all or any of the Debentures which pursuant to any provision of the Debentures may be purchased in the market or by tender or by private contract, may be held by the Corporation for such period or periods as it deems expedient and shall (except when acquired pursuant to any provision of the Debentures or of this Indenture or pursuant to a resolution of the directors which provision or resolution requires cancellation and retirement of such Debentures so acquired) while the Corporation remains in possession thereof be treated as unissued Debentures and accordingly may be issued or re-issued, pledged or charged, sold or otherwise disposed of as and when the Corporation may think fit, and all such Debentures so issued, re-issued or pledged or charged, sold or otherwise disposed of before but not after the respective dates of maturity thereof shall, subject to the provisions of Section 1.2, continue to be entitled, as upon their original issue, to the benefit of all the terms, conditions, rights, priorities and privileges hereby attached to or conferred on

Debentures issued hereunder. Any re-issue of Debentures shall be made in compliance with Section 2.7.

2.14 Commencement of Interest

- (a) Coupon Debentures shall bear interest from their date of issuance. The coupons, if any, matured at the date of delivery by the Indenture Trustee of any coupon Debentures shall be detached therefrom and cancelled before delivery, unless such Debenture is being issued in exchange or in substitution for another Debenture (whether in interim or definitive form) and such matured coupons represent unpaid interest to which the holder of such exchanged or substituted Debenture is entitled.
- (b) All other Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures, shall bear interest from their date or from the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Debentures of the same series and date of maturity, whichever shall be the later, or, in respect of Debentures subject to a Periodic Offering, from their date or from the last Interest Payment Date to which interest shall have been paid or made available for payment on such Debentures.
- (c) Unless otherwise specifically provided in the terms of the Debentures of any series, interest shall be computed on the basis of a year of 365 days. With respect to any series of Debentures, whenever interest is computed on a basis of a year (the "deemed year") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

2.15 Debentures to Rank *Pari Passu*

The Debentures will be direct unsecured obligations of the Corporation. Each Debenture of the same series of Debentures will rank *pari passu* with each other Debenture of the same series (regardless of their actual date or terms of issue) and will rank *pari passu* or in priority in right of payment, as the case may be, to other indebtedness of the Corporation which by the terms of the instrument creating or evidencing such indebtedness is expressed to be *pari passu* with or subordinate in right of payment to the Debentures.

2.16 Payments of Amounts Due on Maturity

Except as may otherwise be provided herein or in any supplemental indenture in respect of any series of Debentures, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Corporation will establish and maintain with the Indenture Trustee a Debt Account for each series of Debentures. Each such Debt Account shall be maintained by and be subject to the control of the Indenture Trustee for the purposes of this Indenture. On or before 11:00 a.m. Halifax, Nova Scotia time on each maturity date for Debentures outstanding from time to time under this Indenture, the Corporation will deposit in

the applicable Debt Account an amount sufficient to pay the amount payable in respect of such Debentures (less any tax required by law to be deducted). The Indenture Trustee, on behalf of the Corporation will pay to each holder entitled to receive payment the principal amount of and premium (if any) on the Debenture, upon surrender of the Debenture at any branch of the Indenture Trustee designated for such purpose from time to time by the Corporation and the Indenture Trustee. The deposit or making available of such amounts to the applicable Debt Account will satisfy and discharge the liability of the Corporation for the Debentures to which the deposit or making available of funds relates to the extent of the amount deposited or made available (plus the amount of any tax deducted as aforesaid) and such Debenture will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so deposited or made available the amount to which it is entitled.

2.17 U.S. Legend on the Debentures

- (a) The Debentures and the Common Shares issuable upon conversion thereof have not been and will not be registered under the 1933 Act. All Debentures and the Common Shares issuable upon conversion thereof issued and sold in the United States in reliance on Rule 144A under the 1933 Act, as well as all Debentures and the Common Shares issuable upon conversion thereof issued in exchange for or in substitution of the foregoing securities, shall bear the following legend (the "**U.S. Legend**"):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE *UNITED STATES SECURITIES ACT OF 1933*, AS AMENDED (THE "SECURITIES ACT") OR STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF HOLLOWAY LODGING CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO HOLLOWAY LODGING CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (C) INSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, OR (E) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION AFTER PROVIDING A LEGAL OPINION SATISFACTORY TO HOLLOWAY LODGING CORPORATION.

DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

A NEW CERTIFICATE, BEARING NO LEGEND MAY BE OBTAINED FROM COMPUTERSHARE TRUST COMPANY OF CANADA UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO COMPUTERSHARE TRUST COMPANY OF CANADA AND HOLLOWAY LODGING CORPORATION, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT."

provided, that if the Debentures or the Common Shares are being sold under clause (B) above, and provided that the Corporation is a "foreign issuer" within the meaning of Regulation S under the 1933 Act at the time of sale, the U.S. Legend may be removed by providing a declaration to the Indenture Trustee as set forth in Schedule "A" hereto (or as the Corporation may prescribe from time to time); and provided, further, that, if any such securities are being sold under clause (D) above, the U.S. Legend may be removed by delivery to the Indenture Trustee of an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or state securities laws. Provided that the Indenture Trustee obtains confirmation from the Corporation that such counsel is satisfactory to it, the Indenture Trustee shall be entitled to rely on such opinion of counsel without further inquiry.

- (b) Prior to the issuance of the Debentures, the Corporation shall notify the Indenture Trustee, in writing, concerning which Debentures are to bear the U.S. Legend. The Indenture Trustee will thereafter maintain a list of all registered holders from time to time of Legended Debentures.

2.18 Payment of Interest

The following provisions shall apply to Debentures, except as otherwise specified in Sections 2.4, 2.5 or 2.6 or in a resolution of the directors, Officer's Certificate or supplemental indenture relating to a particular series of Additional Debentures:

- (a) As interest becomes due on each Debenture (except at maturity or on redemption, when interest may at the option of the Corporation be paid upon surrender of such Debenture) the Corporation, either directly or through the Indenture Trustee or any agent of the Indenture Trustee, shall send or forward by prepaid ordinary mail, electronic transfer of funds or such other means as may be agreed to by the Indenture Trustee, payment of such interest (less any tax required to be withheld therefrom) to the order of the registered holder of such Debenture appearing on the registers maintained by the Indenture Trustee at the close of business on the last Business Day of the month preceding the month of the applicable Interest Payment Date and addressed to the holder at the holder's last address appearing on the register, unless such holder otherwise directs. If payment is made by cheque

such cheque shall be forwarded on the date on which interest becomes due (and, for greater certainty, notwithstanding that the cheque may not be received by the Debentureholder until after the date on which interest becomes due, the Debentureholder shall not be entitled to interest or other payment in respect of such delay) and if payment is made by other means (such as electronic transfer of funds), such payment shall be made in a manner whereby the holder receives credit for such payment on the date such interest on such Debenture becomes due. The mailing of such cheque or the making of such payment by other means shall, to the extent of the sum represented thereby, plus the amount of any tax withheld as aforesaid, satisfy and discharge all liability for interest on such Debenture, unless in the case of payment by cheque, such cheque be not paid at par on presentation. In the event of non-receipt of any cheque for or other payment of interest by the person to whom it is so sent as aforesaid, the Corporation will issue to such person a replacement cheque or other payment for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon being indemnified to its satisfaction. Notwithstanding the foregoing, if the Corporation is prevented by circumstances beyond its control (including, without limitation, any interruption in mail service) from making payment of any interest due on each Debenture in the manner provided above, the Corporation may make payment of such interest or make such interest available for payment in any other manner acceptable to the Indenture Trustee with the same effect as though payment had been made in the manner provided above.

- (b) Notwithstanding Section 2.18(a), if a series of Debentures is represented by one or more global Debentures, then all payments of interest on the global Debentures shall be made by electronic funds transfer to the Depository or its nominee for subsequent payment to holders of interests in that global Debenture, unless the Corporation and the Depository otherwise agree. None of the Corporation, the Indenture Trustee or any agent of the Indenture Trustee for any Debenture issued as a global Debenture will be liable or responsible to any person for any aspect of the records related to or payments made on account of beneficial interests in any global Debenture or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

ARTICLE 3

REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

3.1 Fully Registered Debentures

- (a) With respect to each series of Debentures issuable as fully registered Debentures, the Corporation shall cause to be kept by and at the principal office of the Indenture Trustee in Halifax and by the Indenture Trustee or such other registrar as the Corporation, with the approval of the Indenture Trustee, may appoint at such other place or places, if any, as may be specified in the Debentures of such series or as the Corporation may designate with the approval of the Indenture Trustee, a register in which shall be entered the names and addresses of the holders of fully registered Debentures and particulars of the Debentures held by

them respectively and of all transfers of fully registered Debentures. Such registration shall be noted on the Debentures by the Indenture Trustee or other registrar unless a new Debenture shall be issued upon such transfer.

- (b) No transfer of a fully registered Debenture shall be valid unless made on such register by the registered holder or such holder's executors, administrators or other legal representatives or an attorney duly appointed by an instrument in writing in form and execution satisfactory to the Indenture Trustee or other registrar upon surrender of the Debentures together with a duly executed form of transfer acceptable to the Indenture Trustee and upon compliance with such other reasonable requirements as the Indenture Trustee or other registrar may prescribe, nor unless the name of the transferee shall have been noted on the Debenture by the Indenture Trustee or other registrar.

3.2 Global Debentures

- (a) With respect to each series of Debentures issuable in whole or in part as one or more global Debentures, the Corporation shall cause to be kept by and at the principal office of the Indenture Trustee in Halifax and by the Indenture Trustee or such other registrar as the Corporation, with the approval of the Indenture Trustee, may appoint at such other place or places, if any, as the Corporation may designate with the approval of the Indenture Trustee, a register in which shall be entered the name and address of the holder of each such global Debenture (being the Depository, or its nominee, for such global Debenture) as holder thereof and particulars of the global Debenture held by it, and of all transfers thereof. If any Debentures of such series are at any time not global Debentures, the provisions of Section 3.1 or 3.3, whichever are applicable, shall govern with respect to registrations and transfers of such Debentures.
- (b) Notwithstanding any other provision of this Article 3, a global Debenture may not be transferred by the registered holder thereof except in the following circumstances or as otherwise specified in the supplemental indenture relating to a particular series of Debentures:
 - (i) a global Debenture may be transferred by a Depository to a nominee of such Depository or by a nominee of a Depository to such Depository or to another nominee of such Depository or by a Depository or its nominee to a successor Depository or its nominee;
 - (ii) a global Debenture may be transferred at any time after the Depository for such global Debenture
 - (iii) has notified the Corporation that it (i) is unwilling or unable to continue as Depository for such global Debenture, or (ii) ceases to be eligible to be a Depository under Section 2.8(b), provided that at the time of such transfer the Corporation has not appointed a successor Depository for such global Debenture;

- (iv) a global Debenture may be transferred at any time after the Corporation has determined, in its sole discretion, to terminate the book-entry only registration system in respect of such global Debenture and has communicated such determination to the Indenture Trustee in writing; and
- (v) a global Debenture may be transferred at any time after the Indenture Trustee has determined that an Event of Default has occurred and is continuing with respect to the Debentures of the series issued as a global Debenture, provided that at the time of such transfer the Indenture Trustee has not waived the Event of Default pursuant to Section 8.3.

3.3 Coupon Debentures

- (a) Coupon Debentures issued hereunder shall be negotiable and shall pass by delivery unless registered for the time being as hereinafter provided. Notwithstanding registration of coupon Debentures as to principal, the coupons when detached shall continue to be payable to bearer and pass by delivery.
- (b) With respect to each series of Debentures issuable in whole or in part as coupon Debentures registrable as to principal only, the Corporation shall cause to be kept by and at the principal office of the Indenture Trustee in Halifax and by the Indenture Trustee or such other registrar as the Corporation, with the approval of the Indenture Trustee, may appoint at such other place or places, if any, as may be specified in the Debentures of such series or as the Corporation may designate with the approval of the Indenture Trustee, a register in which holders of coupon Debentures of such series may register the same as to principal only and in which shall be entered the names and addresses of the holders of the Debentures so registered. Such registration shall be noted on the Debentures by the Indenture Trustee or other registrar.
- (c) After such registration of a coupon Debenture, no transfer thereof shall be valid unless made on such register by the registered holder or such holder's executors, administrators or other legal representatives or an attorney duly appointed by an instrument in writing in form and execution satisfactory to the Indenture Trustee or other registrar upon compliance with such reasonable requirements as the Indenture Trustee or other registrar may prescribe, nor unless the name of the transferee shall have been noted on the Debenture by the Indenture Trustee or other registrar; but any such Debenture may be discharged from registry by being transferred to bearer after which it shall again be transferable by delivery but may again from time to time be registered and discharged from registry.

3.4 Transferee Entitled to Registration

The transferee of a registered Debenture shall be entitled, after the appropriate form of transfer is lodged with the Indenture Trustee or other registrar and upon compliance with all other conditions in that behalf required by this Indenture or by law, to be entered on the register as the owner of such Debenture free from all equities or rights of set-off or counterclaim between

the Corporation and the transferor or any previous holder of such Debenture, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

3.5 No Notice of Trusts

Neither the Corporation nor the Indenture Trustee nor any registrar shall be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any Debenture, and may transfer the same on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.

3.6 Registers Open for Inspection

The registers referred to in Sections 3.1, 3.2 and 3.3 shall at all reasonable times be open for inspection by the Corporation, the Indenture Trustee or any Debentureholder. Every registrar, including the Indenture Trustee, shall from time to time when requested so to do by the Corporation or by the Indenture Trustee, in writing, furnish the Corporation or the Indenture Trustee, as the case may be, with a list of names and addresses of holders of registered Debentures entered on the register kept by them and showing the principal amount and serial numbers of the Debentures held by each such holder.

3.7 Exchanges of Debentures

- (a) Subject to Section 3.8, Debentures in any authorized form or denomination, other than global Debentures, may be exchanged for Debentures in any other authorized form or denomination, of the same series and date of maturity, bearing the same interest rate and of the same aggregate principal amount as the Debentures so exchanged.
- (b) Debentures of any series may be exchanged only at the principal office of the Indenture Trustee in the City of Halifax or at such other place or places, if any, as may be specified in the Debentures of such series and at such other place or places as may from time to time be designated by the Corporation with the approval of the Indenture Trustee. Any Debentures tendered for exchange shall be surrendered to the Indenture Trustee together with all unmatured coupons, if any, and all matured coupons, if any, in default pertaining thereto. The Corporation shall execute and the Indenture Trustee shall certify all Debentures necessary to carry out exchanges as aforesaid. All Debentures and coupons surrendered for exchange shall be cancelled.
- (c) Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon a statement to that effect.

3.8 Closing of Registers

- (a) Neither the Corporation nor the Indenture Trustee nor any registrar shall be required to:
 - (i) make transfers or exchanges of fully registered Debentures on any Interest Payment Date for such Debentures or during the period commencing on the 15th day of the month preceding the Interest Payment Date established under Section 2.18 and to and including such Interest Payment Date;
 - (ii) make transfers or exchanges of any Debentures on the day of any selection by the Indenture Trustee of Debentures to be redeemed or during the 15 preceding days; or
 - (iii) make exchanges of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption such Debentures shall not be redeemed.
- (b) Subject to any restriction herein provided, the Corporation with the approval of the Indenture Trustee may at any time close any register for any series of Debentures, other than those kept at the principal office of the Indenture Trustee in Halifax, and transfer the registration of any Debentures registered thereon to another register and thereafter such Debentures shall be deemed to be registered on such other register. Notice of such transfer shall be given to the holders of such Debentures.

3.9 Charges for Registration, Transfer and Exchange

For each Debenture exchanged, registered, transferred or discharged from registration, the Indenture Trustee or other registrar, except as otherwise herein provided, may make a reasonable charge for its services and in addition may charge a reasonable sum for each new Debenture issued (such amounts to be agreed upon by the Indenture Trustee and the Corporation from time to time), and payment of such charges and reimbursement of the Indenture Trustee or other registrar for any stamp taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange, registration, transfer or discharge from registration as a condition precedent thereto. Notwithstanding the foregoing provisions, no charge shall be made to a Debentureholder hereunder:

- (a) for any exchange, registration, transfer or discharge from registration of any Debenture applied for within a period of two months from the date of the first delivery of Debentures of that series or, with respect to Debentures subject to a Periodic Offering, within a period of two months from the date of delivery of any such Debenture; or
- (b) for any exchange, after such period, of fully registered Debentures in denominations in excess of \$1,000 for Debentures in lesser denominations, in either coupon or fully registered form, provided that the Debentures surrendered

for exchange shall not have been issued as a result of any previous exchange other than an exchange pursuant to the foregoing paragraph (a).

3.10 Ownership of Debentures and Coupons

- (a) Unless otherwise required by law, the person in whose name any registered Debenture is registered shall for all the purposes of this Indenture be and be deemed to be the owner thereof and payment of or on account of the principal of and premium, if any, on such Debenture and, in the case of a fully registered Debenture, interest thereon shall be made to such registered holder. The Corporation and the Indenture Trustee may deem and treat the bearer of any unregistered Debenture and the bearer of any coupon, whether or not the Debenture from which it has been detached shall be registered as to principal, as the absolute owner of such Debenture or coupon, as the case may be, for all purposes and the Corporation and the Indenture Trustee shall not be affected by any notice to the contrary.
- (b) The registered holder for the time being of any registered Debenture and the bearer of any unregistered Debenture and the bearer of any coupon (except any coupon which shall be void by reason of the acceleration pursuant to Section 8.1 of the coupon Debenture to which it was attached) shall be entitled to the principal, premium, if any, and/or interest evidenced by such instruments, respectively, free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt of any such registered holder or bearer, as the case may be, for any such principal, premium or interest shall be a good discharge to the Corporation and/or the Indenture Trustee for the same and neither the Corporation nor the Indenture Trustee shall be bound to inquire into the title of any such registered holder or bearer.
- (c) Where registered Debentures are registered in more than one name, the principal, premium, if any, and interest (in the case of fully registered Debentures) from time to time payable in respect thereof may be paid to the order of all such holders, failing written instructions from them to the contrary, and the receipt of any one of such holders therefor shall be a valid discharge to the Indenture Trustee, any Debenture registrar and to the Corporation.

3.11 Evidence of Ownership

Upon receipt of a certificate of any bank, trust company or other depository satisfactory to the Indenture Trustee stating that the unregistered Debentures and coupons specified therein have been deposited by a named person with such bank, trust company or other depository and will remain so deposited until the expiry of the period specified therein, the Corporation and the Indenture Trustee may treat the person so named as the owner, and such certificate as sufficient evidence of the ownership by such person during such period, of such Debentures and coupons, for the purpose of any requisition, direction, consent, instrument, proxy or other document to be made, signed or given by the holder of the Debentures so deposited.

ARTICLE 4

REDEMPTION AND PURCHASE OF DEBENTURES

4.1 Applicability of Article

The Corporation shall have the right at its option to redeem, either in whole at any time or in part from time to time before maturity, either by payment of money, by issuance of Freely Tradeable Common Shares as provided in Section 4.6 or any combination thereof, any Debentures issued hereunder of any series which by their terms are made so redeemable (subject, however, to any applicable restriction on the redemption of Debentures of such series) at such rate or rates of premium, if any, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and as shall have been expressed in this Indenture, in the Debentures, in an Officers' Certificate, or in a supplemental indenture authorizing or providing for the issue thereof.

4.2 Partial Redemption

If less than all the Debentures of any series for the time being outstanding are at any time to be redeemed, the Debentures to be so redeemed shall be selected by the Indenture Trustee on a pro rata basis to the nearest multiple of \$1,000 in accordance with the principal amount of the Debentures registered in the name of each holder. Unless otherwise specifically provided in the terms of any series of Debentures, no Debenture shall be redeemed in part unless the principal amount redeemed is \$1,000 or a multiple thereof. For this purpose, the Indenture Trustee may make, and from time to time vary, regulations with respect to the manner in which such Debentures may be drawn for redemption and regulations so made shall be valid and binding upon all holders of such Debentures notwithstanding the fact that as a result thereof one or more of such Debentures may become subject to redemption in part only. In the event that one or more of such Debentures becomes subject to redemption in part only, upon surrender of any such Debentures for payment of the redemption price, the Corporation shall execute and the Indenture Trustee shall certify and deliver without charge to the holder thereof or upon the holder's order one or more new Debentures for the unredeemed part of the principal amount of the Debenture or Debentures so surrendered. Unless the context otherwise requires, the terms "Debenture" or "Debentures" as used in this Article 4 shall be deemed to mean or include any part of the principal amount of any Debenture which in accordance with the foregoing provisions has become subject to redemption.

4.3 Notice of Redemption

Notice of redemption (the "**Redemption Notice**") of any series of Debentures shall be given to the holders of the Debentures so to be redeemed not more than 60 days nor less than 15 days (not less than 30 days if the Corporation exercises the Common Share Redemption Right pursuant to Section 4.6) prior to the date fixed for redemption in the manner provided in Section 14.2. Every such notice shall specify the aggregate principal amount of Debentures called for redemption, the Redemption Date, the redemption price and the places of payment and shall state that interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date. In addition, unless all the outstanding Debentures are to be redeemed, the notice of redemption shall specify:

- (a) in the case of a notice mailed to a registered Debentureholder, the distinguishing letters and numbers of the registered Debentures which are to be redeemed (or of such thereof as are registered in the name of such Debentureholder);
- (b) in the case of a published notice, the distinguishing letters and numbers of the Debentures which are to be redeemed or, if such Debentures are selected by terminal digit or other similar system, such particulars as may be sufficient to identify the Debentures so selected;
- (c) in the case of a global Debenture, that the redemption will take place in such manner as may be agreed upon by the Depository, the Indenture Trustee and the Corporation; and
- (d) in all cases, the principal amounts of such Debentures or, if any such Debenture is to be redeemed in part only, the principal amount of such part.

In the event that all Debentures to be redeemed are registered Debentures, publication shall not be required.

4.4 Debentures Due on Redemption Dates

Notice having been given as aforesaid, all the Debentures so called for redemption shall thereupon be and become due and payable at the redemption price, on the redemption date specified in such notice (the "**Redemption Date**"), in the same manner and with the same effect as if it were the date of maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after such Redemption Date, if the moneys necessary to redeem, or the Common Shares to be issued to redeem, such Debentures shall have been deposited as provided in Section 4.5 and affidavits or other proof satisfactory to the Indenture Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest upon the Debentures shall cease and coupons for interest to accrue after the date upon the Debentures shall become and be void. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Indenture Trustee whose decision shall be final and binding upon all parties in interest.

4.5 Deposit of Redemption Moneys or Common Shares

Redemption of Debentures shall be provided for by the Corporation depositing with the Indenture Trustee or any paying agent to the order of the Indenture Trustee, at least one Business Day prior to the Redemption Date specified in such notice, such sums of money, or certificates representing such Common Shares, as the case may be, as may be sufficient to pay the redemption price of the Debentures so called for redemption, including accrued interest thereon to the date of redemption. The Corporation shall also deposit with the Indenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Indenture Trustee in connection with such redemption. Every such deposit shall be irrevocable. From the sums so deposited, or certificates so deposited, the Indenture Trustee shall pay or cause to be paid, or issue or cause to be issued, to the holders of such Debentures so called for redemption, upon surrender of such Debentures with the unmatured coupons, if any, appertaining thereto, the principal, premium, if any, and interest, if any, to which they are respectively entitled on

redemption. In the case of coupon Debentures, the accrued interest as represented by coupons matured prior to, or on, the Redemption Date shall continue to be payable (but without interest thereon, unless the Corporation shall make default in the payment thereof upon demand) to the respective bearers of the coupons therefor upon presentation and surrender thereof.

4.6 Right to Repay Redemption Price in Common Shares

- (a) Subject to the other provisions of this Section 4.6, the Corporation may, at its option and subject to regulatory approval, elect to satisfy its obligation to pay the Redemption Price by issuing and delivering to holders on the Redemption Date that number of Freely Tradeable Common Shares obtained by dividing the Redemption Price by 95% of the then Current Market Price of the Common Shares (the "**Common Share Redemption Right**").
- (b) The Corporation shall exercise the Common Share Redemption Right by so specifying in the Redemption Notice.
- (c) The Corporation's right to exercise the Common Share Redemption Right shall be conditional upon the following conditions being met on the Business Day preceding the date fixed for redemption:
 - (i) the qualification of the Common Shares to be issued on exercise of the Common Share Redemption Right as Freely Tradeable;
 - (ii) the conditional listing of such additional Common Shares on each stock exchange on which the Common Shares are then listed;
 - (iii) the Corporation being a reporting issuer in good standing under Applicable Securities Legislation where the distribution of such Common Shares occurs;
 - (iv) the receipt by the Indenture Trustee of an Officers' Certificate stating that conditions (i), (ii), and (iii) above have been satisfied and setting forth the number of Common Shares to be delivered for each \$1,000 principal amount of Debentures and the Current Market Price of the Common Shares on the date fixed for redemption; and
 - (v) the receipt by the Indenture Trustee of an opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Redemption Price, will be validly issued as fully paid and non-assessable, that conditions (i) and (ii) above have been satisfied and that, relying exclusively on certificates of good standing issued by the relevant securities authorities, condition (iii) above is satisfied, except that the opinion in respect of condition (iii) need not be expressed with respect to those provinces where certificates are not issued.

If the foregoing conditions are not satisfied prior to the close of business on the Business Day preceding the date fixed for redemption, the Corporation shall pay the Redemption Price in cash in accordance with Section 4.5.

- (d) In the event that the Corporation duly exercises its Common Share Redemption Right, upon presentation and surrender of the Debentures for payment on the date fixed for redemption, at any place where a register is maintained pursuant to Article 3 or any other place specified in the Redemption Notice, the Corporation shall on the date fixed for redemption make the delivery to the Indenture Trustee for delivery to and on account of the holders, of certificates representing the Freely Tradeable Common Shares to which such holders are entitled.
- (e) No fractional Common Shares shall be delivered upon the exercise of the Common Share Redemption Right but, in lieu thereof, the Corporation shall pay to the Indenture Trustee for the account of the holders, at the time contemplated in Section 4.6(d), the cash equivalent thereof determined on the basis of the Current Market Price of the Common Shares on the date fixed for redemption (less any tax required to be deducted, if any).
- (f) A holder shall be treated as the shareholder of record of the Common Shares issued on due exercise by the Corporation of its Common Share Redemption Right effective immediately after the close of business on the date fixed for redemption, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including share dividends and dividends in kind) thereon and arising thereafter, and in the event that the Indenture Trustee receives the same, it shall hold the same in trust for the benefit of such holder.
- (g) The Corporation shall at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited) solely for the purpose of issue and delivery upon the exercise of the Corporation's Common Share Redemption Right as provided herein, and shall issue to Debentureholders to whom Common Shares will be issued pursuant to exercise of the Common Share Redemption Right, such number of Common Shares as shall be issuable in such event. All Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (h) The Corporation shall comply with all Applicable Securities Legislation regulating the issue and delivery of Common Shares upon exercise of the Common Share Redemption Right and shall cause to be listed and posted for trading such Common Shares on each stock exchange on which the Common Shares are then listed.
- (i) The Corporation shall from time to time promptly pay, or make provision satisfactory to the Indenture Trustee for the payment of, all taxes and charges which may be imposed by the laws of Canada or any province thereof, (except income tax, withholding tax or security transfer tax, if any) which shall be

payable with respect to the issuance or delivery of Common Shares to holders upon exercise of the Common Share Redemption Right pursuant to the terms of the Debentures and of this Indenture.

- (j) If the Corporation elects to satisfy its obligation to pay the Redemption Price by issuing Common Shares in accordance with this Section 4.6 and if the Redemption Price (or any portion thereof) to which a holder is entitled is subject to withholding taxes, the Indenture Trustee, on the written direction of the Corporation but for the account of the holder, shall sell, through the investment banks, brokers or dealers selected by the Corporation, out of the Common Shares issued by the Corporation for this purpose, such number of Common Shares that is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and shall remit same on behalf of the Corporation to the proper tax authorities within the period of time prescribed for this purpose under applicable laws.
- (k) Each certificate representing Common Shares issued in payment of the Redemption Price of Debentures bearing the U.S. Legend set forth in Section 2.17, as well as all certificates issued in exchange for or in substitution of the foregoing securities, shall bear the U.S. Legend set forth in Section 2.17; provided that if the Common Shares are being sold outside the United States in accordance with Rule 904 of Regulation S, and provided that the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of sale, the U.S. Legend may be removed by providing a declaration to the Indenture Trustee, as registrar and transfer agent for the Common Shares, as set forth in Schedule "A" hereto (or as the Corporation or the Indenture Trustee may prescribe from time to time); and provided further that, if any such securities are being sold within the United States in accordance with Rule 144 under the 1933 Act, the U.S. Legend may be removed by delivery to the Indenture Trustee, as registrar and transfer agent for the Common Shares, of an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or state securities laws. Provided that the Indenture Trustee obtains confirmation from the Corporation that such counsel is satisfactory to it, it shall be entitled to rely on such opinion of counsel without further inquiry.

4.7 Failure to Surrender Debentures Called for Redemption

In case the holder of any Debenture so called for redemption shall fail on or before the date specified for redemption so to surrender such holder's Debenture and the unmatured coupons, if any, appertaining thereto, or shall not within such time accept payment of the redemption moneys payable, or take delivery of certificates representing such Common Shares issuable in respect thereof, or give such receipt therefor, if any, as the Indenture Trustee may require, such redemption moneys may be set aside in trust at such rate of interest as the depository may allow, or such certificates may be held in trust without interest, either in the deposit department of the Indenture Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum so set aside and, to that

extent, the Debenture and such coupons, if any, shall thereafter not be considered as outstanding hereunder and the Debentureholder shall have no other right except to receive payment out of the moneys so paid and deposited, or take delivery of the certificates so deposited, upon surrender and delivery up of such holder's Debenture and such coupons, if any, of the redemption price of such Debenture plus such interest thereon, if any, as the depository may allow. In the event that any money, or certificates, required to be deposited hereunder with the Indenture Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of six years from the Redemption Date, then such moneys, together with any accumulated interest thereon, shall at the end of such period be paid over or delivered over by the Indenture Trustee or such depository or paying agent to the Corporation on its demand.

4.8 Cancellation of Debentures Redeemed

Subject to the provisions of Sections 4.2 and 4.9 as to Debentures redeemed or purchased in part, all Debentures redeemed or purchased and paid under this Article 4 together with all unmatured coupons, if any, appertaining thereto shall forthwith be delivered to the Indenture Trustee and cancelled and no Debentures shall be issued in substitution therefor.

4.9 Purchase of Debentures by the Corporation

Unless otherwise specifically provided with respect to a particular series of Debentures, the Corporation may, at any time and from time to time, purchase Debentures in the market (which shall include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by contract at any price, subject to compliance with Applicable Securities Legislation regarding issuer bid requirements. All Debentures so purchased, together with any unmatured coupons appertaining thereto, may, at the option of the Corporation, be delivered to the Indenture Trustee and shall be cancelled and no Debentures shall be issued in substitution therefor.

4.10 Right to Repay Principal Amount in Common Shares on Maturity

- (a) Subject to the other provisions of this Section 4.10, the Corporation may, at its option and subject to regulatory approval, elect to satisfy its obligation to repay the principal amount of all, but not less than all, of the Debentures outstanding by issuing and delivering to holders on the maturity of such Debentures (the "**Maturity Date**") that number of Freely Tradeable Common Shares obtained by dividing the \$1,000 principal amount of the Debentures by 95% of the then Current Market Price of the Common Shares (the "**Common Share Repayment Right**").
- (b) The Corporation shall exercise the Common Share Repayment Right by so specifying in a Maturity Notice, which shall be delivered to the Indenture Trustee and the holders of Debentures not more than 60 days and not less than 15 days prior to the Maturity Date.

- (c) The Corporation's right to exercise the Common Share Repayment Right shall be conditional upon the following conditions being met on the Business Day preceding the Maturity Date:
- (i) the qualification of the Common Shares to be issued on exercise of the Common Share Repayment Right as Freely Tradeable;
 - (ii) the conditional listing of such additional Common Shares on each stock exchange on which the Common Shares are then listed;
 - (iii) the Corporation being a reporting issuer in good standing under Applicable Securities Legislation where the distribution of such Common Shares occurs;
 - (iv) the receipt by the Indenture Trustee of an Officers' Certificate stating that conditions (i), (ii), and (iii) above have been satisfied and setting forth the number of Common Shares to be delivered for each \$1,000 principal amount of Debentures and the Current Market Price of the Common Shares on the Maturity Date; and
 - (v) the receipt by the Indenture Trustee of an opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the principal amount of the Debentures outstanding will be validly issued as fully paid and non-assessable, that conditions (i) and (ii) above have been satisfied and that, relying exclusively on certificates of good standing issued by the relevant securities authorities, condition above is satisfied, except that the opinion in respect of condition (iii) need not be expressed with respect to those provinces where certificates are not issued.

If the foregoing conditions are not satisfied prior to the close of business on the Business Day preceding the Maturity Date, the Corporation shall pay the principal amount of the Debentures outstanding in cash, unless the Debentureholder waives the conditions which are not satisfied.

- (d) In the event that the Corporation duly exercises its Common Share Repayment Right, upon presentation and surrender of the Debentures for payment on the Maturity Date, at any place where a register is maintained pursuant to Article 3 or any other place specified in the Maturity Notice, the Corporation shall on the Maturity Date make the delivery to the Indenture Trustee for delivery to and on account of the holders, of certificates representing the Freely Tradeable Common Shares to which such holders are entitled.
- (e) No fractional Common Shares shall be delivered upon the exercise of the Common Share Repayment Right but, in lieu thereof, the Corporation shall pay to the Indenture Trustee for the account of the holders, at the time contemplated in Section 4.10(d), the cash equivalent thereof determined on the basis of the Current

Market Price of the Common Shares on the Maturity Date (less any tax required to be deducted, if any).

- (f) A holder shall be treated as the shareholder of record of the Common Shares issued on due exercise by the Corporation of its Common Share Repayment Right effective immediately after the close of business on the Maturity Date, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including share dividends and dividends in kind) thereon and arising thereafter, and in the event that the Indenture Trustee receives the same, it shall hold the same in trust for the benefit of such holder.
- (g) The Corporation shall at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited) solely for the purpose of issue and delivery upon the exercise of the Corporation's Common Share Repayment Right as provided herein, and shall issue to Debentureholders to whom Common Shares will be issued pursuant to exercise of the Common Share Repayment Right, such number of Common Shares as shall be issuable in such event. All Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (h) The Corporation shall comply with all Applicable Securities Legislation regulating the issue and delivery of Common Shares upon exercise of the Common Share Repayment Right and shall cause to be listed and posted for trading such Common Shares on each stock exchange on which the Common Shares are then listed.
- (i) The Corporation shall from time to time promptly pay, or make provision satisfactory to the Indenture Trustee for the payment of, all taxes and charges which may be imposed by the laws of Canada or any province thereof (except income tax, withholding tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Common Shares to holders upon exercise of the Common Share Repayment Right pursuant to the terms of the Debentures and of this Indenture.
- (j) If the Corporation elects to satisfy its obligation to pay the principal amount on maturity by issuing Common Shares in accordance with this Section 4.10 and if the principal amount (or any portion thereof) to which a holder is entitled is subject to withholding taxes, the Indenture Trustee, on the written direction of the Corporation but for the account of the holder, shall sell, through the investment banks, brokers or dealers selected by the Corporation, out of the Common Shares issued by the Corporation for this purpose, such number of Common Shares that is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and shall remit same on behalf of the Corporation to the proper tax authorities within the period of time prescribed for this purpose under applicable laws.

Each certificate representing Common Shares issued in payment of the principal amount of Debentures bearing the U.S. Legend set forth in Section 2.17, as well as all certificates issued in exchange for or in substitution of the foregoing securities, shall bear the U.S. Legend set forth in Section 2.17; provided that if the Common Shares are being sold outside the United States in accordance with Rule 904 of Regulation S, and provided that the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of sale, the U.S. Legend may be removed by providing a declaration to the Indenture Trustee, as registrar and transfer agent for the Common Shares, as set forth in Schedule "A" hereto (or as the Corporation or the Indenture Trustee may prescribe from time to time); and provided further that, if any such securities are being sold within the United States in accordance with Rule 144 under the 1933 Act, the U.S. Legend may be removed by delivery to the Indenture Trustee, as registrar and transfer agent for the Common Shares, of an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or state securities laws. Provided that the Indenture Trustee obtains confirmation from the Corporation that such counsel is satisfactory to it, it shall be entitled to rely on such opinion of counsel without further inquiry.

4.11 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Common Shares upon the redemption of Debentures pursuant to this Article. The number of whole Common Shares issuable upon redemption thereof shall be computed on the basis of the aggregate principal amount of any Debentures of a Debentureholder to be redeemed. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the redemption of any principal amount of Debentures, the Corporation shall, in lieu of delivering any certificate representing such fractional interest, make a cash payment to the holder of such Debenture of an amount equal to the fractional interest which would have been issuable times the Redemption Price.

4.12 Deposit of Maturity Moneys or Common Shares

Payment on maturity of Debentures shall be provided for by the Corporation depositing with the Indenture Trustee or any paying agent to the order of the Indenture Trustee, on or before 11:00 a.m. (Halifax time) on the Business Day immediately prior to the Maturity Date such sums of money or certificates representing Common Shares, as the case may be, as may be sufficient to pay the principal amount of Debentures, together with accrued interest thereon up to but excluding the Maturity Date, provided the Corporation may elect to satisfy this requirement by providing the Indenture Trustee with a cheque for such amounts required under this Section 4.12 post-dated to the Maturity Date. The Corporation shall also deposit with the Indenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Indenture Trustee in connection therewith. Every such deposit shall be irrevocable. From the sums so deposited, or certificates so deposited, the Indenture Trustee shall pay or cause to be paid, or issue or cause to be issued, to the holders of such Debentures, upon surrender of such Debentures, the principal, premium (if any) and interest (if any) to which they are respectively entitled on maturity.

ARTICLE 5

SUBORDINATION OF DEBENTURES

5.1 Applicability of Article

The indebtedness evidenced by any Debentures issued hereunder, including the principal thereof and interest thereon, shall be subordinate and subject in right of payment, to the extent and in the manner hereinafter set forth in the following Sections of this Article 5, to the prior payment in full, of all Senior Indebtedness of the Corporation and each holder of a Debenture by his acceptance thereof agrees to and shall be bound by the provisions of this Article 5.

5.2 Order of Payment

Upon any distribution of the assets of the Corporation on any dissolution, winding up, total liquidation or reorganization of or other similar proceedings relative to the Corporation (whether in bankruptcy, insolvency or receivership proceedings, or upon an assignment for the benefit of creditors, or any other marshalling of the assets and liabilities of the Corporation, or otherwise, whether or not involving insolvency or bankruptcy):

- (a) all Senior Indebtedness shall first be paid in full, or provision made for such payment, before any payment is made on account of the principal of or interest on the indebtedness evidenced by the Debentures; and
- (b) any payment or distribution of assets of the Corporation, whether in cash, property or securities, to which the holders of the Debentures or the Indenture Trustee on behalf of such holders would be entitled except for the provisions of this Article 5, shall be paid or delivered by the trustee in bankruptcy, receiver, assignee for the benefit of creditors, or other liquidating agent making such payment or distribution, directly to the holders of Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Senior Indebtedness may have been issued, to the extent necessary to pay all Senior Indebtedness in full after giving effect to any concurrent payment or distribution, or provision therefor, to the holders of such Senior Indebtedness. For greater certainty, and without limitation of the foregoing, the Corporation will not make any payment, and the holders of Debentures or the Indenture Trustee on behalf of the Debentureholders will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without limitation, by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures (i) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures, or (ii) at any time when a default has occurred under the Senior Indebtedness and is continuing unless such Senior Indebtedness has been repaid in full.

5.3 Subrogation to Rights of Holders of Senior Indebtedness

Subject to the payment in full of all Senior Indebtedness, the holders of the Debentures shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Corporation to the extent of the application thereto of such payments or other assets which would have been received by the holders of the Debentures but for the provisions hereof until the principal of and interest on the Debentures shall be paid in full, and no such payments or distributions to the holders of the Debentures of cash, property or securities, which otherwise would be payable or distributable to the holders of the Senior Indebtedness, shall, as between the Corporation, its creditors other than the holders of Senior Indebtedness, and the holders of Debentures, be deemed to be a payment by the Corporation to the holders of the Senior Indebtedness or on account of the Senior Indebtedness, it being understood that the provisions of this Article 5 are and are intended solely for the purpose of defining the relative rights of the holders of the Debentures, on the one hand, and the holders of Senior Indebtedness, on the other hand.

5.4 Obligation to Pay Not Impaired

Nothing contained in this Article 5 or elsewhere in this Indenture or in the Debentures is intended to or shall impair, as between the Corporation, its creditors other than the holders of Senior Indebtedness, and the holders of the Debentures, the obligation of the Corporation, which is absolute and unconditional, to pay to the holders of the Debentures the principal of and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the holders of the Debentures and creditors of the Corporation other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Indenture Trustee or the holder of any Debenture from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 5 of the holders of Senior Indebtedness in respect of cash, property or securities of the Corporation received upon the exercise of any such remedy.

5.5 No Payment if Senior Indebtedness in Default

Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, then, all principal of, premium, if any, and interest, if any, on all such matured Senior Indebtedness shall first be paid in full, or shall first have been duly provided for, before any payment is made on account of principal of or interest on the Debentures.

In case of default with respect to any Senior Indebtedness, unless and until such default shall have been cured or waived or shall have ceased to exist, no payment (by purchase of Debentures or otherwise) shall be made by the Corporation with respect to the principal of, or premium, if any, or interest, if any, on the Debentures after the happening of such a default, and unless and until such default shall have been cured or waived or shall have ceased to exist, such payments shall be held in trust for the benefit of, and, if and when such Senior Indebtedness shall have become due and payable, shall be paid over to, the holders of the Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of the Senior Indebtedness remaining unpaid have been

issued until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

The fact that any payment hereunder is prohibited by this Section shall not prevent the failure to make such payment from being an Event of Default.

5.6 Payment on Debentures Permitted

Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall affect the obligation of the Corporation to make, or prevent the Corporation from making, at any time except during the pendency of any dissolution, winding up or liquidation of the Corporation or reorganization proceedings specified in Section 5.2 affecting the affairs of the Corporation, any payment of principal of or interest on the Debentures, except that the Corporation shall not make any such payment if it is in default in payment of any Senior Indebtedness. The fact that any such payment is prohibited by this Section 5.6 shall not prevent the failure to make such payment from being an Event of Default hereunder. Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall prevent the conversion of the Debentures or the application by the Indenture Trustee of any moneys deposited with the Indenture Trustee hereunder for the purpose, to the payment of or on account of the principal of, premium, if any, or interest, if any, on the Debentures.

5.7 Confirmation of Subordination

Each holder of Debentures by his acceptance thereof authorizes and directs the Indenture Trustee in his behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article 5 and appoints the Indenture Trustee his attorney-in-fact for any and all such purposes. Upon request of the Corporation, and upon being furnished an Officers' Certificate stating that one or more named persons are holders of Senior Indebtedness, or the representative or representatives of such holders, or the trustee or trustees under which any instruments evidencing such Senior Indebtedness may have been issued, and specifying the amount and nature of such Senior Indebtedness, the Indenture Trustee shall enter into a written agreement or agreements with the Corporation and the person or persons named in such Officers' Certificate, providing that such person or persons are entitled to all the rights and benefits of this Article 5 as the holder or holders, representative or representatives, or trustee or trustees of the Senior Indebtedness specified in such Officers' Certificate and in such agreement. Such agreement shall be conclusive evidence that the indebtedness specified therein is Senior Indebtedness, however, nothing herein shall impair the rights of any holder of Senior Indebtedness who has not entered into such an agreement.

5.8 Knowledge of Indenture Trustee

Notwithstanding the provisions of this Article 5 or any provision in this Indenture or in the Debentures contained, the Indenture Trustee shall not be charged with knowledge of the existence of any Senior Indebtedness or of any default in the payment thereof or of any fact that would prohibit the making of any payment of moneys to or by the Indenture Trustee, unless and until the Indenture Trustee shall have received written notice thereof from the Corporation, any

Debentureholder or from the holder of any Senior Indebtedness or from the representative of any such holder.

5.9 Indenture Trustee May Hold Senior Indebtedness

The Indenture Trustee is entitled to all the rights set forth in this Article 5 with respect to any Senior Indebtedness at the time held by it or for which it acts as trustee, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture deprives the Indenture Trustee of any of its rights as such holder.

5.10 Rights of Holders of Senior Indebtedness, Not Impaired

No right of any present or future holder of any Senior Indebtedness to enforce the subordination herein will at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation or by any non-compliance by the Corporation with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

5.11 Altering the Senior Indebtedness

The holders of the Senior Indebtedness have the right to extend, renew, modify or amend the terms of the Senior Indebtedness or any security therefor and to release, sell or exchange such security and otherwise to deal freely with the Corporation, all without notice to or consent of the Debentureholders or the Indenture Trustee and without affecting the liabilities and obligations of the parties to this Indenture or the Debentureholders or the Indenture Trustee.

5.12 Additional Indebtedness

This Indenture does not restrict the Corporation from incurring additional Senior Indebtedness or any other indebtedness or otherwise or mortgaging, pledging or charging its properties to secure any indebtedness.

5.13 Right of Debentureholder to Convert Not Impaired

The subordination of the Debentures to the Senior Indebtedness and the provisions of this Article 5 do not impair in any way the right of a Debentureholder to convert its Debentures pursuant to Article 6.

ARTICLE 6 CONVERSION OF DEBENTURES

6.1 Applicability of Article

Any Debentures issued hereunder of any series which by their terms are convertible (subject, however, to any applicable restriction on the conversion of Debentures of such series) will be convertible into Common Shares or other securities, at such conversion rate or rates, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and shall have been expressed in this Indenture, in such

Debentures, in an Officers' Certificate, or in a supplemental indenture authorizing or providing for the issue thereof.

Such right of conversion shall extend only to the maximum number of whole Common Shares into which the aggregate principal amount of the Debenture or Debentures surrendered for conversion at any one time by the holder thereof may be converted. Fractional interests in Common Shares shall be adjusted for in the manner provided in Section 6.6.

6.2 [Intentionally Deleted]

6.3 Revival of Right to Convert

If the redemption of any Debenture called for redemption by the Corporation is not made or the payment of the purchase price of any Debenture which has been tendered in acceptance of an offer by the Corporation to purchase Debentures for cancellation is not made, in the case of a redemption upon due surrender of such Debenture or in the case of a purchase on the date on which such purchase is required to be made, as the case may be, then, provided the Time of Expiry has not passed, the right to convert such Debentures shall revive and continue as if such Debenture had not been called for redemption or tendered in acceptance of the Corporation's offer, respectively.

6.4 Manner of Exercise of Right to Convert

- (a) The holder of a Debenture desiring to convert such Debenture in whole or in part into Common Shares shall surrender such Debenture to the Indenture Trustee at its principal office in the City of Halifax together with the conversion form on the back of such Debenture or any other written notice in a form satisfactory to the Indenture Trustee, in either case duly executed by the holder or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Indenture Trustee, exercising his right to convert such Debenture in accordance with the provisions of this Article. Thereupon such Debentureholder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges and compliance with all reasonable requirements of the Indenture Trustee, his nominee(s) or assignee(s), shall be entitled to be entered in the books of the Corporation as at the Date of Conversion (or such later date as is specified in Section 6.4(b)) as the holder of the number of Common Shares into which such Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to such Debentureholder or, subject as aforesaid, his nominee(s) or assignee(s), a certificate or certificates for such Common Shares.
- (b) For the purposes of this Article, a Debenture shall be deemed to be surrendered for conversion on the date (herein called the "**Date of Conversion**") on which it is so surrendered in accordance with the provisions of this Article and, in the case of a Debenture so surrendered by post or other means of transmission, on the date on which it is received by the Indenture Trustee at one of its offices specified in

subsection (a) of this Section; provided that if a Debenture is surrendered for conversion on a day on which the register of Common Shares is closed, the person or persons entitled to receive Common Shares shall become the holder or holders of record of such Common Shares as at the date on which such registers are next reopened.

- (c) Any part, being \$1,000 or an integral multiple thereof, of a Debenture in a denomination in excess of \$1,000 may be converted as provided in this Article and all references in this Indenture to conversion of Debentures shall be deemed to include conversion of such parts.
- (d) The holder of any Debenture of which only a part is converted shall, upon the exercise of his right of conversion surrender the said Debenture to the Indenture Trustee, and the Indenture Trustee shall cancel the same and shall without charge forthwith certify and deliver to the holder a new Debenture or Debentures in an aggregate principal amount equal to the unconverted part of the principal amount of the Debenture so surrendered.
- (e) Except as may be otherwise expressly provided for at the time of issue of such Debentures, as expressed in this Indenture, in such Debentures, in an Officers' Certificate, or in a supplemental indenture authorizing or providing for the issue thereof, the holder of a Debenture surrendered for conversion in accordance with this Section 6.4 shall be entitled to receive accrued and unpaid interest in respect thereof up to the Interest Payment Date on or next preceding the Date of Conversion of such Debenture but there shall be no payment or adjustment by the Corporation on account of any interest accrued or accruing on such Debentures from the latest Interest Payment Date until the Date of Conversion and the Common Shares issued upon such conversion shall rank only in respect of distributions or dividends declared in favour of shareholders of record on and after the Date of Conversion or such later date as such holder shall become the holder of record of such Common Shares pursuant to subsection (b) of this Section 6.4, from which applicable date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

6.5 Adjustment of Conversion Price

The Conversion Price in effect at any date shall be subject to adjustment from time to time as follows:

- (a) If and whenever at any time prior to the Time of Expiry the Corporation shall (i) subdivide or redivide the outstanding Common Shares into a greater number of shares, (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of shares, or (iii) issue Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a dividend or distribution (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividends or distributions in the form of

Common Shares in lieu of cash dividends or distributions paid in the ordinary course on the Common Shares), the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a dividend or distribution, as the case may be, shall in the case of any of the events referred to in (i) and (iii) above be decreased in proportion to the number of outstanding Common Shares resulting from such subdivision, redivision or dividend, or shall, in the case of any of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this subsection (a) shall occur. Any such issue of Common Shares by way of a dividend or distribution shall be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Common Shares under subsections (b) and (c) of this Section 6.5.

- (b) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price of a Common Share on such record date, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price per Common Share, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such rights or warrants are not so issued or any such rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such rights or warrants, as the case may be.
- (c) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) shares of any class other than Common Shares and other than shares distributed to holders of Common Shares who have

elected to receive dividends or distributions in the form of such shares in lieu of dividends and other than distributions paid in the ordinary course or (ii) rights, options or warrants (excluding rights, options or warrants entitling the holders thereof for a period of not more than 45 days to subscribe for or purchase Common Shares or securities convertible into Common Shares) or (iii) evidences of its indebtedness or (iv) assets (excluding distributions paid in the ordinary course) then, in each such case, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price per Common Share on such record date, less the fair market value (as determined by the directors with the approval of the Indenture Trustee, which determination shall be conclusive) of such shares or rights, options or warrants or evidences of indebtedness or assets so distributed, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price per Common Share. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually distributed, as the case may be.

- (d) If and whenever at any time prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Section 6.5(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other Person or other entity, or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other Person or other entity or a liquidation, dissolution or winding-up of the Corporation or a take-over bid resulting in the acquisition of all or substantially all of the outstanding Common Shares of the Corporation, any holder of a Debenture who has not exercised its right of conversion prior to the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance or liquidation, dissolution or winding-up, or take-over bid, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Common Shares then sought to be acquired by it, the number of Common Shares, shares or other securities or property (including cash) of the Corporation or of the Person or other entity resulting from such merger, amalgamation or consolidation, or to which such sale or conveyance may be made or which holders of Common Shares receive pursuant to such liquidation, dissolution or winding-up or takeover bid or arrangement, as the case may be, that such holder of a Debenture would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, arrangement or merger, sale or conveyance or liquidation, dissolution or winding-up or take-over bid, if, on the record date or the effective date thereof, as the case may be,

the holder had been the registered holder of the number of Common Shares sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right. If determined appropriate by the directors to give effect to or to evidence the provisions of this Section 6.5(d), the Corporation, its successor, or such purchasing Person or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up or take-over bid, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the holder of Debentures to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares or other securities or property (including cash) to which a holder of Debentures is entitled on the exercise of its acquisition rights thereafter. Any indenture entered into between the Corporation and the Indenture Trustee pursuant to the provisions of this Section 6.5(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 16 hereof. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing Person or other entity and the Indenture Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 6.5(d) and which shall apply to successive reclassifications, capital reorganizations, amalgamations, consolidations, mergers, sales, conveyances or take-over bids.

- (e) In any case in which this Section 6.5 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the holder of any Debenture converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the Date of Conversion or such later date as such holder would, but for the provisions of this subsection (e), have become the holder of record of such additional Common Shares pursuant to Section 6.4(b).
- (f) The adjustments provided for in this Section 6.5 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided however, that any adjustments which by reason of

this subsection (f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

- (g) For the purpose of calculating the number of Common Shares of the Corporation outstanding, shares owned by or for the benefit of the Corporation shall not be counted.
- (h) In the event of any question arising with respect to the adjustments provided in this Section 6.5, such question shall be conclusively determined by directors of the Corporation and such determination shall be binding upon the Corporation, the Indenture Trustee, and the Debentureholders.
- (i) In case the Corporation shall take any action affecting the Common Shares other than action described in this Section 6.5, which in the opinion of the directors would materially affect the rights of Debentureholders, the Conversion Price shall be adjusted in such manner and at such time, by action of the directors, subject to the prior written consent of the Toronto Stock Exchange (or, if the Common Shares are not listed thereon, such stock exchange on which the Common Shares are listed), as the directors in their sole discretion may determine to be equitable in the circumstances. Failure of the directors to make such an adjustment shall be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances.
- (j) Subject to the prior written consent of the Toronto Stock Exchange (or, if the Common Shares are not listed thereon, such stock exchange on which the Common Shares are listed), no adjustment in the Conversion Price shall be made in respect of any event described in subsections 6.5(a), 6.5(b) or 6.5(c) if the holders of the Debentures are entitled to participate in such event on the same terms *mutatis mutandis* as if they had converted their Debentures prior to the effective date or record date, as the case may be, of such event.
- (k) Except as stated above in this Section 6.5, no adjustment will be made in the Conversion Price for any Debentures as a result of the issuance of Common Shares at less than the Current Market Price on the date of issuance or the then applicable Conversion Price.
- (l) Notwithstanding anything to the contrary contained in this Indenture, no adjustment will be made in the Conversion Price for any Debentures as a result of the payment of the Corporation's current dividend in the amount of \$0.14 per Common Share per year, adjusted for stock splits and share consolidations, as they case may be.

6.6 No Requirement to Issue Fractional Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of Debentures pursuant to this Article. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of whole Common Shares issuable upon conversion thereof shall be computed on the basis of the aggregate principal

amount of such Debentures to be converted. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal amount of Debentures, the Corporation shall, in lieu of delivering any certificate representing such fractional interest, make a cash payment to the holder of such Debenture of an amount equal to the fractional interest which would have been issuable times the Conversion Price.

6.7 Corporation to Reserve Shares

The Corporation covenants with the Indenture Trustee that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited), solely for the purpose of issue upon conversion of Debentures as in this Article provided, and conditionally allot to Debentureholders who may exercise their conversion rights hereunder, such number of Common Shares as shall then be issuable upon the conversion of all outstanding Debentures. The Corporation covenants with the Indenture Trustee that all Common Shares which shall be so issuable shall be duly and validly issued as fully-paid and non-assessable.

6.8 Cancellation of Converted Debentures

All Debentures converted in whole or in part under the provisions of this Article shall be forthwith delivered to and cancelled by the Indenture Trustee and no Debenture shall be issued in substitution therefor.

6.9 Certificate as to Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 6.5, deliver an Officers' Certificate to the Indenture Trustee specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment specified therein shall be verified by an opinion of a firm of chartered accountants appointed by the Corporation and acceptable to the Indenture Trustee (who may be the Auditors of the Corporation) and shall be conclusive and binding on all parties in interest. When so approved, the Corporation shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Common Shares, forthwith give notice to the Debentureholders in the manner provided in Section 14.2 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Price; provided that, if the Corporation has given notice under this Section 6.9 covering all the relevant facts in respect of such event and if the Indenture Trustee approves, no such notice need be given under this Section 6.9.

6.10 Notice of Special Matters

The Corporation covenants with the Indenture Trustee that so long as any Debenture remains outstanding, it will give notice to the Indenture Trustee, and to the Debentureholders in the manner provided in Section 14.2, of its intention to fix a record date for any event referred to in Section 6.5(a), (b) or (c) (other than the subdivision, redivision, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion

Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than fourteen (14) days in each case prior to such applicable record date.

6.11 Protection of Indenture Trustee

Subject to Section 15.3, the Indenture Trustee:

- (a) shall not at any time be under any duty or responsibility to any Debentureholder to determine whether any facts exist which may require any adjustment in the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any shares or other securities or property which may at any time be issued or delivered upon the conversion of any Debenture; and
- (c) shall not be responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver Common Shares, share certificates upon the surrender of any Debenture for the purpose of conversion, or to comply with any of the covenants contained in this Article.

6.12 U.S. Legend on Common Shares

Each certificate representing Common Shares issued upon conversion of Debentures pursuant to this Article 6 bearing the U.S. Legend set forth in Section 2.17, as well as all certificates issued in exchange for or in substitution of the foregoing securities, shall also bear the U.S. Legend set forth in Section 2.17; provided that if the Common Shares are being sold outside the United States in accordance with Rule 904 of Regulation S, and provided that the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of sale, the U.S. Legend may be removed by providing a declaration to the Indenture Trustee, as registrar and transfer agent for the Common Shares, as set forth in Schedule "A" hereto (or as the Corporation may prescribe from time to time); and provided further that, if any such securities are being sold within the United States in accordance with Rule 144 under the 1933 Act, the U.S. Legend may be removed by delivery to the Indenture Trustee, as registrar and transfer agent for the Common Shares, of an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or state securities laws. Provided that the Indenture Trustee obtains confirmation from the Corporation that such counsel is satisfactory to it, it shall be entitled to rely on such opinion of counsel without further inquiry.

ARTICLE 7

COVENANTS OF THE CORPORATION

The Corporation hereby covenants and agrees with the Indenture Trustee for the benefit of the Indenture Trustee and the Debentureholders as follows:

7.1 To Pay Principal and Interest

The Corporation will duly and punctually pay or cause to be paid to every Debentureholder the principal of and interest accrued on the Debentures of which it is the holder on the dates, at the places and in the manner mentioned herein and in the Debentures.

7.2 To Carry on Activities

Subject to the express provisions hereof, the Corporation will carry on and conduct its investment activities in a proper and efficient manner; and, subject to the express provisions hereof, it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence or the existence of a Successor (as defined in Article 11) and rights provided that the Corporation may dispose of any investments or allow to lapse any of its rights if in the opinion of the Corporation it would be advisable and in the best interests of the Corporation to do so.

7.3 To Pay Indenture Trustee's Remuneration

The Corporation will pay the Indenture Trustee reasonable remuneration for its services as Indenture Trustee hereunder and will repay to the Indenture Trustee on demand all moneys which shall have been paid by the Indenture Trustee in connection with the execution of the trusts hereby created and such moneys including the Indenture Trustee's remuneration, shall be payable out of any funds coming into the possession of the Indenture Trustee in priority to any of the Debentures or interest thereon. The said remuneration shall continue payable until the trusts hereof be finally wound up and whether or not the trusts of this Indenture shall be in the course of administration by or under the direction of the court.

7.4 To Give Notice of Default

The Corporation shall notify the Indenture Trustee immediately upon obtaining knowledge of any Event of Default hereunder.

7.5 No Distributions on Common Shares if Event of Default

The Corporation shall not declare or make any distribution to the holders of its issued and outstanding Common Shares or make any repurchase of Common Shares after the occurrence of an Event of Default unless and until such default shall have been cured or waived or shall have ceased to exist.

7.6 To Maintain Listings

The Corporation will use its best efforts to maintain the listing of the Common Shares and the Debentures on the Toronto Stock Exchange; provided that, for greater certainty, the foregoing covenant shall not prevent or restrict the Corporation from carrying out a transaction pursuant to which all or substantially all of the Corporation's outstanding Common Shares would be acquired by another Person or carrying out a transaction to which Article 11 would apply if carried out in compliance with Article 11 even if as a result of any such transaction the Common Shares or Debentures cease to be listed on the Toronto Stock Exchange or any other stock exchange.

7.7 Annual Certificate of Compliance

The Corporation will deliver to the Indenture Trustee, within 120 days after the end of each fiscal year of the Corporation, an Officers' Certificate as to the knowledge of such officers who execute the Officers' Certificate certifying that after reasonable investigation and inquiry, the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with the giving of notice, lapse of time or otherwise, constitute an Event of Default hereunder, or, if such is not the case, setting forth with reasonable particulars the circumstances of any failure to comply and steps taken or proposed to be taken to eliminate such circumstances and remedy such Event of Default, as the case may be.

ARTICLE 8 DEFAULT

8.1 Events of Default

Each of the following events constitutes, and is sometimes referred to as, an **"Event of Default"**:

- (a) failure for 15 days to pay interest on the Debentures when due;
- (b) failure to pay principal or premium, if any, on the Debentures when due whether at maturity, upon redemption, by declaration or otherwise;
- (c) if a decree or order of a court having jurisdiction in the premises is entered adjudging the Corporation a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of the property of, the Corporation, or appointing a receiver of, or of any substantial part of the property of, the Corporation or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;
- (d) if the Corporation institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to

the appointment of a receiver of, or of any substantial part of, the property of the Corporation or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due or becomes insolvent;

- (e) if a resolution is passed for the winding-up or liquidation of the Corporation except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Section 11.1 are duly observed and performed; or
- (f) if, after the date of this Indenture, any proceedings with respect to the Corporation are taken with respect to a compromise or arrangement, with respect to creditors of the Corporation generally, under the applicable legislation of any jurisdiction;

in each and every such event the Indenture Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding, subject to the provisions of Section 8.3, by notice in writing to the Corporation declare the principal of and premium, if any, and interest on all Debentures then outstanding and all other moneys outstanding hereunder to be due and payable and the same shall forthwith become immediately due and payable to the Indenture Trustee, anything therein or herein to the contrary notwithstanding, and the Corporation shall forthwith pay to the Indenture Trustee for the benefit of the Debentureholders such principal, accrued and unpaid interest and all other moneys outstanding hereunder, together with interest at the rate borne by the Debentures on such principal and premium, if any, interest and such other moneys from the date of the said declaration until payment is received by the Indenture Trustee. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder and any moneys so received by the Indenture Trustee shall be applied in the manner provided in Section 8.6.

8.2 Notice of Events of Default

If an Event of Default shall occur and be continuing the Indenture Trustee shall, within 30 days after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 14.2, provided that notwithstanding the foregoing, unless the Indenture Trustee shall have been requested to do so by the holders of at least 25% of the principal amount of the Debentures then outstanding, the Indenture Trustee shall not be required to give such notice if the Indenture Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders and shall have so advised the Corporation in writing.

8.3 Waiver of Default

Upon the happening of any Event of Default hereunder:

- (a) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of 51% of the principal amount of Debentures then outstanding to instruct the Indenture Trustee to waive any Event of Default and to cancel any declaration made by the Indenture Trustee pursuant to Section 8.1 and

the Indenture Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be prescribed in such requisition; provided that notwithstanding the foregoing, if the Event of Default has occurred by reason of the non-observance or non-performance by the Corporation of any covenant applicable only to one or more series of Debentures, then the holders of not less than 51% of the principal amount of the outstanding Debentures of that series shall be entitled to exercise the foregoing power and the Indenture Trustee shall so act and it shall not be necessary to obtain a waiver from the holders of any other series of Debentures; and

- (b) the Indenture Trustee, so long as it has not become bound to declare the principal and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Indenture Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Indenture Trustee in the exercise of its discretion, upon such terms and conditions as the Indenture Trustee may deem advisable.

No such act or omission either of the Indenture Trustee or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

8.4 Enforcement by the Indenture Trustee

Subject to the provisions of Section 8.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, in case the Corporation shall fail to pay to the Indenture Trustee, forthwith after the same shall have been declared to be due and payable under Section 8.1, the principal of and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Indenture Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as Indenture Trustee hereunder to obtain or enforce payment of the said principal of and interest on all the Debentures then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Indenture Trustee in such request shall have been directed to take, or if such request contains no such direction, or if the Indenture Trustee shall act without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Indenture Trustee shall deem expedient.

The Indenture Trustee shall be entitled and empowered, either in its own name or as trustee of an express trust, or as attorney-in-fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Indenture Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Corporation or its creditors or relative to or affecting its property. The Indenture Trustee is hereby irrevocably appointed (and the successive

respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Indenture Trustee) the true and lawful attorney-in-fact of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Indenture Trustee, in order to have the respective claims of the Indenture Trustee and of the holders of the Debentures against the Corporation or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that nothing contained in this Indenture shall be deemed to give to the Indenture Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

The Indenture Trustee shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.

All rights of action hereunder may be enforced by the Indenture Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Indenture Trustee shall be brought in the name of the Indenture Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Indenture Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Indenture Trustee shall be a party) the Indenture Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.

8.5 No Suits by Debentureholders

No holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless (a) such holder shall previously have given to the Indenture Trustee written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Indenture Trustee and the Indenture Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Indenture Trustee, when so requested by the Indenture Trustee,

sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Indenture Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Indenture Trustee, to be conditions precedent to any such proceeding.

8.6 Application of Moneys by Indenture Trustee

Except as herein otherwise expressly provided, any moneys received by the Indenture Trustee from the Corporation pursuant to the foregoing provisions of this Article, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation, shall be applied, together with any other moneys in the hands of the Indenture Trustee available for such purpose, as follows:

- (a) first, in payment or in reimbursement to the Indenture Trustee of its compensation, costs, charges, expenses, borrowings, advances or other moneys furnished or provided by or at the instance of the Indenture Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;
- (b) second, but subject as hereinafter in this Section 8.6 provided, in payment, rateably and proportionately to the holders of Debentures, of the principal of and accrued and unpaid interest and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal and interest as may be directed by such resolution; and
- (c) third, in payment of the surplus, if any, of such moneys to the Corporation or its assigns;

provided, however, that no payment shall be made pursuant to clause (b) above in respect of the principal of or interest on any Debenture held, directly or indirectly, by or for the benefit of the Corporation or any Subsidiary (other than any Debenture pledged for value and in good faith to a person other than the Corporation or any Subsidiary but only to the extent of such person's interest therein) except subject to the prior payment in full of the principal and interest on all Debentures which are not so held.

8.7 Distribution of Proceeds

Payments to holders of Debentures pursuant to clause (b) of Section 8.6 shall be made as follows:

- (a) At least 15 days notice of every such payment shall be given in the manner provided in Section 14.2 specifying the time when and the place or places where the Debentures are to be presented and the amount of the payment and the application thereof as between principal and interest.

- (b) Payment of any Debenture shall be made upon presentation thereof at any one of the places specified in such notice and any such Debenture thereby paid in full shall be surrendered, otherwise a memorandum of such payment shall be endorsed thereon; but the Indenture Trustee may in its discretion dispense with presentation and surrender for endorsement in any special case upon such indemnity being given as it shall deem sufficient.
- (c) From and after the date of payment specified in the notice, interest shall accrue only on the amount owing on each Debenture after giving credit for the amount of the payment specified in such notice unless the Debenture in respect of which such amount is owing be duly presented on or after the date so specified and payment of such amount is not made.
- (d) The Indenture Trustee shall not be bound to apply or make any partial or interim payment of any moneys coming into its hands if the amount so received by it, after reserving thereout such amount as the Indenture Trustee may think necessary to provide for the payments mentioned in clause (a) of Section 8.6, is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided in Section 15.9 until the money or the investments representing the same, with the income derived therefrom, together with any other moneys for the time being under its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth. The foregoing shall, however, not apply to a final payment in distribution hereunder.

8.8 Remedies Cumulative

No remedy herein conferred upon or reserved to the Indenture Trustee, or upon or to the holders of Debentures is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

8.9 Judgment Against the Corporation

The Corporation covenants and agrees with the Indenture Trustee that, in case of any judicial or other proceedings to enforce the rights of the Debentureholders, judgment may be rendered against it in favour of the Debentureholders or in favour of the Indenture Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and the interest thereon and any other moneys owing hereunder.

8.10 Immunity of Directors and Others

The Debentureholders and the Indenture Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future officer, trustee or holder of Common Shares of the Corporation or of any successor for the payment of the principal of or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Corporation herein or in the Debentures contained.

ARTICLE 9

SATISFACTION AND DISCHARGE

9.1 Cancellation and Destruction

All Debentures shall forthwith after payment thereof be delivered to the Indenture Trustee and cancelled by it. All Debentures cancelled or required to be cancelled under this or any other provision of this Indenture shall be destroyed by the Indenture Trustee and, if required by the Corporation, the Indenture Trustee shall furnish to it a destruction certificate setting out the designating numbers of the Debentures so destroyed.

9.2 Non-Presentation of Debentures

In case the holder of any Debenture shall fail to present the same for payment on the date on which the principal thereof or the interest thereon or represented thereby becomes payable either at maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor, if any, as the Indenture Trustee may require:

- (a) the Corporation shall be entitled to pay or deliver to the Indenture Trustee and direct it to set aside; or
- (b) in respect of moneys or Common Shares in the hands of the Indenture Trustee which may or should be applied to the payment of the Debentures, the Corporation shall be entitled to direct the Indenture Trustee to set aside; or
- (c) if the redemption was pursuant to notice given by the Indenture Trustee, the Indenture Trustee may itself set aside;

the principal moneys or the interest, as the case may be, in trust to be paid to the holder of such Debenture upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal moneys or the interest payable on or represented by each Debenture in respect whereof such moneys or Common Shares, if applicable, have been set aside shall be deemed to have been paid and the holder thereof shall thereafter have no right in respect thereof except that of receiving delivery and payment of the moneys or Common Shares, if applicable, so set aside by the Indenture Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 9.3.

9.3 Repayment of Unclaimed Moneys or Common Shares

Any moneys or Common Shares, if applicable, set aside under Section 9.2 and not claimed by and paid to holders of Debentures as provided in Section 9.2 within six years after the date of such setting aside shall be repaid and delivered to the Corporation by the Indenture Trustee on demand and thereupon the Indenture Trustee shall be released from all further liability with respect to such moneys or Common Shares, if applicable, and thereafter the holders of the Debentures in respect of which such moneys or Common Shares, if applicable, were so repaid to the Corporation shall have no rights in respect thereof except to obtain payment and delivery of the moneys or Common Shares, if applicable, due thereon from the Corporation up to such time as the right to proceed against the Corporation for recovery of such moneys or

Common Shares, if applicable has become statute barred under the laws of the Province of Nova Scotia.

9.4 Discharge

The Indenture Trustee shall at the written request of the Corporation release and discharge this Indenture and execute and deliver such instruments as it shall be advised by Counsel are requisite for that purpose and to release the Corporation from its covenants herein contained (other than the provisions relating to the indemnification of the Indenture Trustee), upon proof being given to the reasonable satisfaction of the Indenture Trustee that the principal of and interest (including interest on amounts in default, if any), on all the Debentures and all other moneys payable hereunder have been paid or satisfied or that, all the Debentures having matured or having been duly called for redemption, payment of the principal of and interest (including interest on amounts in default, if any) on such Debentures and of all other moneys payable hereunder has been duly and effectually provided for in accordance with the provisions hereof.

9.5 Satisfaction

- (a) The Corporation shall be deemed to have fully paid, satisfied and discharged the outstanding Debentures and the Indenture Trustee, at the expense of the Corporation, shall execute and deliver proper instruments acknowledging the full payment, satisfaction and discharge of the Debentures, when, with respect to all outstanding Debentures or all of the outstanding Debentures of any series, as applicable, either:
 - (i) the Corporation has deposited or caused to be deposited with the Indenture Trustee as trust funds or property in trust for the purpose of making payment on the Debentures, an amount in money or Common Shares (on a Redemption Date in accordance with Section 4.6 or on the Maturity Date in accordance with Section 4.10), if applicable, sufficient to pay, satisfy and discharge the entire amount of principal, premium, if any, and interest, if any, to maturity or any repayment date or Redemption Dates, as the case may be, of the outstanding Debentures; or
 - (ii) the Corporation has deposited or caused to be deposited with the Indenture Trustee as trust property in trust for the purpose of making payment on the Debentures:
 - (A) if the Debentures are issued in Canadian dollars, such amount in Canadian dollars of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or Common Shares (on a Redemption Date in accordance with Section 4.6 or on the Maturity Date in accordance with Section 4.10), if applicable; or
 - (B) if the Debentures are issued in a currency or currency unit other than Canadian dollars, cash in the currency or currency unit in

which the Debentures are payable and/or such amount in such currency or currency unit of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or the government that issued the currency or currency unit in which the Debentures are payable or Common Shares (on a Redemption Date in accordance with Section 4.6 or on the Maturity Date in accordance with Section 4.10), if applicable;

as will, together with the income to accrue thereon, be sufficient to pay and discharge the entire amount of principal and accrued and unpaid interest to maturity or any repayment date, as the case may be, of the outstanding Debentures;

and in either event:

- (iii) the Corporation has paid, caused to be paid or made provisions to the satisfaction of the Indenture Trustee for the payment of all other sums payable with respect to the outstanding Debentures; and
- (iv) the Corporation has delivered to the Indenture Trustee an Officers' Certificate stating that all conditions precedent herein provided relating to the payment, satisfaction and discharge of the outstanding Debentures have been complied with.

Any deposits with the Indenture Trustee referred to in this Section 9.5 shall be irrevocable, subject to Section 9.6, and shall be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Indenture Trustee and which provides for the due and punctual payment of the principal of, and interest and premium, if any, on the Debentures being satisfied.

- (b) Upon the satisfaction of the conditions set forth in this Section 9.5 with respect to all the outstanding Debentures, the terms and conditions of the Debentures, including the terms and conditions with respect thereto set forth in this Indenture (other than those contained in Article 2 and Section 4.1 and the provisions of Article 1 pertaining to Article 2 and Section 4.1) shall no longer be binding upon or applicable to the Corporation.
- (c) Any funds or obligations deposited with the Indenture Trustee pursuant to this Section 9.5 shall be denominated in the currency of denomination of the Debentures in respect of which such deposit is made.

9.6 Continuance of Rights, Duties and Obligations

Where trust funds or trust property have been deposited pursuant to Section 9.5, the holders of Debentures and the Corporation shall continue to have and be subject to their respective rights, duties and obligations under Article 2 and Section 4.1 hereof.

ARTICLE 10 COMMON SHARE INTEREST PAYMENT ELECTION

10.1 Common Share Interest Payment Election

- (a) Subject to the other provisions of this Section 10.1, the Corporation may, at its option and subject to regulatory approval, elect to satisfy its obligation to pay interest on the Debentures, in whole or in part, by issuing and delivering Freely Tradeable Common Shares in accordance with the provisions of this Section 10.1.
- (b) The Corporation may, at its option, subject to applicable regulatory approval or unless otherwise specified in a supplemental indenture in respect of a series or class of Debentures, elect to satisfy its obligation to pay (less any taxes required to be deducted) interest due in respect of the Debentures on the applicable Interest Payment Date, in whole or in part, by issuing and delivering to holders on the Interest Payment Date that number of Freely Tradeable Common Shares obtained by dividing the aggregate amount of interest proposed to be paid by the issuance and delivery of Freely Tradeable Common Shares by 95% of the Current Market Price of the Common Shares determined as of the date immediately preceding the date the Common Share Interest Payment Notice is delivered to the Indenture Trustee (the "**Common Share Interest Payment Right**").
- (c) The Corporation shall exercise the Common Share Interest Payment Right by so specifying in a notice regarding the interest payment (the "**Common Share Interest Payment Notice**"), which shall be delivered to the Indenture Trustee not more than 60 days and not less than 15 days' prior to the applicable Interest Payment Date. Concurrent with the delivery to the Indenture Trustee of a Common Share Interest Payment Notice, the Corporation shall issue a press release announcing that it has exercised its Common Share Interest Payment Election.
- (d) The Corporation's right to exercise the Common Share Interest Payment Right shall be conditional upon the following conditions being met on the Business Day preceding the applicable Interest Payment Date:
 - (i) the qualification of the Common Shares to be issued on exercise of the Common Share Interest Payment Right as Freely Tradeable;
 - (ii) the conditional listing of such additional Common Shares on each stock exchange on which the Common Shares are then listed;
 - (iii) the Corporation being a reporting issuer in good standing under Applicable Securities Legislation where the distribution of such Common Shares occurs;
 - (iv) the receipt by the Indenture Trustee of an Officers' Certificate stating that conditions (i), (ii), and (iii) above have been satisfied and setting forth the number of Common Shares to be delivered for each \$1,000 principal

amount of Debentures and the Current Market Price of the Common Shares determined as of the date immediately preceding the date the Common Share Interest Payment Notice is delivered to the Indenture Trustee; and

- (v) the receipt by the Indenture Trustee of an opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the interest payment will be validly issued as fully paid and non-assessable, that conditions (i) and (ii) above have been satisfied and that, relying exclusively on certificates of good standing issued by the relevant securities authorities, condition (iii) above is satisfied, except that the opinion in respect of condition (iii) need not be expressed with respect to those provinces where certificates are not issued.

If the foregoing conditions are not satisfied prior to the close of business on the Business Day preceding the applicable Interest Payment Date, the Corporation shall pay in cash 100% of the Interest Obligation that would otherwise have been satisfied in Common Shares.

- (e) In the event that the Corporation duly exercises its Common Share Interest Payment Right, the Corporation shall on or before the applicable Interest Payment Date make the delivery to the Indenture Trustee for delivery to and on account of the holders on the Interest Payment Date, of certificates representing the Freely Tradeable Common Shares to which such holders are entitled.
- (f) No fractional Common Shares shall be issued or delivered upon the exercise of the Common Share Interest Payment Right but, in lieu thereof, the Corporation shall pay to the Indenture Trustee for the account of the holders, at the time contemplated in Section 10.1(e), the cash equivalent thereof determined on the basis of the Current Market Price of the Common Shares determined as of the date immediately preceding the date the Common Share Interest Payment Notice is delivered to the Indenture Trustee (less any tax required to be deducted, if any).
- (g) A holder shall be treated as the shareholder of record of the Common Shares issued on due exercise by the Corporation of its Common Share Interest Payment Right effective immediately after the close of business on the applicable Interest Payment Date, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including share dividends and dividends in kind) thereon and arising thereafter, and in the event that the Indenture Trustee receives the same, it shall hold the same in trust for the benefit of such holder.
- (h) The Corporation shall at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited) solely for the purpose of issue and delivery upon the exercise of the Corporation's Common Share Interest Payment Right as provided herein, and shall issue to

Debentureholders to whom Common Shares will be issued pursuant to exercise of the Common Share Interest Payment Right, such number of Common Shares as shall be issuable in such event. All Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

- (i) The Corporation shall comply with all Applicable Securities Legislation regulating the issue and delivery of Common Shares upon exercise of the Common Share Interest Payment Right and shall cause to be listed and posted for trading such Common Shares on each stock exchange on which the Common Shares are then listed.
- (j) The Corporation shall from time to time promptly pay, or make provision satisfactory to the Indenture Trustee for the payment of, all taxes and charges which may be imposed by the laws of Canada or any province thereof (except income tax, withholding tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Common Shares to holders upon exercise of the Common Share Interest Payment Right pursuant to the terms of the Debentures and of this Indenture.
- (k) Notwithstanding its exercise of the Common Share Interest Payment Right contemplated by this Section, the Corporation shall have the right to satisfy its obligation hereunder to pay the amounts payable to the Debentureholders not residing in Canada, if any, by cheque instead of in Freely Tradeable Common Shares as provided herein without regard to any premium paid to holders of Debentures as a result of the Corporation electing to pay an amount by delivering Freely Tradeable Common Shares.

ARTICLE 11 SUCCESSORS

11.1 Restrictions on Amalgamation, Merger and Sale of Certain Assets, etc.

The Corporation shall not, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the Corporation, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets to any Person, unless:

- (a) the Corporation shall be the surviving Person, or, if other than the Corporation, the Person (the "**Successor**") formed by such amalgamation or consolidation or into which the Corporation is merged or that acquires by disposition all or substantially all of the property of the Corporation shall be a validly existing corporation, partnership or other unincorporated organization or trust and shall expressly assume, by a supplemental indenture executed and delivered to the Indenture Trustee in form satisfactory to the Indenture Trustee based on the advice of Counsel, all of the Corporation's obligations under this Indenture, any supplemental indenture and the Debentures and, in the case of an entity organized

otherwise than under the laws of the Province of Nova Scotia, shall attorn to the jurisdiction of the courts of the Province of Nova Scotia;

- (b) such transaction, in the opinion of Counsel, shall be on such terms as to substantially preserve and not impair any of the rights and powers of the Indenture Trustee and the Debentureholders hereunder; and
- (c) immediately before and after giving effect to such transaction, no Event of Default shall have occurred and be continuing.

For greater certainty, the foregoing provisions of Section 11.1 shall only apply if the Corporation amalgamates or consolidates with or merges into any other Person, or directly or indirectly transfers, sells, leases or otherwise disposes of all or substantially all of its property or assets to any Person, and shall not apply to any other transaction involving the Corporation.

11.2 Vesting of Powers in Successor

Upon any amalgamation, consolidation, merger or other transfer or disposition in accordance with Section 11.1, any Successor formed by or resulting from such transaction shall succeed to, and be substituted for, and may exercise every right and power of the Corporation under this Indenture with the same effect as though the Successor had been named as the Corporation herein and thereafter, except in the case of a lease or other similar disposition of property to the Successor, the Corporation shall be relieved of all obligations and covenants under this Indenture and the Debentures forthwith upon the Corporation delivering to the Indenture Trustee an opinion of Counsel to the effect that the transaction shall not result in any material adverse tax consequences to the Corporation, the Successor or the holders and such release will not impair the rights and powers of the holders hereunder. The Indenture Trustee will, at the expense of the Successor, execute any documents which it may be advised by Counsel are necessary or advisable for effecting or evidencing such release and discharge.

ARTICLE 12 COMPULSORY ACQUISITION

12.1 Definitions

In this Article:

- (a) **"Affiliate"** and **"Associate"** shall have their respective meanings set forth in the *Securities Act* (Nova Scotia);
- (b) **"Dissenting Debentureholders"** means a Debentureholder who does not accept an Offer referred to in Section 12.2 and includes any assignee of the Debenture of a Debentureholder to whom such an Offer is made, whether or not such assignee is recognized under this Indenture;
- (c) **"Offer"** means an offer to acquire outstanding Debentures where, as of the date of the offer to acquire, the Debentures that are subject to the offer to acquire,

together with the Offeror's Debentures, constitute in the aggregate 20% or more of the outstanding principal amount of the Debentures;

- (d) **"offer to acquire"** includes an acceptance of an offer to sell;
- (e) **"Offeror"** means a Person, or two or more Persons acting jointly or in concert, who make an Offer to acquire Debentures;
- (f) **"Offeror's Notice"** means the notice described in Section 12.3; and
- (g) **"Offeror's Debentures"** means Debentures beneficially owned, or over which control or direction is exercised, on the date of an Offer by the Offeror, any Affiliate or Associate of the Offeror or any person or company acting jointly or in concert with the Offeror.

12.2 Offer for Debentures

If an Offer for all of the outstanding Debentures (other than Debentures held by or on behalf of the Offeror or an Affiliate or Associate of the Offeror) is made and:

- (a) within the time provided in the Offer for its acceptance or within 45 days after the date the Offer is made, whichever period is the shorter, the Offer is accepted by Debentureholders representing at least 90% of the outstanding principal amount of the Debentures, other than the Offeror's Debentures;
- (b) the Offeror is bound to take up and pay for, or has taken up and paid for the Debentures of the Debentureholders who accepted the Offer; and
- (c) the Offeror complies with Sections 12.3 and 12.5;

the Offeror is entitled to acquire, and the Dissenting Debentureholders are required to sell to the Offeror, the Debentures held by the Dissenting Debentureholder for the same consideration per Debenture payable or paid, as the case may be, under the Offer.

12.3 Offeror's Notice to Dissenting Debentureholders

Where an Offeror is entitled to acquire Debentures held by Dissenting Debentureholders pursuant to Section 12.2 and the Offeror wishes to exercise such right, the Offeror shall send by registered mail within 60 days after the date of termination of the Offer and the 180th day after the date of the Offer a notice (the **"Offeror's Notice"**) to each Dissenting Debentureholder stating that:

- (a) Debentureholders holding at least 90% of the principal amount of all outstanding Debentures, other than Offeror's Debentures, have accepted the Offer;
- (b) the Offeror is bound to take up and pay for, or has taken up and paid for, the Debentures of the Debentureholders who accepted the Offer;

- (c) Dissenting Debentureholders must transfer their respective Debentures to the Offeror on the terms on which the Offeror acquired the Debentures of the Debentureholders who accepted the Offer within 21 days after the date of the sending of the Offeror's Notice; and
- (d) Dissenting Debentureholders must send their respective Debenture certificate(s) to the Corporation within 21 days after the date of the sending of the Offeror's Notice.

12.4 Delivery of Debenture Certificates

A Dissenting Debentureholder to whom an Offeror's Notice is sent pursuant to Section 12.3 shall, within 21 days after the sending of the Offeror's Notice, send his or her Debenture Certificate(s) to the Indenture Trustee duly endorsed for transfer.

12.5 Payment of Consideration to Indenture Trustee

Within 21 days after the Offeror sends an Offeror's Notice pursuant to Section 12.3, the Offeror shall pay or transfer to the Indenture Trustee, or to such other person as the Indenture Trustee may direct, the cash or other consideration that is payable to Dissenting Debentureholders pursuant to Section 12.2.

12.6 Consideration to be held in Corporation

The Indenture Trustee, or the person directed by the Indenture Trustee, shall hold in trust for the Dissenting Debentureholders the cash or other consideration they or it receives under Section 12.5. The Indenture Trustee, or such persons, shall deposit cash in a separate account in a Canadian chartered bank, or other body corporate, any of whose deposits are insured by the Canada Deposit Insurance Corporation, and shall place other consideration in the custody of a Canadian chartered bank or such other body corporate.

12.7 Completion of Transfer of Debentures to Offeror

Within 30 days after the date of the sending of an Offeror's Notice pursuant to Section 12.3, the Indenture Trustee, if the Offeror has complied with Section 12.5, shall:

- (a) do all acts and things and execute and cause to be executed all instruments as in the Indenture Trustee's opinion may be necessary or desirable to cause the transfer of the Debentures of the Dissenting Debentureholders to the Offeror;
- (b) send to each Dissenting Debentureholder who has complied with Section 12.4 the consideration to which such Dissenting Debentureholder is entitled under this Article 12; and
- (c) send to each Dissenting Debentureholder who has not complied with Section 12.4 a notice stating that:
 - (i) his or her Debentures have been transferred to the Offeror;

- (ii) the Indenture Trustee or some other person designated in such notice are holding in trust the consideration for such Debentures; and
- (iii) the Indenture Trustee, or such other person, will send the consideration to such Dissenting Debentureholder as soon as possible after receiving such Dissenting Debentureholder's Debenture certificate(s) or such other documents as the Indenture Trustee or such other person may require in lieu thereof;

and the Indenture Trustee is hereby appointed the agent and attorney of the Dissenting Debentureholders for the purposes of giving effect to the foregoing provisions.

12.8 Communication of Offer to Corporation

An Offeror cannot make an Offer for Debentures unless, concurrent with the communication of the Offer to any Debentureholder, a copy of the Offer is provided to the Corporation.

ARTICLE 13 MEETINGS OF DEBENTUREHOLDERS

13.1 Right to Convene Meeting

The Indenture Trustee or the Corporation may at any time and from time to time, and the Indenture Trustee shall, on receipt of a written request of the Corporation or a written request signed by the holders of not less than 25% of the principal amount of the Debentures then outstanding and upon receiving funding and being indemnified to its reasonable satisfaction by the Corporation or by the Debentureholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Debentureholders. In the event of the Indenture Trustee failing within 30 days after receipt of any such request and such funding of indemnity to give notice convening a meeting, the Corporation or such Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Halifax or at such other place as may be approved or determined by the Indenture Trustee.

13.2 Notice of Meetings

- (a) At least 15 days notice of any meeting shall be given to the Debentureholders in the manner provided in Section 14.2 and a copy of such notice shall be sent by post to the Indenture Trustee, unless the meeting has been called by it. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article. The accidental omission to give notice of a meeting to any holder of Debentures shall not invalidate any resolution passed at any such meeting. A holder may waive notice of a meeting either before or after the meeting.

- (b) If the business to be transacted at any meeting by Extraordinary Resolution or otherwise, or any action to be taken or power exercised by instrument in writing under Section 13.15, especially affects the rights of holders of Debentures of one or more series in a manner or to an extent differing in any material way from that in or to which the rights of holders of Debentures of any other series are affected (determined as provided in Sections 13.2(c) and (d)), then:
 - (i) a reference to such fact, indicating each series of Debentures in the opinion of the Indenture Trustee so especially affected (hereinafter referred to as the "**especially affected series**") shall be made in the notice of such meeting, and in any such case the meeting shall be and be deemed to be and is herein referred to as a "**Serial Meeting**"; and
 - (ii) the holders of Debentures of an especially affected series shall not be bound by any action taken at a Serial Meeting or by instrument in writing under Section 13.15 unless in addition to compliance with the other provisions of this Article 14:
 - (A) at such Serial Meeting: (I) there are Debentureholders present in person or by proxy and representing at least 25% in principal amount of the Debentures then outstanding of such series, subject to the provisions of this Article 13 as to quorum at adjourned meetings; and (II) the resolution is passed by the affirmative vote of the holders of more than 50% (or in the case of an Extraordinary Resolution not less than 66-2/3%) of the principal amount of the Debentures of such series then outstanding voted on the resolution; or
 - (B) in the case of action taken or power exercised by instrument in writing under Section 13.15, such instrument is signed in one or more counterparts by the holders of not less than 66-2/3% in principal amount of the Debentures of such series then outstanding.
- (c) Subject to Section 13.2(d), the determination as to whether any business to be transacted at a meeting of Debentureholders, or any action to be taken or power to be exercised by instrument in writing under Section 13.15, especially affects the rights of the Debentureholders of one or more series in a manner or to an extent differing in any material way from that in or to which it affects the rights of Debentureholders of any other series (and is therefore an especially affected series) shall be determined by an opinion of Counsel, which shall be binding on all Debentureholders, the Indenture Trustee and the Corporation for all purposes hereof.
- (d) A proposal:

- (i) to extend the maturity of Debentures of any particular series or to reduce the principal amount thereof, the rate of interest or any redemption premium thereon or to impair any conversion right thereof;
- (ii) to modify or terminate any covenant or agreement which by its terms is effective only so long as Debentures of a particular series are outstanding; or
- (iii) to reduce with respect to Debentureholders of any particular series any percentage stated in this Section 13.2 or Sections 13.4, 13.12 and 13.15;

shall be deemed to especially affect the rights of the Debentureholders of such series in a manner differing in a material way from that in which it affects the rights of holders of Debentures of any other series, whether or not a similar extension, reduction, modification or termination is proposed with respect to Debentures of any or all other series.

13.3 Chairman

Some person, who need not be a Debentureholder, nominated in writing by the Corporation (if it has convened the meeting) or the Indenture Trustee (in any other case) shall be chairman of the meeting and if no person is so nominated, or if the person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, the Debentureholders present in person or by proxy shall choose some person present to be chairman.

13.4 Quorum

Subject to the provisions of Section 13.12, at any meeting of the Debentureholders a quorum shall consist of Debentureholders present in person or by proxy and representing at least 25% in principal amount of the outstanding Debentures and, if the meeting is a Serial Meeting, at least 25% of the Debentures then outstanding of each especially affected series. If a quorum of the Debentureholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Debentureholders or pursuant to a request of the Debentureholders, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures or of the Debentures then outstanding of each especially affected series. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum be present at the commencement of business.

13.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Debentureholders is present may, with the consent of the holders of a majority in principal amount of the Debentures represented thereat, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

13.6 Show of Hands

Every question submitted to a meeting shall, subject to Section 13.7, be decided in the first place by a majority of the votes given on a show of hands. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held by him.

13.7 Poll

On every Extraordinary Resolution, and on any other question submitted to a meeting, when demanded by the chairman or by one or more Debentureholders or proxies for Debentureholders, a poll shall be taken in such manner and either at once or after an adjournment as the chairman shall direct. Questions other than Extraordinary Resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Debentures represented at the meeting and voted on the poll.

13.8 Voting

On a show of hands every person who is present and entitled to vote, whether as a Debentureholder or as proxy for one or more Debentureholders or both, shall have one vote. On a poll each Debentureholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each \$1,000 principal amount of Debentures of which he shall then be the holder.

A proxy need not be a Debentureholder. In the case of joint holders of a Debenture, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Debentures of which they are joint holders.

13.9 Regulations

The Indenture Trustee, or the Corporation with the approval of the Indenture Trustee, may from time to time make and from time to time vary or revoke such regulations as it shall from time to time think fit providing for and governing:

- (a) the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and the production of the authority of any person signing on behalf of a Debentureholder;

- (b) the deposit of instruments appointing proxies at such place as the Indenture Trustee, the Corporation or the Debentureholder convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same must be deposited; and
- (c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, faxed, cabled, telegraphed or sent by telex before the meeting to the Corporation or to the Indenture Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as the holders of any Debentures, or as entitled to vote or be present at the meeting in respect thereof, shall be Debentureholders and persons whom Debentureholders have by instrument in writing duly appointed as their proxies.

13.10 Persons Entitled to Attend Meetings

The Corporation and the Indenture Trustee, by their respective officers and directors, and the legal advisers of the Corporation, the Indenture Trustee or any Debentureholder may attend any meeting of the Debentureholders, but shall have no vote as such.

13.11 Powers Exercisable by Extraordinary Resolution

In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Debentureholders shall have the following powers exercisable from time to time by Extraordinary Resolution, subject in the case of the matters in paragraphs (a), (b), (c), (d) and (l) to receipt of the prior approval of the Toronto Stock Exchange (if applicable):

- (a) power to authorize the Indenture Trustee to grant extensions of time for payment of any principal or interest on the Debentures, whether or not the principal or interest, the payment of which is extended, is at the time due or overdue;
- (b) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Indenture Trustee against the Corporation, or against its property, whether such rights arise under this Indenture or the Debentures or otherwise;
- (c) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or any Debenture which shall be agreed to by the Corporation and to authorize the Indenture Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission;

- (d) power to sanction any scheme for the reconstruction or reorganization of the Corporation or for the consolidation, amalgamation or merger of the Corporation with any other Person or for the sale, leasing, transfer or other disposition of the undertaking, property and assets of the Corporation or any part thereof, provided that no such sanction shall be necessary in respect of any such transaction if the provisions of Section 11.1 shall have been complied with;
- (e) power to direct or authorize the Indenture Trustee to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
- (f) power to waive and direct the Indenture Trustee to waive any default hereunder or cancel any declaration made by the Indenture Trustee pursuant to Section 8.1 either unconditionally or upon any condition specified in such Extraordinary Resolution;
- (g) power to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal of or interest on the Debentures, or for the execution of any trust or power hereunder;
- (h) power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 8.5, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;
- (i) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation;
- (j) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by extraordinary or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be themselves Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders. Neither the committee nor any member

thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

- (k) power to remove the Indenture Trustee from office and to appoint a new Indenture Trustee or Indenture Trustees provided that no such removal shall be effective unless and until a new Indenture Trustee or Indenture Trustees shall have become bound by this Indenture;
- (l) power to sanction the exchange of the Debentures for or the conversion thereof into shares, bonds, debentures or other securities or obligations of the Corporation or of any company or other Person formed or to be formed;
- (m) power to authorize the distribution *in specie* of any shares or securities received pursuant to a transaction authorized under the provisions of Section 13.11(d);
- (n) power to require the Indenture Trustee to exercise any power, right or remedy or authority given to it by this Indenture in any manner specified in such Extraordinary Resolution, or to refrain from exercising any such power, right, remedy or authority;
- (o) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders against the Corporation, or against its property, whether such rights shall arise under this Indenture or the Debentures or otherwise; and
- (p) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to Section 13.11(j).

13.12 Meaning of "Extraordinary Resolution"

- (a) The expression "**Extraordinary Resolution**" when used in this Indenture means, subject as hereinafter in this Article provided, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of not less than 25% in principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, at which holders of not less than 25% of the principal amount of the Debentures then outstanding of each specially affected series, are present in person or by proxy and passed by the favourable votes of the holders of not less than 66-2/3% of the principal amount of Debentures, and if the meeting is a Serial Meeting by the affirmative vote of the holders of not less than 66-2/3% of each especially affected series, in each case represented at the meeting and voted on a poll upon such resolution.
- (b) If, at any such meeting, the holders of not less than 25% in principal amount of the Debentures outstanding and, if the meeting is a Serial Meeting, 25% of the principal amount of the Debentures then outstanding of each especially affected

series, are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Debentureholders, shall be dissolved; but in any other case it shall stand adjourned to such date, being not less than 14 nor more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 10 days notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 14.2. Such notice shall state that at the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum. At the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in subsection (a) of this Section shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of not less than 25% in principal amount of the Debentures then outstanding and if the meeting is a Serial Meeting, at which holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are not present in person or by proxy at such adjourned meeting.

- (c) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

13.13 Powers Cumulative

It is hereby declared and agreed that any one or more of the powers in this Indenture stated to be exercisable by the Debentureholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers from time to time shall not be deemed to exhaust the rights of the Debentureholders to exercise the same or any other such power or powers thereafter from time to time.

13.14 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Indenture Trustee at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Debentureholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken thereat to have been duly passed and taken.

13.15 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Debentureholders at a meeting held as hereinbefore in this Article provided may also be taken and exercised by the holders of 66-2/3% of the principal amount of all the outstanding

Debentures and, if the meeting at which such actions might be taken would be a Serial Meeting, by the holders of 66-2/3% of the principal amount of the Debentures then outstanding of each especially affected series, by an instrument in writing signed in one or more counterparts and the expression "Extraordinary Resolution" when used in this Indenture shall include an instrument so signed.

13.16 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article at a meeting of Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 13.15 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Indenture Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

13.17 Evidence of Rights of Debentureholders

Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Debentureholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Debentureholders in person or by attorney duly appointed in writing. Proof of the execution of any such request or other instrument or of a writing appointing any such attorney or (subject to the provisions of this Article with regard to voting at meetings of Debentureholders) of the holding by any person of Debentures shall be sufficient for any purpose of this Indenture if made in the following manner, namely, the fact and date of execution by any person of such request or other instrument or writing may be proved by the certificate of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded at the place where such certificate is made, that the person signing such request or other instrument in writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution or in any other manner which the Indenture Trustee may consider adequate. The Indenture Trustee may, nevertheless, in its discretion require further proof in cases where it deems further proof desirable or may accept such other proof as it shall consider proper.

13.18 Concerning Serial Meetings

If in the opinion of Counsel any business to be transacted at any meeting, or any action to be taken or power to be exercised by instrument in writing under Section 13.15, does not adversely affect the rights of the holders of Debentures of one or more series, the provisions of this Article 13 shall apply as if the Debentures of such series were not outstanding and no notice of any such meeting need be given to the holders of Debentures of such series. Without limiting the generality of the foregoing, a proposal to modify or terminate any covenant or agreement which is effective only so long as Debentures of a particular series are outstanding shall be deemed not to adversely affect the rights of the holders of Debentures of any other series.

ARTICLE 14

NOTICES

14.1 Notice to Corporation

Any notice to the Corporation under the provisions of this Indenture shall be valid and effective if delivered to the Corporation at: 1809 Barrington Street, Suite 1108, Halifax, Nova Scotia B3J 3K8, Attention: Chief Executive Officer, and a copy delivered to Bennett Jones LLP, 3400 One First Canadian Place, 100 King Street West, P.O. Box 130, Toronto, ON M5X 1A4, Attention: Mr. Christian Gauthier, or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, shall be deemed to have been effectively given 3 days following the mailing thereof. The Corporation may from time to time notify the Indenture Trustee in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Corporation for all purposes of this Indenture.

14.2 Notice to Debentureholders

All notices to be given hereunder with respect to the Debentures shall be deemed to be validly given to the holders thereof if sent by first class mail, postage prepaid, by letter or circular addressed to such holders at their post office addresses appearing in any of the registers hereinbefore mentioned and shall be deemed to have been effectively given three days following the day of mailing. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder or the inability of the Corporation to give or mail any notice due to anything beyond the reasonable control of the Corporation shall not invalidate any action or proceeding founded thereon.

If any notice given in accordance with the foregoing paragraph would be unlikely to reach the Debentureholders to whom it is addressed in the ordinary course of post by reason of an interruption in mail service, whether at the place of dispatch or receipt or both, the Corporation shall give such notice by publication at least once in the Cities of Halifax and Toronto (or in such of those cities as, in the opinion of the Indenture Trustee, is sufficient in the particular circumstances), each such publication to be made in a daily newspaper of general circulation in the designated city.

Any notice given to Debentureholders by publication shall be deemed to have been given on the day on which publication shall have been effected at least once in each of the newspapers in which publication was required.

All notices with respect to any Debenture may be given to whichever one of the holders thereof (if more than one) is named first in the registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all holders of and persons interested in such Debenture.

14.3 Notice to Indenture Trustee

Any notice to the Indenture Trustee under the provisions of this Indenture shall be valid and effective if delivered to the Indenture Trustee at its principal office in the City of Halifax, at 2008 – 1969 Upper Water Street, Halifax, Nova Scotia B3J 3R7, Attention: Manager, Corporate Trust Department or if given by registered letter, postage prepaid, to such office and so

addressed and, if mailed, shall be deemed to have been effectively given three days following the mailing thereof.

14.4 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Indenture Trustee would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to Section 14.3, such notice shall be valid and effective only if delivered at the appropriate address in accordance with Section 14.3.

ARTICLE 15 CONCERNING THE INDENTURE TRUSTEE

15.1 No Conflict of Interest

The Indenture Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture there exists no material conflict of interest in the role of the Indenture Trustee as a fiduciary hereunder but if, notwithstanding the provisions of this Section 15.1, such a material conflict of interest exists, the validity and enforceability of this Indenture, and the securities issued hereunder shall not be affected in any manner whatsoever by reason only that such material conflict of interest exists but the Indenture Trustee shall, within 90 days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 15.2.

15.2 Replacement of Indenture Trustee

The Indenture Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Corporation three months notice in writing or such shorter notice as the Corporation may accept as sufficient. If at any time a material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder the Indenture Trustee shall, within 30 days after ascertaining that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in this Section. The validity and enforceability of this Indenture and of the Debentures issued hereunder shall not be affected in any manner whatsoever by reason only that such material conflict of interest exists. In the event of the Indenture Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Indenture Trustee unless a new Indenture Trustee has already been appointed by the Debentureholders. Failing such appointment by the Corporation, the retiring Indenture Trustee or any Debentureholder may apply to a Judge of the Supreme Court of Nova Scotia, on such notice as such Judge may direct at the Corporation's expense, for the appointment of a new Indenture Trustee but any new Indenture Trustee so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Debentureholders and the appointment of such new Indenture Trustee shall be effective only upon such new Indenture Trustee becoming bound by this Indenture. Any new Indenture Trustee appointed under any provision of this Section shall be a corporation authorized to carry on the business of a trust company in all of the Provinces of Canada. On any new appointment the new

Indenture Trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Indenture Trustee.

Any company into which the Indenture Trustee may be merged or with which it may be consolidated or amalgamated or any company resulting from any merger, consolidation or amalgamation to which the Indenture Trustee shall be a party, shall be the successor trustee under this Indenture without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Indenture Trustee or of the Corporation, the Indenture Trustee ceasing to act shall execute and deliver an instrument assigning and transferring to such successor Indenture Trustee, upon the trusts herein expressed, all the rights, powers and trusts of the Indenture Trustee so ceasing to act, and shall duly assign, transfer and deliver all property and money held by such Indenture Trustee to the successor Indenture Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Corporation be required by any new Indenture Trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall on request of said new Indenture Trustee, be made, executed, acknowledged and delivered by the Corporation.

15.3 Duties of Indenture Trustee

In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Indenture Trustee shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

15.4 Reliance Upon Declarations, Opinions, etc.

In the exercise of its rights, duties and obligations hereunder the Indenture Trustee may, if acting in good faith, rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Indenture or required by the Indenture Trustee to be furnished to it in the exercise of its rights and duties hereunder, if the Indenture Trustee examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 15.5, if applicable, and with any other applicable requirements of this Indenture. The Indenture Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Indenture Trustee may rely on an opinion of Counsel satisfactory to the Indenture Trustee notwithstanding that it is delivered by a solicitor or firm which acts as solicitors for the Corporation.

15.5 Evidence and Authority to Indenture Trustee, Opinions, etc.

The Corporation shall furnish to the Indenture Trustee evidence of compliance with the conditions precedent provided for in this Indenture relating to any action or step required or permitted to be taken by the Corporation or the Indenture Trustee under this Indenture or as a result of any obligation imposed under this Indenture, including without limitation, the certification and delivery of Debentures hereunder, the satisfaction and discharge of this Indenture and the taking of any other action to be taken by the Indenture Trustee at the request of

or on the application of the Corporation, forthwith if and when (a) such evidence is required by any other Section of this Indenture to be furnished by the Indenture Trustee in accordance with the terms of this Section 15.5 or (b) the Indenture Trustee, in the exercise of its rights and duties under this Indenture, gives the Corporation written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of:

- (a) An Officers' Certificate stating that any such condition precedent has been complied with in accordance with the terms of this Indenture;
- (b) in the case of a condition precedent compliance with which is, by the terms of this Indenture, made subject to review or examination by a solicitor, an opinion of Counsel that such condition precedent has been complied with in accordance with the terms of this Indenture; and
- (c) in the case of any such condition precedent compliance with which is subject to review or examination by auditors or accountants, an opinion or report of the Auditors of the Corporation whom the Indenture Trustee for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture.

Whenever such evidence relates to a matter other than the certificates and delivery of Debentures and the satisfaction and discharge of this Indenture, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a trustee, officer or employer of the Corporation it shall be in the form of a statutory declaration. Such evidence shall be, so far as appropriate, in accordance with the immediately preceding paragraph of this Section.

Each statutory declaration, certificate, opinion or report with respect to compliance with a condition precedent provided for in this Indenture shall include (a) a statement by the person giving the evidence that he has read and is familiar with those provisions of this Indenture relating to the condition precedent in question, (b) a brief statement of the nature and scope of the examination or investigation upon which the statements or opinions contained in such evidence are based, (c) a statement that, in the belief of the person giving such evidence, he has made such examination or investigation as is necessary to enable him to make the statements or give the opinions contained or expressed therein, and (d) a statement whether in the opinion of such person the conditions precedent in question have been complied with or satisfied.

The Corporation shall furnish to the Indenture Trustee at any time if the Indenture Trustee reasonably so requires, its certificate that the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with the giving of notice or the lapse of time, or both, or otherwise, constitute an Event of Default, or if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such non-compliance.

The Corporation shall, whenever the Indenture Trustee so requires, furnish the Indenture Trustee with evidence by way of statutory declaration, opinion, report or certificate as specified by the Indenture Trustee as to any action or step required or permitted to be taken by the Corporation or as a result of any obligation imposed by this Indenture.

15.6 Officers' Certificate as Evidence

Except as otherwise specifically provided or prescribed by this Indenture, whenever in the administration of the provisions of this Indenture the Indenture Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, the Indenture Trustee, if acting in good faith, may rely upon an Officers' Certificate.

15.7 Experts, Advisers and Agents

The Indenture Trustee may:

- (a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, auditor, valuer, engineer, surveyor, appraiser or other expert, whether obtained by the Indenture Trustee or by the Corporation, or otherwise, and shall not be liable for acting, or refusing to act, in good faith on any such opinion or advice and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid; and
- (b) employ such agents and other assistants as it may reasonably require for the proper discharge of its duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the trusts hereof any solicitors employed or consulted by the Indenture Trustee may, but need not be, solicitors for the Corporation.

15.8 Indenture Trustee May Deal in Debentures

Subject to Section 15.3, the Indenture Trustee may, in its personal or other capacity, buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

15.9 Investment of Moneys Held by Indenture Trustee

Unless otherwise provided in this Indenture, any moneys held by the Indenture Trustee, which, under the trusts of this Indenture, may or ought to be invested or which may be on deposit with the Indenture Trustee or which may be in the hands of the Indenture Trustee, may be invested and reinvested in the name or under the control of the Indenture Trustee in securities in which, under the laws of the Province of Nova Scotia, trustees are authorized to invest trust moneys, provided that such securities are expressed to mature within two years or such shorter

period selected to facilitate any payments expected to be made under this Indenture after their purchase by the Indenture Trustee, and unless and until the Indenture Trustee shall have declared the principal of and interest on the Debentures to be due and payable, the Indenture Trustee shall so invest such moneys at the written direction of the Corporation given in a reasonably timely manner. Pending the investment of any moneys as hereinbefore provided, such moneys may be deposited in the name of the Indenture Trustee in any chartered bank of Canada or, with the consent of the Corporation, in the deposit department of the Indenture Trustee or any other loan or trust company authorized to accept deposits under the laws of Canada or any Province thereof at the rate of interest, if any, then current on similar deposits.

Unless and until the Indenture Trustee shall have declared the principal of and interest on the Debentures to be due and payable, the Indenture Trustee shall pay over to the Corporation all interest received by the Indenture Trustee in respect of any investments or deposits made pursuant to the provisions of this Section.

15.10 Indenture Trustee Not Ordinarily Bound

Except as provided in Section 8.2 and as otherwise specifically provided herein, the Indenture Trustee shall not, subject to Section 15.3, be bound to give notice to any person of the execution hereof, nor to do, observe or perform or see to the observance or performance by the Corporation of any of the obligations herein imposed upon the Corporation or of the covenants on the part of the Corporation herein contained, nor in any way to supervise or interfere with the conduct of the Corporation's business, unless the Indenture Trustee shall have been required to do so in writing by the holders of not less than 25% of the aggregate principal amount of the Debentures then outstanding or by any Extraordinary Resolution of the Debentureholders passed in accordance with the provisions contained in Article 13, and then only after it shall have been funded and indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

15.11 Indenture Trustee Not Required to Give Security

The Indenture Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

15.12 Indenture Trustee Not Bound to Act on Corporation's Request

Except as in this Indenture otherwise specifically provided, the Indenture Trustee shall not be bound to act in accordance with any direction or request of the Corporation or of the directors until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Indenture Trustee, and the Indenture Trustee shall be empowered to act upon any such copy purporting to be authenticated and believed by the Indenture Trustee to be genuine.

15.13 Conditions Precedent to Indenture Trustee's Obligations to Act Hereunder

The obligation of the Indenture Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Indenture Trustee and of the

Debentureholders hereunder shall be conditional upon the Debentureholders furnishing, when required by notice in writing by the Indenture Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Indenture Trustee to protect and hold harmless the Indenture Trustee against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.

None of the provisions contained in this Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified as aforesaid.

The Indenture Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding require the Debentureholders at whose instance it is acting to deposit with the Indenture Trustee the Debentures held by them for which Debentures the Indenture Trustee shall issue receipts.

15.14 Authority to Carry on Business

The Indenture Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in the Province of Nova Scotia but if, notwithstanding the provisions of this Section 15.14, it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Indenture Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in the Province of Nova Scotia either become so authorized or resign in the manner and with the effect specified in Section 15.2.

15.15 Compensation and Indemnity

- (a) The Corporation shall pay to the Indenture Trustee from time to time compensation for its services hereunder as agreed separately by the Corporation and the Indenture Trustee, and shall pay or reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in the administration or execution of its duties under this Indenture (including the reasonable and documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Indenture Trustee under this Indenture shall be finally and fully performed. The Indenture Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.
- (b) The Corporation hereby indemnifies and saves harmless the Indenture Trustee and its directors, officers and employees against any loss, damages, charges, expenses, claims, actions or liability incurred in carrying out its duties hereunder or arising out of actions to be taken by the Indenture Trustee contemplated hereby. The foregoing provisions of this Section do not apply to the extent that in any circumstances there has been a failure by the Indenture Trustee or its employees to act honestly and in good faith or to discharge the Indenture Trustee's

obligations under Section 15.3. This indemnity will survive the termination or discharge of this Indenture and the resignation or removal of the Indenture Trustee. The Indenture Trustee shall notify the Corporation promptly of any claim for which it may seek indemnity. The Corporation shall defend the claim and the Indenture Trustee shall co-operate in the defence. The Indenture Trustee may have separate counsel and the Corporation shall pay the reasonable fees and expenses of such Counsel. The Corporation need not pay for any settlement made without its consent, which consent must not be unreasonably withheld. This indemnity shall survive the resignation or removal of the Indenture Trustee or the discharge of this Indenture.

- (c) The Corporation need not reimburse any expense or indemnify against any loss or liability incurred by the Indenture Trustee through negligence or bad faith or breach of the Indenture Trustee's duties hereunder.

15.16 Acceptance of Corporation

The Indenture Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

ARTICLE 16 SUPPLEMENTAL INDENTURES

16.1 Supplemental Indentures

From time to time the Indenture Trustee and, when authorized by a resolution of the directors, the Corporation, may, and they shall when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental hereto, which thereafter shall form part hereof, for any one or more of the following purposes:

- (a) providing for the issuance of Additional Debentures under this Indenture;
- (b) adding to the covenants of the Corporation herein contained for the protection of the Debentureholders or providing for events of default in addition to those herein specified;
- (c) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which in the opinion of the Indenture Trustee relying on an opinion of Counsel will not be prejudicial to the interests of the Debentureholders;

- (d) evidencing the succession, or successive successions, of others to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;
- (e) giving effect to any Extraordinary Resolution passed as provided in Article 13; and
- (f) for any other purpose not inconsistent with the terms of this Indenture.

Unless the supplemental indenture requires the consent or concurrence of Debentureholders by Extraordinary Resolution, the consent or concurrence of Debentureholders shall not be required in connection with the execution, acknowledgement or delivery of a supplemental indenture. The Indenture Trustee may also, without the consent or concurrence of the Debentureholders by supplemental indenture or otherwise, concur with the Corporation in making any changes or corrections in this Indenture which it shall have been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained herein or in any deed or indenture supplemental or ancillary hereto, provided that in the opinion of the Indenture Trustee relying on an opinion of Counsel the rights of the Indenture Trustee and of the Debentureholders are not in any way prejudiced thereby.

ARTICLE 17

EXECUTION AND FORMAL DATE

17.1 Execution

This Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

17.2 Formal Date

For the purpose of convenience this Indenture may be referred to as bearing the formal date of amendment and restatement of July 31, 2014, irrespective of the actual date of execution hereof.

IN WITNESS whereof the parties hereto have executed these presents under their respective corporate seals and the hands of their proper officers in that behalf.

HOLLOWAY LODGING CORPORATION

Per: (signed) Michael Rapps

Name: Michael Rapps

Title: Director

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: (signed) Elizabeth Dockendorff

Name: Elizabeth Dockendorff

Title: Corporate Trust Officer

Per: (signed) Colleen Nielsen

Name: Colleen Nielsen

Title: Professional, Client Services

ROYAL HOST INC. (solely for the purpose of Section 1.14)

(signed) Michael Rapps

Name: Michael Rapps

Title: Director

SCHEDULE "A"

to the Second Amended and Restated Trust Indenture between Holloway Lodging Corporation and Computershare Trust Company of Canada

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Computershare Trust Company of Canada

The undersigned (a) acknowledges that the sale of the securities of Holloway Lodging Corporation (the "Company") to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the *United States Securities Act of 1933*, as amended (the "1933 Act") and (b) certifies that (1) it is not an affiliate of the Company (as defined in Rule 405 under the 1933 Act), (2) the offer of such securities was not made to a person in the United States, and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of the Toronto Stock Exchange and neither the seller or any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of "washing off the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the 1933 Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the 1933 Act with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the 1933 Act. Terms used herein have the meanings given to them by Regulation S.

Dated:

By: _____

Name: _____

Title: _____

SCHEDULE "B.1"

to the Second Amended and Restated Trust Indenture between Holloway Lodging Corporation and Computershare Trust Company of Canada

FORM OF DEBENTURE

This Debenture is a global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Unless this Debenture is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to Holloway Lodging Corporation or its agent for registration of transfer, exchange or payment, and any Debenture issued in respect thereof is registered in the name of CDS & CO., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & CO. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & CO. has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate. This certificate is issued pursuant to a Master Letter of Representations of Holloway Lodging Corporation to CDS, as such letter may be replaced or amended from time to time.

CUSIP 78029TAB5

No. [...]

\$ [...]

HOLLOWAY LODGING CORPORATION

(a corporation incorporated under the Business Corporations Act (Ontario))

SERIES B CONVERTIBLE UNSECURED SUBORDINATED DEBENTURE

Due October 31, 2020

HOLLOWAY LODGING CORPORATION (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the Second Amended and Restated Trust Indenture (the "**Indenture**") dated as of July 31, 2014 between the Corporation and Computershare Trust Company of Canada (the "**Indenture Trustee**"), promises to pay to the registered holder hereof on October 31, 2020 (the "**Maturity Date**") or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of _____ Dollars (\$ _____) in lawful money of Canada on presentation and surrender of this Debenture at the main branch of the Indenture Trustee in Halifax, Nova Scotia or Toronto, Ontario in accordance with the terms of the Indenture and to pay interest on the principal amount hereof from the date hereof, or from the last interest payment date to which interest shall have been paid or made available for payment on the outstanding Series B Debentures (as hereinafter defined), whichever is later, at the rate of 6.0% per annum, in like money, in arrears in equal semi-annual installments (less any tax required by law to be deducted) on April 30 and October 31 in each year commencing on April 30, 2006 and at a rate of 6.25% commencing on April 30, 2014 and, should the Corporation at any time make default in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money.

Interest hereon shall be payable by electronic funds transfer or by cheque mailed to the registered holder hereof and, subject to the provisions of the Indenture, the electronic funds transfer or mailing of such cheque shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Series B Debenture. Subject to applicable law and applicable regulatory approval, the Corporation shall have the right, at its option upon not more than 60 days' and not less than 15 days' prior written notice, to elect to satisfy its obligation to pay interest on the Series B Debentures, in whole or in part, in each case, by issuing and delivering Freely Tradeable Common Shares to Debentureholders in accordance with the terms of the Indenture.

This Series B Debenture is one of the Series B Convertible Unsecured Subordinated Debentures due on the Maturity Date of the Corporation issued or issuable under the provisions of the Indenture (referred to herein as the "**Series B Debentures**"). The Series B Debentures are limited to an aggregate principal amount of \$60,000,000 in lawful money of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Series B Debentures are or are to be issued and held and the rights and remedies of the holders of the Series B Debentures and of the Corporation and of the Indenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth, to all of which provisions the holder of this Series B Debenture by acceptance hereof assents.

The Series B Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Series B Debentures of any denomination may be exchanged for an equal aggregate principal amount of Series B Debentures in any other authorized denomination or denominations.

The whole, or if this Series B Debenture is in a denomination in excess of \$1,000, any part of which is \$1,000 or an integral multiple thereof, or the principle of this Series B Debenture is convertible, at the option of the holder hereof, upon surrender of this Series B Debenture at the principal office of the Indenture Trustee in Halifax, Nova Scotia or Toronto, Ontario, at any time prior to the close of business on the Business Day immediately preceding the Maturity Date, into 0.1 Common Shares (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) and \$1.00 in cash at a conversion price of \$3.50 (the "**Conversion Price**"), being a rate of approximately 28.57 Common Shares and \$285.71 in cash for each \$1,000 principal amount of the Series B Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. The indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion but in lieu thereof, the Corporation will satisfy such fractional interests by a cash payment equal to the market price of such fractional interest determined in accordance with the Indenture. Holders converting their Series B Debentures will receive accrued and unpaid interest thereon.

This Debenture is not redeemable prior to October 31, 2009. On and after October 31, 2009 but prior to October 31, 2011, this Debenture is redeemable, in whole or in part, at a price equal to the principal amount therefor, plus accrued and unpaid interest, at the Corporation's sole option on not more than 60 days; and not less than 30 days' prior notice, provided that the current market price on the date on which notice of redemption is given not less than 125% of the Conversion Price. After October 31, 2011, but prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation's sole option of not more than 60 days' and not less than 15 days' prior notice. In the case of a redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Indenture Trustee on a pro rata basis or in such other manner as the Indenture Trustee deems equitable, subject to the consent of the Toronto Stock Exchange.

If a takeover bid for the Series B Debentures, within the meaning of the *Securities Act* (Nova Scotia), is made and 90% or more of the principal amount of all the Series B Debentures (other than the Series B Debentures held at the date of the takeover bid by or on behalf of the Offeror, Associates or Affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Series B Debentures of those holders who did not accept the offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Series B Debentures.

The Corporation may, on notice as provided in the Indenture, at its option (subject to any applicable regulatory approval), elect to satisfy the obligation to repay the principal amount of this Series B Debenture due on the Maturity Date by the issue of that number of Common Shares obtained by dividing the principal amount of the Series B Debentures then outstanding by 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the Maturity Date.

The indebtedness evidenced by this Series B Debenture, and by all other Series B Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances, specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Series B Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares or the directors, officers or agents of the Corporation in respect of any obligation or claim arising out of the Indenture or this Series B Debenture.

This Series B Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal offices of the Indenture Trustee in Halifax, Nova Scotia or Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Indenture Trustee may designate. No transfer of this Series B Debenture shall be valid unless made to the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Indenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Indenture Trustee and/or other registrar may prescribe and upon surrender of this Series B Debenture for cancellation.

This Series B Debenture shall not become obligatory for any purpose until it shall have been certified by the Indenture Trustee under the Indenture.

Capitalized words or expressions used in this Series B Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

IN WITNESS WHEREOF HOLLOWAY LODGING CORPORATION has caused this Series B Debenture to be signed by its authorized representative as of the ● day of ●, 20●.

**HOLLOWAY LODGING
CORPORATION**

By: _____

[...]

[...]

TRUSTEE'S CERTIFICATE

This Series B Debenture is one of the Series B Convertible Unsecured Subordinated Debentures due October 31, 2020 referred to in the Indenture within mentioned.

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____
(Authorized Officer)

THIS CERTIFICATE OF THE INDENTURE TRUSTEE SIGNED ON THE SECURITIES WILL NOT BE CONSTRUED AS A REPRESENTATION OR WARRANTY BY THE INDENTURE TRUSTEE AS TO THE VALIDITY OF THE INDENTURE OR OF THE SECURITIES OR OF THEIR ISSUANCE AND THE INDENTURE TRUSTEE WILL IN NO RESPECT BE LIABLE OR ANSWERABLE FOR THE USE MADE OF SUCH SECURITIES OR ANY OF THEM OR THE PROCEEDS THEREOF. THIS CERTIFICATE OF THE INDENTURE TRUSTEE SIGNED ON THE SECURITIES WILL, HOWEVER, BE A REPRESENTATION AND WARRANTY BY THE INDENTURE TRUSTEE THAT THE SECURITIES HAVE BEEN DULY CERTIFIED BY OR ON BEHALF OF THE INDENTURE TRUSTEE PURSUANT TO THE PROVISIONS OF THE INDENTURE.

REGISTRATION PANEL

(No writing hereon except by Indenture Trustee or other registrar)

Date of Registration	In Whose Name Registered	Signature of Indenture Trustee or Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address and social insurance number, if applicable, are set forth below, this Series B Debenture (or \$_____ principal amount hereof*) of HOLLOWAY LODGING CORPORATION standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Series B Debenture and does hereby irrevocably authorize and direct the Indenture Trustee to transfer such Series B Debenture in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: _____

*If less than the full principal amount of the within Series B Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold a Series B Debenture in a non-integral multiple of \$1,000, in which case such Series B Debenture is transferable only in its entirety) to be transferred.

The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Series B Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".

The registered holder of this Series B Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Series B Debenture.

Signature of Guarantor:

Authorized Officer

Signature of transferring registered holder

Name of Institution

EXHIBIT "1"
TO CDS GLOBAL DEBENTURE
HOLLOWAY LODGING CORPORATION
SERIES B CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
DUE October 31, 2020

Initial Principal Amount: _____

CUSIP: [...]

ISIN: [...]

Authorization: _____

ADJUSTMENTS

DATE	AMOUNT OF INCREASE	AMOUNT OF DECREASE	NEW PRINCIPAL AMOUNT	AUTHORIZATION

SCHEDULE "B.2"

HOLLOWAY LODGING CORPORATION

SERIES B CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

DUE OCTOBER 31, 2020

MATURITY NOTICE

To: Holders of Series B Convertible Unsecured Subordinated Debentures due October 31, 2020 (the "**Debentures**") of Holloway Lodging Corporation (the "**Corporation**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Second Amended and Restated Trust Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to section 2.4(f) of the Second Amended and Restated Trust Indenture dated as of July 31, 2014 (the "**Indenture**") between the Corporation and Computershare Trust Company of Canada, as trustee (the "**Indenture Trustee**"), that the Debentures will become due and payable as of October 31, 2020 (the "**Maturity Date**").

[Pursuant to section 4.10 of the Indenture, the Corporation hereby advises the holders of the Series B Debentures that it is exercising the Common Share Repayment Right and that it will satisfy its obligations to pay the principal amount of the Series B Debentures by delivering to the Series B Debenture holders (subject to withholding or deduction on account of applicable taxes) that number of Freely Tradeable Common Shares equal to the number obtained by dividing the principal amount of such Series B Debentures by 95% of the Current Market Price of Common Shares on the Maturity Date. Upon presentation and surrender of the Series B Debentures, the Corporation shall pay or cause to be paid in cash to the holder all accrued and unpaid interest to the Maturity Date, together with the cash equivalent representing fractional Common Shares, and shall, on the Maturity Date, send to the Indenture Trustee certificates representing the Common Shares to which the holder is entitled.]

DATED:

HOLLOWAY LODGING CORPORATION

(Authorized Officer)

SCHEDULE "C.1"

to the Second Amended and Restated Trust Indenture between Holloway Lodging Corporation and
Computershare Trust Company of Canada

FORM OF DEBENTURE

This Debenture is a global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Unless this Debenture is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to Holloway Lodging Corporation or its agent for registration of transfer, exchange or payment, and any Debenture issued in respect thereof is registered in the name of CDS & CO., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & CO. or to such other entity as is requested by an authorized representative of CDS), **ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** since the registered holder hereof, CDS & CO. has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate. This certificate is issued pursuant to a Master Letter of Representations of Holloway Lodging Corporation to CDS, as such letter may be replaced or amended from time to time.

CUSIP [...]

No. [...]

\$ [...]

HOLLOWAY LODGING CORPORATION

(a corporation incorporated under the Business Corporations Act(Ontario))

SERIES C CONVERTIBLE UNSECURED SUBORDINATED DEBENTURE

Due September 30, 2018

HOLLOWAY LODGING CORPORATION (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the Second Amended and Restated Trust Indenture (the "**Indenture**") dated as of July 31, 2014 between the Corporation and Computershare Trust Company of Canada (the "**Indenture Trustee**"), promises to pay to the registered holder hereof on September 30, 2018 (the "**Maturity Date**") or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of _____ Dollars (\$_____) in lawful money of Canada on presentation and surrender of this Debenture at the main branch of the Indenture Trustee in Halifax, Nova Scotia or Toronto, Ontario in accordance with the terms of the Indenture and to pay interest on the principal amount hereof from the date hereof, or from the last interest payment date to which interest shall have been paid or made available for payment on the outstanding Series C Debentures (as hereinafter defined), whichever is later, at the rate of 6.25% per annum, in like money, in arrears in equal semi-annual installments (less any tax required by law to be deducted) on September 30 and March 31 in each year commencing on June 30, 2007 and at a rate of 7.50% commencing on March 31, 2013 and, should the Corporation at any time make default in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money.

Interest hereon shall be payable by electronic funds transfer or by cheque mailed to the registered holder hereof and, subject to the provisions of the Indenture, the electronic funds transfer or mailing of such cheque shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Series C Debenture. Subject to applicable law and applicable regulatory approval, the Corporation shall have the right, at its option upon not more than 60 days' and not less than 15 days' prior written notice, to elect to satisfy its obligation to pay interest on the Series C Debentures, in whole or in part, in each case, by issuing and delivering Freely Tradeable Common Shares to Debentureholders in accordance with the terms of the Indenture.

This Series C Debenture is one of the Series C Convertible Unsecured Subordinated Debentures due on the Maturity Date of the Corporation issued or issuable under the provisions of the Indenture (referred to herein as the "**Series C Debentures**"). The Series C Debentures are limited to an aggregate principal amount of \$69,000,000 in lawful money of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Series C Debentures are or are to be issued and held and the rights and remedies of the holders of the Series C Debentures and of the Corporation and of the Indenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth, to all of which provisions the holder of this Series C Debenture by acceptance hereof assents.

The Series C Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Series C Debentures of any denomination may be exchanged for an equal aggregate principal amount of Series C Debentures in any other authorized denomination or denominations.

The whole, or if this Series C Debenture is in a denomination in excess of \$1,000, any part of which is \$1,000 or an integral multiple thereof, or the principle of this Series C Debenture is convertible, at the option of the holder hereof, upon surrender of this Series C Debenture at the principal office of the Indenture Trustee in Halifax, Nova Scotia or Toronto, Ontario, at any time prior to the close of Business on the Business Day immediately preceding the Maturity Date, into 0.1 Common Shares (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) and \$1.00 in cash at a conversion price of \$3.50 (the "**Conversion Price**") per Common Share, being a rate of approximately 28.57 Common Shares and \$285.71 in cash for each \$1,000 principal amount of the Series C Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. The indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion but in lieu thereof, the Corporation will satisfy such fractional interests by a cash payment equal to the market price of such fractional interest determined in accordance with the Indenture. Holders converting their Series C Debentures will receive accrued and unpaid interest thereon.

This Debenture is not redeemable on or before September 30, 2009. On and after October 1, 2010 but prior to September 30, 2011, this Debenture is redeemable, in whole or in part, at a price equal to the principal amount therefor, plus accrued and unpaid interest, at the Corporation's sole option on not more than 60 days; and not less than 30 days' prior notice, provided that the current market price on the date on which notice of redemption is given not less than 125% of the Conversion Price. After September 30, 2011, but prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation's sole option of not more than 60 days' and not less than 15 days' prior notice. In the case of a redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Indenture Trustee on a pro rata basis or in such other manner as the Indenture Trustee deems equitable, subject to the consent of the Toronto Stock Exchange.

If a takeover bid for the Series C Debentures, within the meaning of the *Securities Act* (Nova Scotia), is made and 90% or more of the principal amount of all the Series C Debentures (other than the Series C Debentures held at the date of the takeover bid by or on behalf of the Offeror, Associates or Affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Series C Debentures of those holders who did not accept the offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Series C Debentures.

The Corporation may, on notice as provided in the Indenture, at its option (subject to any applicable regulatory approval), elect to satisfy the obligation to repay the principal amount of this Series C Debenture due on the Maturity Date by the issue of that number of Common Shares obtained by dividing the principal amount of the Series C Debentures then outstanding by 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the Maturity Date.

The indebtedness evidenced by this Series C Debenture, and by all other Series C Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed, provided that the Series C Debentures will rank *pari passu* with the Series B Debentures.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances, specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Series C Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares or the directors, officers or agents of the Corporation in respect of any obligation or claim arising out of the Indenture or this Series C Debenture.

This Series C Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal offices of the Indenture Trustee in Halifax, Nova Scotia or Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Indenture Trustee may designate. No transfer of this Series C Debenture shall be valid unless made to the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Indenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Indenture Trustee and/or other registrar may prescribe and upon surrender of this Series C Debenture for cancellation.

This Series C Debenture shall not become obligatory for any purpose until it shall have been certified by the Indenture Trustee under the Indenture.

Capitalized words or expressions used in this Series C Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

IN WITNESS WHEREOF HOLLOWAY LODGING CORPORATION has caused this Series C Debenture to be signed by its authorized representative as of the ● day of ●, 20●.

HOLLOWAY LODGING CORPORATION

By: _____

TRUSTEE'S CERTIFICATE

This Series C Debenture is one of the Series C Convertible Unsecured Subordinated Debentures due September 30, 2018 referred to in the Indenture within mentioned.

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____
(Authorized Officer)

THIS CERTIFICATE OF THE INDENTURE TRUSTEE SIGNED ON THE SECURITIES WILL NOT BE CONSTRUED AS A REPRESENTATION OR WARRANTY BY THE INDENTURE TRUSTEE AS TO THE VALIDITY OF THE INDENTURE OR OF THE SECURITIES OR OF THEIR ISSUANCE AND THE INDENTURE TRUSTEE WILL IN NO RESPECT BE LIABLE OR ANSWERABLE FOR THE USE MADE OF SUCH SECURITIES OR ANY OF THEM OR THE PROCEEDS THEREOF. THIS CERTIFICATE OF THE INDENTURE TRUSTEE SIGNED ON THE SECURITIES WILL, HOWEVER, BE A REPRESENTATION AND WARRANTY BY THE INDENTURE TRUSTEE THAT THE SECURITIES HAVE BEEN DULY CERTIFIED BY OR ON BEHALF OF THE INDENTURE TRUSTEE PURSUANT TO THE PROVISIONS OF THE INDENTURE.

REGISTRATION PANEL

(No writing hereon except by Indenture Trustee or other registrar)

Date of Registration	In Whose Name Registered	Signature of Indenture Trustee or Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address and social insurance number, if applicable, are set forth below, this Series C Debenture (or \$_____ principal amount hereof*) of HOLLOWAY LODGING CORPORATION standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Series C Debenture and does hereby irrevocably authorize and direct the Indenture Trustee to transfer such Series C Debenture in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: _____

*If less than the full principal amount of the within Series C Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold a Series C Debenture in a non-integral multiple of \$1,000, in which case such Series C Debenture is transferable only in its entirety) to be transferred.

The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Series C Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".

The registered holder of this Series C Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Series C Debenture.

Signature of Guarantor:

Authorized Officer

Signature of transferring registered holder

Name of Institution

EXHIBIT "1"
TO CDS GLOBAL DEBENTURE
HOLLOWAY LODGING CORPORATION
SERIES C CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
DUE SEPTEMBER 30, 2018

Initial Principal Amount : _____

CUSIP: [...]

ISIN: [...]

Authorization: _____

ADJUSTMENTS

DATE	AMOUNT OF INCREASE	AMOUNT OF DECREASE	NEW PRINCIPAL AMOUNT	AUTHORIZATION

SCHEDULE "C.2"

HOLLOWAY LODGING CORPORATION

SERIES C CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

DUE SEPTEMBER 30, 2018

MATURITY NOTICE

To: Holders of Series C Convertible Unsecured Subordinated Debentures due September 30, 2018 (the "**Debentures**") of Holloway Lodging Corporation (the "**Corporation**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Second Amended and Restated Trust Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to section 2.5(f) of the Second Amended and Restated Trust Indenture dated as of _____ between the Corporation and Computershare Trust Company of Canada (the "**Indenture**"), as trustee (the "**Indenture Trustee**"), that the Debentures will become due and payable as of September 30, 2018 (the "**Maturity Date**").

[Pursuant to section 4.10 of the Indenture, the Corporation hereby advises the holders of the Series C Debentures that it is exercising the Common Share Repayment Right and that it will satisfy its obligations to pay the principal amount of the Series C Debentures by delivering to the Series C Debenture holders (subject to withholding or deduction on account of applicable taxes) that number of Freely Tradeable Common Shares equal to the number obtained by dividing the principal amount of such Series C Debentures by 95% of the Current Market Price of Common Shares on the Maturity Date. Upon presentation and surrender of the Series C Debentures, the Corporation shall pay or cause to be paid in cash to the holder all accrued and unpaid interest to the Maturity Date, together with the cash equivalent representing fractional Common Shares, and shall, on the Maturity Date, send to the Indenture Trustee certificates representing the Commons Shares to which the holder is entitled.]

DATED:

HOLLOWAY LODGING CORPORATION

(Authorized Officer)

SCHEDULE "D.1"

to the Second Amended and Restated Trust Indenture between Holloway Lodging Corporation and Computershare Trust Company of Canada

FORM OF DEBENTURE

This Debenture is a global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Unless this Debenture is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to Holloway Lodging Corporation or its agent for registration of transfer, exchange or payment, and any Debenture issued in respect thereof is registered in the name of CDS & CO., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & CO. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & CO. has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate. This certificate is issued pursuant to a Master Letter of Representations of Holloway Lodging Corporation to CDS, as such letter may be replaced or amended from time to time.

CUSIP [...]

No. [...]

\$ [...]

HOLLOWAY LODGING CORPORATION

(a corporation incorporated under the Business Corporations Act(Ontario))

SERIES D CONVERTIBLE UNSECURED SUBORDINATED DEBENTURE

Due June 30, 2019

HOLLOWAY LODGING CORPORATION (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the Second Amended and Restated Trust Indenture (the "**Indenture**") dated as of July 31, 2014 between the Corporation and Computershare Trust Company of Canada (the "**Indenture Trustee**"), promises to pay to the registered holder hereof on June 30, 2019 (the "**Maturity Date**") or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of _____ Dollars (\$_____) in lawful money of Canada on presentation and surrender of this Debenture at the main branch of the Indenture Trustee in Halifax, Nova Scotia or Toronto, Ontario in accordance with the terms of the Indenture and to pay interest on the principal amount hereof from the date hereof, or from the last interest payment date to which interest shall have been paid or made available for payment on the outstanding Series D Debentures (as hereinafter defined), whichever is later, at the rate of 5.90% per annum, in like money, in arrears in equal semi-annual installments (less any tax required by law to be deducted) on June 30 and December 31 in each year commencing on June 30, 2007 and at a rate of 6.25% commencing on December 31, 2013 and, should the Corporation at any time make default in the payment of any principal or interest, to pay interest on the amount in default at the same rate, in like money.

Interest hereon shall be payable by electronic funds transfer or by cheque mailed to the registered holder hereof and, subject to the provisions of the Indenture, the electronic funds transfer or mailing of such cheque shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Series D Debenture. Subject to applicable law and applicable regulatory approval, the Corporation shall have the right, at its option upon not more than 60 days' and not less than 15 days' prior written notice, to elect to satisfy its obligation to pay interest on the Series D Debentures, in whole or in part, in each case, by issuing and delivering Freely Tradeable Common Shares to Debentureholders in accordance with the terms of the Indenture.

This Series D Debenture is one of the Series D Convertible Unsecured Subordinated Debentures due on the Maturity Date of the Corporation issued or issuable under the provisions of the Indenture (referred to herein as the "**Series D Debentures**"). The Series D Debentures are limited to an aggregate principal amount of \$60,000,000 in lawful money of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Series D Debentures are or are to be issued and held and the rights and remedies of the holders of the Series D Debentures and of the Corporation and of the Indenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth, to all of which provisions the holder of this Series D Debenture by acceptance hereof assents.

The Series D Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Series D Debentures of any denomination may be exchanged for an equal aggregate principal amount of Series D Debentures in any other authorized denomination or denominations.

The whole, or if this Series D Debenture is in a denomination in excess of \$1,000, any part of which is \$1,000 or an integral multiple thereof, or the principle of this Series D Debenture is convertible, at the option of the holder hereof, upon surrender of this Series D Debenture at the principal office of the Indenture Trustee in Halifax, Nova Scotia or Toronto, Ontario, at any time prior to the close of Business on the Business Day immediately preceding the Maturity Date, into 0.1 Common Shares (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) and \$1.00 in cash at a conversion price of \$3.50 (the "**Conversion Price**") per Common Share, being a rate of approximately 28.57 Common Shares and \$285.71 in cash for each \$1,000 principal amount of the Series D Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. The indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion but in lieu thereof, the Corporation will satisfy such fractional interests by a cash payment equal to the market price of such fractional interest determined in accordance with the Indenture. Holders converting their Series D Debentures will receive accrued and unpaid interest thereon.

This Debenture is not redeemable on or prior to June 30, 2010. After June 30, 2010 but prior to June 30, 2011, this Debenture is redeemable, in whole or in part, at a price equal to the principal amount therefor, plus accrued and unpaid interest, at the Corporation's sole option on not more than 60 days; and not less than 30 days' prior notice, provided that the current market price on the date on which notice of redemption is given not less than 125% of the Conversion Price. After June 30, 2011, but prior to the Maturity Date, the Debentures will be redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation's sole option of not more than 60 days' and not less than 15 days' prior notice. In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Indenture Trustee on a pro rata basis or in such other manner as the Indenture Trustee deems equitable, subject to the consent of the Toronto Stock Exchange.

If a takeover bid for the Series D Debentures, within the meaning of the *Securities Act* (Nova Scotia), is made and 90% or more of the principal amount of all the Series D Debentures (other than the Series D Debentures held at the date of the takeover bid by or on behalf of the Offeror, Associates or Affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Series D Debentures of those holders who did not accept the offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Series D Debentures.

The Corporation may, on notice as provided in the Indenture, at its option (subject to any applicable regulatory approval), elect to satisfy the obligation to repay the principal amount of this Series D Debenture due on the Maturity Date by the issue of that number of Common Shares obtained by dividing the principal amount of the Series D Debentures then outstanding by 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the Maturity Date.

The indebtedness evidenced by this Series D Debenture, and by all other Series D Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed, provided that the Series D Debentures will rank *pari passu* with the Series B Debentures and the Series C Debentures.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances, specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Series D Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares or the directors, officers or agents of the Corporation in respect of any obligation or claim arising out of the Indenture or this Series D Debenture.

This Series D Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal offices of the Indenture Trustee in Halifax, Nova Scotia or Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Indenture Trustee may designate. No transfer of this Series D Debenture shall be valid unless made to the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Indenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Indenture Trustee and/or other registrar may prescribe and upon surrender of this Series D Debenture for cancellation.

This Series D Debenture shall not become obligatory for any purpose until it shall have been certified by the Indenture Trustee under the Indenture.

Capitalized words or expressions used in this Series D Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

IN WITNESS WHEREOF HOLLOWAY LODGING CORPORATION has caused this Series D Debenture to be signed by its authorized representative as of the ● day of ●, 20●.

**HOLLOWAY LODGING
CORPORATION**

By: _____

[...]

[...]

TRUSTEE'S CERTIFICATE

This Series D Debenture is one of the Series D Convertible Unsecured Subordinated Debentures due June 30, 2019 referred to in the Indenture within mentioned.

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____
(Authorized Officer)

THIS CERTIFICATE OF THE INDENTURE TRUSTEE SIGNED ON THE SECURITIES WILL NOT BE CONSTRUED AS A REPRESENTATION OR WARRANTY BY THE INDENTURE TRUSTEE AS TO THE VALIDITY OF THE INDENTURE OR OF THE SECURITIES OR OF THEIR ISSUANCE AND THE INDENTURE TRUSTEE WILL IN NO RESPECT BE LIABLE OR ANSWERABLE FOR THE USE MADE OF SUCH SECURITIES OR ANY OF THEM OR THE PROCEEDS THEREOF. THIS CERTIFICATE OF THE INDENTURE TRUSTEE SIGNED ON THE SECURITIES WILL, HOWEVER, BE A REPRESENTATION AND WARRANTY BY THE INDENTURE TRUSTEE THAT THE SECURITIES HAVE BEEN DULY CERTIFIED BY OR ON BEHALF OF THE INDENTURE TRUSTEE PURSUANT TO THE PROVISIONS OF THE INDENTURE.

REGISTRATION PANEL

(No writing hereon except by Indenture Trustee or other registrar)

Date of Registration	In Whose Name Registered	Signature of Indenture Trustee or Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address and social insurance number, if applicable, are set forth below, this Series D Debenture (or \$_____ principal amount hereof*) of HOLLOWAY LODGING CORPORATION standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Series D Debenture and does hereby irrevocably authorize and direct the Indenture Trustee to transfer such Series D Debenture in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: _____

*If less than the full principal amount of the within Series D Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold a Series D Debenture in a non-integral multiple of \$1,000, in which case such Series D Debenture is transferable only in its entirety) to be transferred.

The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Series D Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".

The registered holder of this Series D Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Series D Debenture.

Signature of Guarantor:

Authorized Officer

Signature of transferring registered holder

Name of Institution

EXHIBIT "1"
TO CDS GLOBAL DEBENTURE
HOLLOWAY LODGING CORPORATION
SERIES D CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
DUE JUNE 30, 2019

Initial Principal Amount :

CUSIP: [...]

ISIN: [...]

Authorization: _____

ADJUSTMENTS

DATE	AMOUNT OF INCREASE	AMOUNT OF DECREASE	NEW PRINCIPAL AMOUNT	AUTHORIZATION

SCHEDULE "D.2"

HOLLOWAY LODGING CORPORATION

SERIES D CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

DUE JUNE 30, 2019

MATURITY NOTICE

To: Holders of Series D Convertible Unsecured Subordinated Debentures due June 30, 2019 (the "**Debentures**") of Holloway Lodging Corporation (the "**Corporation**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Second Amended and Restated Trust Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to section 2.6(g) of the Second Amended and Restated Trust Indenture dated as of January 8, 2014 between the Corporation and Computershare Trust Company of Canada (the "**Indenture**"), as trustee (the "**Indenture Trustee**"), that the Debentures will become due and payable as of June 30, 2019 (the "**Maturity Date**").

[Pursuant to section 4.10 of the Indenture, the Corporation hereby advises the holders of the Series D Debentures that it is exercising the Common Share Repayment Right and that it will satisfy its obligations to pay the principal amount of the Series D Debentures by delivering to the Series D Debenture holders (subject to withholding or deduction on account of applicable taxes) that number of Freely Tradeable Common Shares equal to the number obtained by dividing the principal amount of such Series D Debentures by 95% of the Current Market Price of Common Shares on the Maturity Date. Upon presentation and surrender of the Series D Debentures, the Corporation shall pay or cause to be paid in cash to the holder all accrued and unpaid interest to the Maturity Date, together with the cash equivalent representing fractional Common Shares, and shall, on the Maturity Date, send to the Indenture Trustee certificates representing the Common Shares to which the holder is entitled.]

DATED:

**HOLLOWAY LODGING
CORPORATION**

(Authorized Officer)