



TRUST INDENTURE

between

BSR REAL ESTATE INVESTMENT TRUST

and

TSX TRUST COMPANY

**providing for the issue of 5.00% Convertible Unsecured
Subordinated Debentures due September 30, 2025**

Dated as of September 3, 2020

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SCHEDULE A — FORM OF INITIAL DEBENTURE

SCHEDULE B — FORM OF REDEMPTION NOTICE

SCHEDULE C — FORM OF MATURITY NOTICE

SCHEDULE D — FORM OF NOTICE OF CONVERSION

TRUST INDENTURE

THIS INDENTURE is made this 3rd day of September, 2020.

BETWEEN:

BSR REAL ESTATE INVESTMENT TRUST,
an unincorporated open-ended real estate investment trust
governed by the laws of the Province of Ontario

(hereinafter referred to as the “**Trust**”)

- and -

TSX TRUST COMPANY
a trust company existing under the federal laws of Canada
and authorized to carry on business in all provinces and territories
of Canada

(hereinafter referred to as the “**Debenture Trustee**”)

WHEREAS the Trust deems it necessary to create and issue the Debentures to be created and issued in the manner herein provided;

AND WHEREAS the Trust, pursuant to the second amended and restated declaration of trust dated as of April 23, 2020 (the “**Declaration of Trust**”), is duly authorized to create and issue the Debentures to be issued as herein provided;

AND WHEREAS when certified by the Debenture Trustee and issued as in this Indenture provided, all necessary steps in relation to the Trust will have been duly enacted, passed and/or confirmed and other proceedings taken and conditions complied with to make the creation and issue of the Debentures proposed to be issued hereunder legal, valid and binding on the Trust in accordance with the laws relating to the Trust;

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

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which is hereby acknowledged, it is hereby covenanted, agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In the recitals, in this Indenture (as defined below) and in the Debentures (as defined below), unless there is something in the subject matter or context inconsistent therewith or unless

otherwise expressly provided, the following terms will have the following meanings set out below:

- (a) “**1933 Act**” means the *United States Securities Act of 1933*, as amended;
- (b) “**1934 Act**” means the *United States Securities Exchange Act of 1934*, as amended;
- (c) “**90% Redemption Right**” has the meaning attributed thereto in Subsection 2.4(m);
- (d) “**90% Redemption Right Notice**” has the meaning attributed thereto in Subsection 2.4(m);
- (e) “**this Trust Indenture**”, “**this 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;
- (f) “**Acceptance Notice**” has the meaning attributed thereto in Subsection 2.4(m);
- (g) “**Additional Debentures**” means Debentures of any one or more series, other than the first series of Debentures, being the Initial Debentures, issued under this Indenture;
- (h) “**affiliate**” of a Person means any Person or company that would be deemed to be an affiliated entity of such Person within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, as replaced or amended from time to time;
- (i) “**Applicable Securities Legislation**” means applicable securities laws (including rules, regulations, policies, blanket orders, rulings and instruments enacted thereunder) in each of the Provinces and territories of Canada;
- (j) “**Auditors of the Trust**” means an independent firm of chartered accountants duly appointed as auditors of the Trust;
- (k) “**Authenticated**” means with respect to the issuance of an uncertificated Debenture, one in respect of which the Debenture Trustee has completed all Internal Procedures such that the particulars of such uncertificated Debentures entered in the register of holders of Debentures, and “Authenticate”, “Authenticating” and “Authentication” have the appropriate correlative meanings;
- (l) “**Beneficial Holder**” means any person who holds a beneficial interest in a Global Debenture as shown on the books of the Depository or a Depository Participant;
- (m) “**Business Day**” means any day other than a Saturday, a Sunday, a statutory holiday in the Province of Ontario or any other day on which Canadian chartered banks are not open for business in Toronto, Ontario;

- (n) “**Change of Control**” means the acquisition by any person, or group of persons acting jointly or in concert of voting control or direction over an aggregate of 66 2/3% or more of the then outstanding Units and Class B Units;
- (o) “**Change of Control Purchase Date**” has the meaning attributed thereto in Subsection 2.4(m)(v);
- (p) “**Class B Units**” means the Class B units of BSR Trust, LLC, the operating subsidiary of the Trust;
- (q) “**Code**” means the Internal Revenue Code of 1986, as amended;
- (r) “**Conversion Price**” means the dollar amount for which each Unit 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, as adjusted in accordance with the provisions of Article 6, and which, with respect to the Initial Debentures, is set out at Subsection 2.4(f);
- (s) “**Counsel**” means a firm of barristers or solicitors (who may be counsel to the Trust) acceptable to the Debenture Trustee, acting reasonably;
- (t) “**Current Market Price**”, as of any date, means the volume weighted average trading price for the U.S. dollar denominated Units on the TSX for the 20 consecutive trading days ending on the fifth trading day before such date (if the Units are not listed thereon, then on such stock exchange on which the Units are listed as may be selected for such purpose by the Trustees; or if the Units are not listed on any stock exchange, then on the over-the-counter market), determined by dividing the aggregate sale price of all Units sold on the said exchange or market, as the case may be, during the said 20 consecutive trading days by the total number of Units so sold;
- (u) “**Date of Conversion**” has the meaning attributed thereto in Subsection 6.4(b);
- (v) “**Debenture Offer**” has the meaning attributed thereto in Subsection 2.4;
- (w) “**Debenture Trustee**” means TSX Trust Company or its successor or successors for the time being as trustee hereunder;
- (x) “**Debentureholders**” or “**holders**” means the Persons for the time being entered in the register for Debentures as registered holders of Debentures or any transferees of such Persons by endorsement or delivery;
- (y) “**Debentures**” means the debentures, notes or other evidences of indebtedness of the Trust issued and certified hereunder, or deemed to be issued and certified hereunder, including, without limitation, the Initial Debentures, and for the time being outstanding, whether in definitive or interim form;

- (z) “**Declaration of Trust**” means the second amended and restated declaration of trust of the Trust dated as of April 23, 2020, as may be amended or amended and restated from time to time;
- (aa) “**Defeased Debentures**” has the meaning attributed thereto in Subsection 9.6(b);
- (bb) “**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 Trust pursuant to Section 3.2 until a successor depository has become such pursuant to the applicable provisions of this Indenture, and thereafter “**Depository**” will 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 means each depository with respect to the Global Debentures of such series;
- (cc) “**Depository Participant**” means a broker, dealer, bank, other financial institution or other Person for whom from time to time, a Depository effects book-entry settlement for a Global Debenture deposited with the Depository;
- (dd) “**especially affected series**” has the meaning attributed thereto in Subsection 13.2(b)(i);
- (ee) “**Event of Default**” has the meaning attributed thereto in Section 8.1;
- (ff) “**Expiry Date**” has the meaning attributed thereto in Subsection 2.4(m)(ii);
- (gg) “**Expiry Time**” has the meaning attributed thereto in Subsection 2.4(m)(ii);
- (hh) “**Extraordinary Resolution**” has the meaning attributed thereto in Section 13.12;
- (ii) “**First Call Date**” has the meaning attributed thereto in Subsection 2.4(d);
- (jj) “**Freely Tradeable**” means, in respect of Units, units which (a) 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 for which such issue does not constitute a distribution (other than a distribution already qualified by prospectus or similar offering document) under Applicable Securities Legislation, and (b) 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 interpreted within the meaning of Applicable Securities Legislation);
- (kk) “**Fully Registered Debentures**” means Debentures registered as to both principal and interest;
- (ll) “**generally accepted accounting principles**” means generally accepted accounting principles from time to time approved by the Chartered Professional Accountants of Canada;

- (mm) “**Global Debenture**” means a Debenture that is issued to and registered in the name of the Depository, or its nominee, pursuant to Section 2.6 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;
- (nn) “**Government Obligations**” means securities issued or guaranteed by the Government of Canada;
- (oo) “**Governmental Entity**” means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, commissioner, board, or authority of any of the foregoing; (c) any self-regulatory authority, including the TSX; or (d) any quasigovernmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (pp) “**Initial Debentures**” means the Debentures designated as “5.00% Convertible Unsecured Subordinated Debentures” and described in Section 2.4;
- (qq) “**Interest Account**” has the meaning attributed thereto in Subsection 10.1(i);
- (rr) “**Interest Obligation**” means the obligation of the Trust to pay interest on the Debentures, as and when the same becomes due;
- (ss) “**Interest Payment Date**” means a date specified in a Debenture as the date on which interest on such Debenture becomes due and payable;
- (tt) “**Internal Procedures**” means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including, without limitation, original issuance or registration of transfer of ownership), the Debenture Trustee’s internal procedures customary at such time for the entry, change or deletion made to be completed under the operating procedures followed at the time by the Debenture Trustee;
- (uu) “**Maturity Account**” means an account or accounts required to be established by the Trust (and which will be maintained by and subject to the control of the Debenture Trustee) for each series of Debentures pursuant to and in accordance with this Indenture;
- (vv) “**Maturity Date**” means the date specified for maturity of any Debentures, provided that with respect to the Initial Debentures, “**Maturity Date**” shall mean September 30, 2025;
- (ww) “**Maturity Notice**” has the meaning attributed thereto in Subsection 2.4(h);
- (xx) “**NCI Letter of Instruction**” means the Non-Certificated Inventory system letter of instruction provided by the Depository to the Debenture Trustee in connection with the conversion of the Debentures;

- (yy) “**Offer Price**” has the meaning attributed thereto in Subsection 2.4(m);
- (zz) “**Officer’s Certificate**” means a certificate of the Trust signed by any one of the Trustees or any one authorized officer of the Trust, on behalf of the Trust, in such capacity, and not in his or her personal capacity;
- (aaa) “**Over-Allotment Option**” means the over-allotment option granted by the Trust to the Underwriters pursuant to the Underwriting Agreement to purchase up to an additional \$6,000,000 principal amount of Debentures at any time until 30 days following the closing of the Debenture offering contemplated by the Underwriting Agreement;
- (bbb) “**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 and the redemption provisions, if any, with respect thereto, are to be determined by the Trust upon the issuance of such Debentures from time to time;
- (ccc) “**Person**” includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status and whether acting in an individual, fiduciary or other capacity;
- (ddd) “**Privacy Laws**” has the meaning attributed thereto in Section 15.19;
- (eee) “**Redemption Date**” has the meaning attributed thereto in Section 4.3;
- (fff) “**Redemption Notice**” has the meaning attributed thereto in Section 4.3;
- (ggg) “**Redemption Price**” means, in respect of a Debenture, the amount, excluding interest, payable on the Redemption Date fixed for such Debenture, which amount may be payable by the issuance of Freely Tradeable Units as provided for in Section 4.6;
- (hhh) “**representing party**” has the meaning attributed thereto in Section 15.18;
- (iii) “**Second Call Date**” has the meaning attributed thereto in Subsection 2.4(d);
- (jjj) “**Senior Indebtedness**” means the principal of and interest on and other amounts in respect of:
 - (i) all indebtedness (including any indebtedness to trade creditors) for borrowed money of the Trust (whether outstanding on the date of this Indenture or thereafter created, incurred, assumed or guaranteed) in the normal course or in connection with the acquisition by the Trust of any businesses, properties or other assets or for monies borrowed or raised by whatever means (including, without limitation, by means of commercial

paper, bankers' acceptances, letters of credit, debt instruments, revolving credit facilities, bank debt and financial leases, and any liability evidenced by bonds, debentures, notes or similar instruments) by the Trust or others including, without limitation, any Subsidiary of the Trust for payment of which the Trust is responsible or liable, whether absolutely or contingently; and

- (ii) renewals, extensions, restructurings, refinancings and refundings of any such indebtedness, liabilities or obligations;

unless in each case it is provided by the terms of the instrument creating or evidencing such indebtedness, liabilities or obligations that such indebtedness, liabilities or obligations are *pari passu* with or subordinate in right of payment to Debentures that by their terms are subordinated, which for greater certainty includes the Initial Debentures;

- (kkk) “**Serial Meeting**” has the meaning attributed thereto in Subsection 13.2(b)(i);
- (lll) “**Subsidiary**” has the meaning attributed thereto in the *Securities Act* (Ontario);
- (mmm) “**Successor**” has the meaning attributed thereto in Section 11.1;
- (nnn) “**Tax Act**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder, as amended from time to time;
- (ooo) “**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;
- (ppp) “**trading day**” means, with respect to the TSX or other market for securities on which the Debentures are listed in Toronto, Ontario, any day on which such exchange or market is open for trading or quotation;
- (qqq) “**Trust**” means BSR Real Estate Investment Trust, an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario;
- (rrr) “**Trustees**” means the trustees of the Trust, in their capacity as trustees of the Trust under the Declaration of Trust, for the time being and reference to action “by the Trustees” means action by the Trustees of the Trust;
- (sss) “**TSX**” means the Toronto Stock Exchange;
- (ttt) “**Underwriters**” means BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Desjardins Securities Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., Industrial Alliance Securities Inc., Canaccord Genuity Corp., Raymond James Ltd., Echelon Wealth Partners Inc. and Laurentian Bank Securities Inc.;

- (uuu) **“Underwriting Agreement”** means the underwriting agreement dated August 31, 2020 among the Trust and the Underwriters, as may be amended from time to time;
- (vvv) **“Unit Bid Request”** means a request for bids to purchase Units (to be issued by the Trust on the Unit Delivery Date) made by the Trust in accordance with the Unit Interest Payment Election Notice and that will make the acceptance of any bid conditional upon the acceptance of sufficient bids to result in aggregate proceeds from such issue and sale of Units that, together with the cash payments by the Trust in lieu of fractional Units, if any, equal the applicable Interest Obligation;
- (www) **“Unit Delivery Date”** means a date, not more than 90 days and not less than one Business Day prior to the applicable Interest Payment Date, upon which Units are issued by the Trust and delivered to the Debenture Trustee to facilitate the sale of Units pursuant to the Unit Purchase Agreements;
- (xxx) **“Unit Interest Payment Election”** means an election to satisfy an Interest Obligation on the applicable Interest Payment Date in the manner described in the Unit Interest Payment Election Notice;
- (yyy) **“Unit Interest Payment Election Amount”** means the sum of the amount of the aggregate proceeds resulting from the sale of Units on the Unit Delivery Date pursuant to acceptable bids obtained pursuant to the Unit Bid Requests, together with any amount paid by the Trust in respect of fractional Units pursuant to Subsection 10.1(h), that is equal to the aggregate amount of the Interest Obligation in respect of which the Unit Interest Payment Election Notice was delivered;
- (zzz) **“Unit Interest Payment Election Notice”** means a written notice made by the Trust to the Debenture Trustee specifying, *inter alia*,:
 - (i) the Interest Obligation to which the election relates;
 - (ii) the Unit Interest Payment Election Amount;
 - (iii) the investment banks, brokers or dealers through which the Trust will seek bids to purchase the Units and the conditions of such bids, which may include the minimum number of Units, minimum price per Unit, timing for closing for bids and such other matters as the Trust may specify; and
 - (iv) that the Debenture Trustee will accept through the investment banks, brokers or dealers selected by the Trust only those bids which comply with such notice;
- (aaaa) **“Unit Proceeds Investment”** has the meaning attributed thereto in Subsection 10.1(i);

- (bbbb) **“Unit Purchase Agreement”** means an agreement in customary form among the Trust and the Persons making acceptable bids pursuant to a Unit Bid Request, which complies with all applicable laws, including the Applicable Securities Legislation and the rules and regulations of any stock exchange on which the Debentures or Units are then listed;
- (cccc) **“Unit Redemption Right”** has the meaning attributed thereto in Subsection 4.6(a);
- (dddd) **“Unit Repayment Right”** has the meaning attributed thereto in Subsection 4.10(a);
- (eeee) **“United States”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- (ffff) **“Unitholders”** means holders of Units and **“Unitholder”** means any one of them;
- (gggg) **“Units”** means the trust units of the Trust as presently 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, acquisition, business combination, sale or conveyance or liquidation, dissolution or winding-up, or such successive changes, subdivisions, redivisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, consolidations, amalgamations, arrangements, mergers, acquisitions, business combinations, 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, **“Units”** will mean the Units or other securities or other property (including cash) resulting from such change, subdivision, redivision, reduction, combination or consolidation, reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition, business combination, sale or conveyance or liquidation, dissolution or winding-up; and
- (hhhh) **“Written Direction of the Trust”** means an instrument in writing signed by any one authorized Trustee or officer of the Trust.

1.2 Meaning of **“Outstanding”**

Every Debenture certified and delivered by the Debenture Trustee hereunder is deemed to be outstanding until it is cancelled, converted, redeemed or delivered to the Debenture Trustee for cancellation, conversion or redemption and monies, Units and/or other property, as the case may be, for the payment thereof will have been set aside under Article 9, provided that:

- (a) Debentures which have been partially redeemed, purchased or converted are 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 will be counted for the purpose of determining the aggregate principal amount of Debentures outstanding;
- (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 or indirectly, legally or equitably, by the Trust shall be disregarded except that:
 - (i) for the purpose of determining whether the Debenture 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 Debenture Trustee knows are so owned shall be so disregarded; and
 - (ii) Debentures so owned which have been pledged in good faith other than to the Trust shall not be so disregarded if the pledge shall establish to the satisfaction of the Debenture Trustee the pledgee's right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in his or her discretion free from the control of the Trust or a Subsidiary of the Trust.

1.3 Interpretation

In this Indenture:

- (a) words importing the singular number or masculine gender include the plural number or the feminine or neuter genders and vice versa;
- (b) all references to Articles and Schedules refer, unless otherwise specified, to articles of and schedules to this Indenture;
- (c) all references to Sections or Subsections refer, unless otherwise specified, to sections, subsections or clauses of this Indenture;
- (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; and
- (e) for greater certainty, the Trustees have entered into this Indenture in their capacity as trustees of the Trust under the Declaration of Trust and this Indenture has been executed and delivered on behalf of the Trustees in such capacity, and, unless otherwise expressly provided herein, where any reference is made in this Indenture or in any other instrument executed pursuant hereto or contemplated hereby to which the Trust is a party or any other agreement or to an act to be

performed by or a covenant, representation or warranty given by the Trust, such reference shall be construed and applied for all purposes as if it referred to the Trustees, in their capacity as trustees.

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 will not affect the construction or interpretation of this Indenture.

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 will be taken on or before the requisite time on the next succeeding day that is a Business Day.

1.6 Applicable Law

This Indenture and the Debentures will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. For the purpose of all legal proceedings, this Indenture will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have jurisdiction to entertain any action arising under this Agreement. The Trust attorns to the jurisdiction of the courts of Province of Ontario.

1.7 Conflict

In the event of a conflict or inconsistency between a provision in the body of this Indenture and in the Debentures issued hereunder, the provision in the body of this Indenture will prevail to the extent of the inconsistency.

1.8 Currency

All dollar amounts expressed in this Indenture and in the Debentures are in lawful money of the United States and all payments required to be made hereunder and thereunder will be made in United States dollars.

1.9 Severability

Each of the provisions in this Indenture is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any of the other provisions hereof.

1.10 Successors and Assigns

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

1.11 Benefits of Indenture

Nothing in this Indenture or in the Debentures, express or implied, gives to any Person, other than the parties hereto and their successors hereunder, any paying agent, the holders of Debentures, the Trustees and the holders of Units, any benefit or any legal or equitable right, remedy or claim under this Indenture.

1.12 Schedules

The following Schedules form part of this Indenture:

SCHEDULE A — FORM OF INITIAL DEBENTURE

SCHEDULE B — FORM OF REDEMPTION NOTICE

SCHEDULE C — FORM OF MATURITY NOTICE

SCHEDULE D — FORM OF NOTICE OF CONVERSION

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 will 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 will 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 2.9, 2.10, 3.2, 3.3 and 3.6);
- (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 will bear interest, if any, the date or dates from which such interest will accrue, on which such interest will be payable and on which a record, if any, will be taken for the determination of

holders to whom such interest will be payable and/or the method or methods by which such rate or rates or date or dates will be determined;

- (e) the place or places where the principal of and any interest on Debentures of the series will 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 Trust 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 Trust 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 will 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 will be issuable;
- (i) subject to the provisions of this Indenture, any trustees, Depositaries, 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;
- (m) if applicable, that the Debentures of the series will be issuable in whole or in part as one or more Global Debentures and, in such case, the Depositary or Depositaries 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 2.9 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 Fully Registered Debentures, or transferred to and registered in the name of a person other than the Depositary for such Global Debentures or a nominee thereof;
- (n) if other than United States 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 will not be inconsistent with the provisions of this Indenture).

All Debentures of any one series will be substantially identical, except as may otherwise be established herein or pursuant to one or more resolutions of the Trustees, as evidenced by an Officer's Certificate or 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, including pursuant to a Periodic Offering, consistent with the terms of this Indenture, if so provided herein, pursuant to one or more resolutions of the Trustees, as evidenced by an Officer's Certificate or in an indenture supplemental hereto.

2.3 Form of Debentures

Except in respect of the Initial Debentures, the form of which is provided for herein, the Debentures of each series will be substantially in such form or forms (not inconsistent with this Indenture) as will be established herein or pursuant to one or more resolutions of the Trustees, as evidenced by an Officer's 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 Trustees or officers of the Trust executing such Debentures, as conclusively evidenced by their execution of such Debentures. The form of the Debentures of each series shall state that the holder, by acceptance of the Debenture, assents to the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of holders of the Debentures and of the Trust and of the Debenture Trustee, all to the same effect as if the provisions of this Indenture were set forth in such Debenture.

2.4 Form and Terms of Initial Debentures

- (a) Terms. The first series of Debentures (the "**Initial Debentures**") authorized for issuance is limited to an aggregate principal amount of \$46,000,000 including those Debentures issuable pursuant to the Over-Allotment Option under the Underwriting Agreement and will be designated as "5.00% Convertible Unsecured Subordinated Debentures". However, additional Initial Debentures may be issued pursuant to this Indenture after the date hereof, as may be amended from time to time. The Debenture Trustee has been appointed as transfer agent and registrar of the Initial Debentures.
- (b) Maturity Date. The Initial Debentures will mature on September 30, 2025.
- (c) Interest. The Initial Debentures will bear interest from the date of issue at the rate of 5.00% per annum, payable in equal semi-annual payments in arrears on March 31 and September 30 of each year, the first such payment falling due on March 31, 2021 and the last such payment falling due on September 30, 2025, 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. The first interest payment will include interest accrued from and including September 3, 2020 to but excluding March 31, 2021.

- (d) Redemption. The Initial Debentures are redeemable in accordance with the terms of Article 4, provided that the Initial Debentures may not be redeemed by the Trust before September 30, 2023 (the “**First Call Date**”), except in the event of the satisfaction of certain conditions after a Change of Control has occurred as provided herein. On and after the First Call Date and before September 30, 2024 (the “**Second Call Date**”), the Initial Debentures may be redeemed at the option of the Trust in whole or in part from time to time on notice as provided for in Section 4.3 at a Redemption Price equal to the principal amount of the Initial Debentures; provided that the Current Market Price on the date on which such notice of redemption is given is not less than 125% of the Conversion Price and the Trust will have provided to the Debenture Trustee an Officers’ Certificate confirming such Current Market Price. In addition thereto, at the time of redemption, the Trust will pay to the holder accrued and unpaid interest up to but not including the Redemption Date. On and after the Second Call Date and prior to the Maturity Date, the Initial Debentures may be redeemed at the option of the Trust in whole or in part from time to time on notice as provided for in Section 4.3, at a Redemption Price equal to the principal amount of the Initial Debentures, irrespective of the Current Market Price. In addition thereto, at the time of redemption, the Trust will pay to the holder accrued and unpaid interest up to but not including the Redemption Date. The Redemption Notice for the Initial Debentures will be substantially in the form of Schedule B.
- (e) Priority. The Initial Debentures will be subordinated to the Senior Indebtedness of the Trust in accordance with the provisions of Article 5.
- (f) Conversion. Upon and subject to the provisions and conditions of Article 6, the holder of each Initial Debenture will have the right at such holder’s option, prior to the close of business on the earlier of the last Business Day immediately preceding the Maturity Date or, if called for redemption, the last Business Day immediately preceding the date specified by the Trust for redemption of the Initial Debentures by notice to the holders of Initial Debentures in accordance with Subsections 2.4(d) and 4.3 (the earlier of which will be the “**Time of Expiry**” for the purposes of Article 6 in respect of the Initial Debentures), to convert any part of the principal amount of such Debenture into Units at the Conversion Price in effect on the Date of Conversion. Notwithstanding the foregoing, no Debenture may be converted during the last Business Day preceding an Interest Payment Date or the Maturity Date.
- (g) Conversion Price. The Conversion Price in effect on the date hereof for each Unit to be issued upon the conversion of Initial Debentures will be equal to \$14.40 such that approximately 69.4444 Units will be issued for each \$1,000 principal amount of Initial Debentures so converted, subject to the terms of Section 6.5. The Conversion Price applicable to the Units, securities or other property receivable on the conversion of the Initial Debentures is subject to adjustment pursuant to the provisions of Section 6.5. Debentureholders converting their Initial Debentures will receive accrued and unpaid interest from the last Interest Payment Date (or the date of issuance of the Initial Debentures if prior to the first Initial Payment Date) to and including: (a) if the Trust is making distributions to Unitholders, the

last record date prior to the date of conversion for determining the Unitholders entitled to receive a distribution on the Units; or (b) if the distributions have been suspended (or notice has been given of such suspension prior to the date on which a holder of the Initial Debentures converts the Initial Debentures held by such holder, and the suspension is in effect on the Date of Conversion), in addition to the applicable number of Units to be received on conversion, the Debentureholder will receive accrued and unpaid interest until the date prior to the Date of Conversion, to, but excluding, the Date of Conversion. Notwithstanding the foregoing, no Debenture may be converted during the last Business Day preceding an Interest Payment Date or the Maturity Date.

- (h) Payment in Units. On redemption or on maturity of the Initial Debentures, the Trust may, at its option and subject to the provisions of Sections 4.6 and 4.10, as applicable, and subject to any applicable regulatory approvals, elect to satisfy its obligation to pay all or a portion of the aggregate principal amount of the Initial Debentures by issuing and delivering Freely Tradeable Units to such holders of Initial Debentures. If the Trust elects to exercise such option, it will provide details in the Redemption Notice or deliver a maturity notice (the “**Maturity Notice**”) to the holders of the Initial Debentures substantially in the form of **Schedule C**. Interest accrued and unpaid on the Initial Debentures to but not including the Redemption Date or the Maturity Date will be paid in cash.
- (i) Restriction on Unit Redemption Right. The Trust shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Units, distribution or other distribution on the Units or any other securities, capital reorganization, reclassification or any similar type of transaction in which:
 - (i) the number of securities to be issued;
 - (ii) the price at which securities are to be issued, converted or exchanged; or
 - (iii) any property or cash that is to be distributed or allocatedis in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly: (i) the Unit Redemption Right or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Unit Redemption Right.
- (j) Form of Debentures. The Initial Debentures will be issued in denominations of \$1,000 and integral multiples of \$1,000. Each Initial Debenture and the certificate of the Debenture Trustee endorsed thereon will be issued in substantially the form set out in Schedule A with such insertions, omissions, substitutions or other variations as 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 the 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 with general usage, all as may be determined by the Trustee or officer of the Trust executing such Initial Debenture in accordance with Section 2.7, as conclusively evidenced by his or her execution of an Initial Debenture. Each Initial Debenture will also bear such distinguishing letters and numbers as the Debenture Trustee approves. Notwithstanding the foregoing, an Initial Debenture may be in such other form or forms as may, from time to time, be specified in an Officers' Certificate. The Initial Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.

- (k) Global Debentures. The Initial Debentures will be issued as Global Debentures. The Depository for the Initial Debentures will be CDS Clearing and Depository Services Inc. The Global Debentures will be registered in the name of CDS&Co. (or any nominee of the Depository). No beneficial holder will receive definitive certificates representing their interest in Initial Debentures except as provided in Section 3.2. A Global Debenture may be exchanged for 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 Section 3.2.
- (l) Interest Payment Election. Upon and subject to the provisions and conditions of Article 10, the Trust may elect, from time to time, to satisfy all or any part of its Interest Obligation on the Initial Debentures on any Interest Payment Date by delivering Units to the Debenture Trustee.
- (m) Change of Control. Upon the occurrence of a Change of Control and subject to the provisions and conditions of this Section 2.4(m), the Trust will be obligated to offer to purchase all Initial Debentures then outstanding. The terms and conditions of such obligation are set forth below:
 - (i) Within 30 days following the occurrence of a Change of Control, the Trust will deliver to the Debenture Trustee a notice in writing stating that there has been a Change of Control and specifying the date on which such Change of Control occurred and the circumstances or events giving rise to such Change of Control together with an offer in writing (the "**Debenture Offer**") to purchase all of the Initial Debentures then outstanding from the holders thereof at a price per Initial Debenture equal to 101% of the principal amount thereof together with accrued and unpaid interest thereon up to but excluding the Change of Control Purchase Date (as defined below) (the "**Offer Price**"). The Debenture Trustee will promptly thereafter deliver, by prepaid courier or mail, the notice of Change of Control and the Debenture Offer to the holders of all Initial Debentures then outstanding, at their addresses appearing in the registers of holders of Initial Debentures maintained by the Debenture Trustee.
 - (ii) The Debenture Offer will specify the date (the "**Expiry Date**") and time (the "**Expiry Time**") on which the Debenture Offer expires which date and time will not, unless otherwise required by Applicable Securities Legislation, be earlier than the close of business on the 35th day and not

later than the close of business on the 60th day following the date on which such Debenture Offer is delivered or mailed by or on behalf of the Debenture Trustee as provided above.

- (iii) The Debenture Offer will specify that the Debenture Offer may be accepted by the holders of Initial Debentures by tendering the Initial Debentures so held by them to the Debenture Trustee at its principal offices in Toronto, Ontario at or before the Expiry Time together with an acceptance notice (the “**Acceptance Notice**”) in form and substance acceptable to the Debenture Trustee.
- (iv) The Debenture Offer will state that holders of Initial Debentures may accept the Debenture Offer in respect of all or a portion (in a minimum amount of \$1,000 principal amount and multiples thereof) of their Initial Debentures.
- (v) The Debenture Offer will specify a date (the “**Change of Control Purchase Date**”) no later than the third Business Day following the Expiry Date on which the Trust will take up and pay for all Initial Debentures duly tendered in acceptance of the Debenture Offer.
- (vi) The Trust will, on or before 10:00 a.m. (Toronto time), on the Business Day immediately prior to the Change of Control Purchase Date pay to the Debenture Trustee by wire transfer or such other means as may be acceptable to the Debenture Trustee, an amount of money sufficient to pay the aggregate Offer Price in respect of all Initial Debentures duly tendered to the Debenture Offer (less any tax required by law to be deducted). The Debenture Trustee, on behalf of the Trust, will pay the Offer Price to the holders of Initial Debentures (less any tax deducted by the Trust as aforesaid) in the respective amounts to which they are entitled in accordance with the Debenture Offer as aforesaid upon surrender and delivery of such holder’s Initial Debentures in accordance with the Indenture.
- (vii) If 90% or more of the aggregate principal amount of Debentures issued under the Indenture outstanding on the date the Trust provides notice of the Change of Control have been tendered to the Trust pursuant to the Debenture Offer, the Trust will have the right (the “**90% Redemption Right**”), upon written notice (the “**90% Redemption Right Notice**”) provided to the Debenture Trustee within 10 days following the Expiry Date, to elect to redeem all the Initial Debentures remaining outstanding at the Offer Price and on the other terms and conditions provided herein. Upon receipt of such notice by the Debenture Trustee, the Debenture Trustee will promptly provide written notice to each holder of outstanding Initial Debentures (other than those that have accepted the Debenture Offer) that:

- (1) the Trust has exercised the 90% Redemption Right and is purchasing all outstanding Initial Debentures effective as at the Change of Control Purchase Date at the Offer Price;
 - (2) such holder will surrender its Initial Debentures to the Debenture Trustee within 30 days after the sending of such notice; and
 - (3) the rights of such holder under the terms of the Initial Debentures and this Indenture will cease to be effective as of the Change of Control Purchase Date provided the Trust has, on or before the date on which the Trust delivers the 90% Redemption Notice to the Debenture Trustee, paid the aggregate Offer Price to, or to the order of, the Debenture Trustee and thereafter such holder's Initial Debentures will not be considered to be outstanding and such holder will not have any rights hereunder except to receive such Offer Price to which such holder is entitled upon surrender and delivery of such holder's Initial Debentures in accordance with the Indenture.
- (viii) The Trust will, on or before 10:00 a.m. (Toronto time), on the Business Day immediately prior to the date on which the Trust delivers the 90% Redemption Right Notice, pay to the Debenture Trustee by wire transfer or such other means as may be acceptable to the Debenture Trustee, an amount of money sufficient to pay the aggregate Offer Price in respect of all Initial Debentures to be redeemed pursuant to the 90% Redemption Right (less any tax required by law to be deducted in respect of accrued and unpaid interest). The Debenture Trustee, on behalf of the Trust, will pay the Offer Price to the holders of Initial Debentures in the respective amounts to which they are entitled in accordance with the exercise of the 90% Redemption Right as aforesaid upon surrender and delivery of such holders' Initial Debentures.
- (ix) The Initial Debentures in respect of which the Trust has made payment to the Debenture Trustee in accordance with the terms of this Subsection 2.4(m) (or the portion thereof tendered in acceptance of the Debenture Offer) will thereafter no longer be considered to be outstanding under this Indenture. The Trust will also deposit with the Debenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Debenture Trustee in connection with the Debenture Offer and the exercise of the 90% Redemption Right if applicable. All Initial Debentures in respect of which payment of the Offer Price has been so made will be cancelled by the Debenture Trustee.
- (x) In the event that only a portion of the principal amount of an Initial Debenture is tendered by a holder thereof in acceptance of the Debenture Offer, the Trust will execute and deliver to the Debenture Trustee and the Debenture Trustee will certify and deliver to the holder, without charge to

such holder, a certificate representing the principal amount of the Initial Debenture not so tendered in acceptance of the Debenture Offer.

- (n) Documents to Debenture Trustee. The Debenture Trustee will be provided with the documents and instruments referred to in Subsections 2.5(b), 2.5(c) and 2.5(d), with respect to the Initial Debentures prior to the issuance of the Initial Debentures.

2.5 Certification and Delivery of Additional Debentures

The Trust may from time to time request the Debenture Trustee to certify and deliver Additional Debentures of any series by delivering to the Debenture Trustee the documents referred to below in this Section 2.5 whereupon the Debenture Trustee will certify such Debentures and cause the same to be delivered in accordance with the Written Direction of the Trust referred to below or pursuant to such procedures acceptable to the Debenture Trustee as may be specified from time to time by a Written Direction of the Trust. The maturity date, issue date, interest rate (if any) and any other terms of the Debentures of such series will be set forth in or determined by or pursuant to such Written Direction of the Trust and procedures. In certifying such Debentures, the Debenture Trustee is entitled to receive and is fully protected in relying upon, unless and until such documents have been superseded or revoked:

- (a) an Officer's Certificate and executed supplemental indenture by or pursuant to which the form and terms of such Additional Debentures were established;
- (b) a Written Direction of the Trust requesting certification and delivery of such Additional Debentures and setting forth delivery instructions; provided that, with respect to Debentures of a series subject to a Periodic Offering:
 - (i) such Written Direction of the Trust may be delivered by the Trust to the Debenture Trustee prior to the delivery to the Debenture Trustee of such Additional Debentures of such series for certification and delivery;
 - (ii) the Debenture Trustee will 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 Trust or pursuant to procedures acceptable to the Debenture Trustee as may be specified from time to time by a Written Direction of the Trust; and
 - (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 will be determined by an executed supplemental indenture or by Written Direction of the Trust or pursuant to such procedures;
- (c) an opinion of Counsel, in form and substance satisfactory to the Debenture Trustee, acting reasonably, to the effect that all requirements imposed by the 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 Officer's Certificate certifying that the Trust 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 Officer's Certificate and that no Event of Default exists or will exist upon such certification and delivery.

2.6 Issue of Global Debentures

- (a) The Trust 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 Trust in the Written Direction of the Trust delivered to the Debenture Trustee at the time of issue of such Debentures, and in such event the Trust will execute and the Debenture Trustee will certify and deliver one or more Global Debentures that will:

- (i) represent an aggregate amount equal to the principal amount of the outstanding Debentures of such series to be represented by one or more Global Debentures;
- (ii) be delivered by the Debenture Trustee to such Depository or pursuant to such Depository's instructions; and
- (iii) bear a legend substantially to the following effect:

“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 will be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.”

- (b) Each Depository designated for a Global Debenture will, 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 where the Depository has its principal offices.

2.7 Execution of Debentures

All Debentures will be signed (either manually or by facsimile or electronic signature) by any one Trustee or any one authorized officer of the Trust, on behalf of the Trust, holding office at the time of signing. A facsimile or electronic signature upon a Debenture is for all purposes of

this Indenture deemed to be the signature of the person whose signature it purports to be. Notwithstanding that any person whose signature, either manual, in facsimile or electronic, appears on a Debenture as Trustee or an authorized officer of the Trust, on behalf of the Trust, may no longer hold such office at the date of the Debenture or at the date of the certification and delivery thereof, such Debenture will be valid and binding upon the Trust and entitled to the benefits of this Indenture.

2.8 Certification

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

The certificate of the Debenture Trustee signed on the Debentures, or interim Debentures hereinafter mentioned, will not be construed as a representation or warranty by the Debenture 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 Debenture Trustee will 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 Debenture Trustee signed on the Debentures or interim Debentures will, however, be a representation and warranty by the Debenture Trustee that the Debentures or interim Debentures have been duly certified by or on behalf of the Debenture Trustee pursuant to the provisions of this Indenture.

No uncertificated Debenture shall be considered issued and shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture until it has been Authenticated by entry on the register of the particulars of the uncertificated Debenture. Such entry on the register of the particulars of an uncertificated Debenture shall be conclusive evidence that such uncertificated Debenture is a valid and binding obligation of the Trust and that the holder is entitled to the benefits of this Indenture. The Authentication by the Debenture Trustee of any Debentures whether by way of entry on the register or otherwise shall not be construed as a representation or warranty by the Debenture Trustee as to the validity of the Indenture or such Debentures (except the due Authentication thereof) or as to the performance by the Trust of its obligations under this Indenture and the Debenture Trustee shall in no respect be liable or answerable for the use made of the Debentures or any of them or the proceeds thereof.

2.9 Interim Debentures or Certificates

Pending the delivery of definitive Debentures of any series to the Debenture Trustee, the Trust may issue and the Debenture Trustee may certify in lieu thereof interim Debentures in such forms and in such denominations and signed in such manner as provided herein, entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; or the Trust may execute and the Debenture Trustee may certify a temporary Debenture for the whole principal amount of Debentures of the series then authorized to be issued hereunder, as the Trust may approve, entitling the holders thereof to definitive Debentures of the series when the same are ready for delivery; and, when so issued and certified, such interim or temporary Debentures

or interim certificates will, for all purposes but without duplication, rank in respect of this Indenture equally with Debentures duly issued hereunder and, pending the exchange thereof for definitive Debentures, the holders of the interim or temporary Debentures or interim certificates will be deemed without duplication to be Debentureholders and entitled to the benefit of this Indenture to the same extent and in the same manner as though the said exchange had actually been made. Forthwith after the Trust has delivered the definitive Debentures to the Debenture Trustee, the Debenture Trustee will cancel such temporary Debentures, if any, and will call in for exchange all interim Debentures or certificates that were issued and forthwith after such exchange will cancel the same. No charge will be made by the Trust or the Debenture Trustee to the holders of such interim or temporary Debentures or interim certificates for the exchange thereof. All interest paid upon interim or temporary Debentures or interim certificates will be noted thereon as a condition precedent to such payment unless paid by cheque to the registered holders thereof.

2.10 Mutilation, Loss, Theft or Destruction

In case any of the Debentures issued hereunder become mutilated, lost, stolen or destroyed, the Trust, in its discretion, may issue, and thereupon the Debenture Trustee will 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 will be in a form approved by the Debenture Trustee and will 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 will furnish to the Trust and to the Debenture Trustee, as a condition to such replacement, such evidence of the loss, theft or destruction of the Debenture as is satisfactory to them in their discretion and will also furnish a surety bond and an indemnity satisfactory to them in their discretion. The applicant will pay all reasonable expenses incidental to the issuance of any substituted Debenture.

2.11 Concerning Interest

- (a) All Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures which are interest bearing, will, subject to Subsection 2.4(c) with respect to the calculation of interest in respect of the initial interest payment on the Initial Debentures, bear interest (i) from and including their issue date, or (ii) from and including the last Interest Payment Date to which interest has been paid or made available for payment on the outstanding Debentures of that series, whichever is later, or, in respect of Debentures subject to a Periodic Offering, from and including their issue date or from and including the last Interest Payment Date to which interest has been paid or made available for payment on such Debentures, in all cases, to but excluding the next Interest Payment Date.
- (b) Unless otherwise specifically provided in the terms of the Debentures of any series, interest for any period of less than six months will be computed on the basis of a year of 365 days. Subject to Subsection 2.4(c) in respect of the method for calculating the amount of interest to be paid on the Initial Debentures on the first Interest Payment Date in respect thereof, 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 will 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.

- (c) The Debenture Trustee shall be entitled to rely on the calculations of the Trust with regards to the calculation of interest.

2.12 Debentures to Rank *Pari Passu*

The Debentures will be direct unsecured obligations of the Trust. 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, subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the Trust (but, for greater certainty, not Senior Indebtedness) except for sinking fund provisions (if any) applicable to different series of Debentures or other similar types of obligations of the Trust.

2.13 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 and subject to Section 4.10, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Trust will establish and maintain with the Debenture Trustee a Maturity Account for each series of Debentures. Each such Maturity Account will be maintained by and be subject to the control of the Debenture Trustee for the purposes of this Indenture. On or before 10:00 a.m., (Toronto time) on the Business Day immediately prior to each maturity date for Debentures outstanding from time to time under this Indenture, the Trust will deliver by wire transfer to the Debenture Trustee for deposit in the applicable Maturity Account an amount sufficient to pay the cash amount payable in respect of such Debentures (including the principal amount together with any accrued and unpaid interest thereon less any tax required by law to be deducted). The Debenture Trustee, on behalf of the Trust, will pay to each holder entitled to receive payment the principal amount of and premium (if any) and accrued and unpaid interest on the Debenture (less any tax deducted by the Trust as aforesaid), upon surrender of the Debenture at any branch of the Debenture Trustee designated for such purpose from time to time by the Trust, subject to the approval of the Debenture Trustee. The delivery of such funds to the Debenture Trustee for deposit to the applicable Maturity Account will satisfy and discharge the liability of the Trust for the Debentures to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any tax deducted as aforesaid) and such Debentures 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 delivered or made available the amount to which it is entitled. The Debenture Trustee shall fund only to the extent that it has been funded.

2.14 U.S. Legend

- (a) The Initial Debentures have not been and will not be registered under the 1933 Act and may not be offered or sold within the United States, except pursuant to an

exemption from the registration requirements of the 1933 Act and all applicable state securities laws.

- (b) Certificates representing each Debenture issued pursuant to a transaction that is not required to be registered under the 1933 Act (other than pursuant to Regulation S under the 1933 Act) and, except as provided below, all certificates representing Debentures issued in exchange for or in substitution or transfer of such Debentures, shall bear the following legend in boldface print on the face of such certificate for so long as required by applicable requirements of the 1933 Act and state securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS. ACCORDINGLY, THESE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, FOR THE ACCOUNT OF BENEFIT OF ANY, U.S. PERSONS (AS SUCH TERM IS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT), EXCEPT PURSUANT TO TRANSACTIONS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF BSR REAL ESTATE INVESTMENT TRUST THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO BSR REAL ESTATE INVESTMENT TRUST, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (C) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT, AND IN EACH INSTANCE IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS OR THE APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO CLAUSE (C) ABOVE, A LEGAL OPINION SATISFACTORY TO BSR REAL ESTATE INVESTMENT TRUST MUST FIRST BE PROVIDED. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON CANADIAN STOCK EXCHANGES.

Provided that, if the Debentures bearing the foregoing legend are being sold under clause (B) at a time when the Trust is a "foreign issuer" under Regulation S under the 1933 Act, the legend may be removed by providing a declaration to the Debenture Trustee, to the following effect (or in such form as the Trust or the Debenture Trustee may from time to time prescribe) and, if required by the Trust, an opinion of counsel, of recognized standing reasonably satisfactory to the Trust, to the effect that the Initial Debentures are being sold in accordance with Rule 904 of Regulation S under the 1933 Act:

"The undersigned (A) acknowledges that the sale of Debentures of BSR Real Estate Investment Trust to which

this declaration relates, represented by certificate numbers, is being made in reliance on Rule 904 of Regulation S (“Regulation S”) under the United States Securities Act of 1933, as amended (the “Securities Act”) and (B) certifies that (1) it is not an “affiliate” (as defined in Rule 405 of Regulation C under the Securities Act) of BSR Real Estate Investment Trust, (2) the offer of the Debentures 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 TSX (or another “designated offshore securities exchange” on which the Debentures are listed and posted for trading), and neither the seller nor 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 the Debentures, (4) the sale is *bona fide* and not for the purpose of “washing off” the resale restrictions imposed because the Debentures are “restricted securities” (as that term is defined in Rule 144(a)(3) under the Securities Act), (5) the seller does not intend to replace the Debentures sold in reliance on Rule 904 of Regulation S with fungible unrestricted Debentures, 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 Securities Act. Terms used herein have the meaning given to them by Regulation S.”

and, provided further, that if any such securities are being sold under clause (C) above the legend may be removed by delivery to the Trust and the Debenture Trustee of an opinion of Counsel, of recognized standing reasonably satisfactory to the Trust, that such legend is no longer required under applicable requirements of the 1933 Act or state securities laws.

The Trust shall direct at initial closing the legends which are to appear on certificates and thereafter upon transfer, exchange or otherwise the Trust shall direct the Debenture Trustee in writing setting out the legends to be placed on specific certificates. The Debenture Trustee will thereafter maintain a list of all registered holders from time to time of legended Debentures. Provided that the Debenture Trustee obtains confirmation from the Trust that such opinion of Counsel is satisfactory to it, it shall be entitled to rely on such opinion of Counsel

without further inquiry. The Trust or its counsel shall provide written approval for the legend removal to the Debenture Trustee. Notwithstanding anything to the contrary contained herein, all Debentures that are required to bear the legend described in this Section 2.14 shall be issued as Fully Registered Debentures that are represented by definitive certificates issued and delivered to the purchasers thereof.

2.15 Payment of Interest

The following provisions apply to Debentures, except as otherwise provided in Subsection 2.4(c) with respect to the Initial Debentures or specified in an Officer's Certificate or a supplemental indenture relating to a particular series of Additional Debentures:

- (a) As interest becomes due on each Debenture (except at maturity, on conversion or on redemption, when interest may at the option of the Trust be paid upon surrender of such Debenture) the Trust, either directly or through the Debenture Trustee or any agent of the Debenture Trustee, will send or forward by prepaid ordinary mail, electronic transfer of funds, 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 Debenture Trustee at the close of business on the Business Day prior to 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 will be forwarded at least three Business Days prior to each date on which interest becomes due and if payment is made by other means (such as electronic transfer of funds, provided the Debenture Trustee will receive confirmation of receipt of funds prior to being able to wire funds to holders), such payment will 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 will, 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 is 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 Trust or the Debenture Trustee will issue to such person a replacement cheque for the amount upon being furnished with such evidence of non-receipt as it reasonably requires and upon being indemnified to its satisfaction. Notwithstanding the foregoing, if the Trust 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 Trust may make payment of such interest or make such interest available for payment in any other manner acceptable to the Debenture Trustee with the same effect as though payment had been made in the manner provided above.
- (b) Notwithstanding Subsection 2.15(a), if a series of Debentures is represented, in whole or in part, by a Global Debenture, then all payments of interest on the Global Debenture will be made by electronic funds transfer to the Depositary or

its nominee for subsequent payment to Beneficial Holders of interests in that Global Debenture, unless the Trust and the Depository otherwise agree. The Trust will pay such funds to the Debenture Trustee on or before 10:00 a.m. (Toronto time) on the Business day immediately prior to the Interest Payment Date. None of the Trust, the Debenture Trustee or any agent of the Debenture 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, supervising or reviewing any records relating to such beneficial interests or any advice or representation made by or with respect to CDS Clearing and Depository Services Inc.

- (c) For greater certainty, if the amount (or any portion thereof) to which a holder of the Debentures is entitled is subject to withholding taxes, the Debenture Trustee shall remit such taxes on behalf of the Trust to the proper authorities within the period of time prescribed for this purpose under applicable laws.

2.16 Withholding Tax

- (a) The Trust, either directly or through the Debenture Trustee, is entitled to deduct and withhold an amount in respect of any applicable taxes or similar charges (including interest, penalties or similar amounts in respect thereof) imposed or levied by or on behalf of any Governmental Entity or any authority or agency therein or thereof having power to tax, including, without limitation, pursuant to the Tax Act and the Code, from any payment to be made on or in connection with the Debentures and, provided that the Trust, or the Debenture Trustee, as the case may be, remits such withheld amount to such government, authority or agency and files all required forms in respect thereof, in each case within the time required by applicable law, and, promptly thereafter, provides copies of such remittance and filing to the Debenture Trustee and the relevant Debentureholder, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Trust's obligations under the Debentures and there is no obligation on the Trust to gross-up amounts paid to a holder or pay any additional amounts to a holder in respect of such deductions or withholdings.
- (b) The Trust will provide the Debenture Trustee and the relevant Debentureholder with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of such forms received from such government, authority or agency promptly after receipt thereof.
- (c) To the extent that the amount so required to be deducted or withheld from any payment by the Trust in respect of the Debentures exceeds the cash portion (if any) of the amounts otherwise payable in respect of the Debentures, the Trust or the Debenture Trustee on the Written Direction of the Trust is hereby authorized to facilitate the sale or otherwise dispose of such portion of the consideration payable in respect of the Debentures (including any Units required to be delivered by the Trust) as is necessary to provide sufficient funds to the Trust to enable it to comply with such deduction or withholding requirement.

ARTICLE 3
REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

3.1 Fully Registered Debentures

- (a) With respect to each series of Debentures issuable, in whole or in part, as Fully Registered Debentures, the Trust will cause to be kept by and at the principal office of the Debenture Trustee in Toronto, Ontario and by the Debenture Trustee or such other registrar as the Trust, with the approval of the Debenture Trustee, may appoint at such other place or places, if any, as may be specified in the Debentures of such series or as the Trust may designate with the approval of the Debenture Trustee, a register in which will 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 will be noted on the Debentures by the Debenture Trustee or other registrar unless a new Debenture is issued upon such transfer.
- (b) No transfer of a Fully Registered Debenture will be valid unless made on such register referred to in Subsection 3.1(a) by the registered holder or such holder's executors, administrators or other legal representatives or a mandatary duly appointed by an instrument in writing in form and execution satisfactory to the Debenture Trustee or other registrar upon surrender of the Debentures together with a duly executed form of transfer acceptable to the Debenture Trustee and upon compliance with such other reasonable requirements as the Debenture Trustee or other registrar may prescribe, nor unless the name of the transferee has been noted on the Debenture by the Debenture Trustee or other registrar and the address of the transferee has been provided to the Debenture 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 Trust will cause to be kept by and at the principal offices of the Debenture Trustee in Toronto, Ontario and by the Debenture Trustee or such other registrar as the Trust, with the approval of the Debenture Trustee, may appoint at such other place or places, if any, as the Trust may designate with the approval of the Debenture Trustee, a register in which will be entered the name and address of the holder of each such Global Debenture (being the Depositary, 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 will govern with respect to registrations and transfers of such Debentures.
- (b) Beneficial interests in the Global Debentures will not be shown on the register or records maintained by the Debenture Trustee, but will be represented through book-entry accounts of participants on behalf of the beneficial owners of such Global Debenture. None of the Trust, the Debenture Trustee or any other paying

agent will have the responsibility or liability for any aspects of the records relating to or payments made by any Depositary or any participant on account of the beneficial interest in any Global Debenture.

- (c) Notwithstanding any other provision of this Indenture, a Global Debenture may not be transferred by the registered holder thereof and, accordingly, no definitive certificates will be issued to Beneficial Holders except in the following circumstances or as otherwise specified in an Officer's Certificate or a supplemental indenture relating to a particular series of Additional Debentures:
 - (i) Global Debentures may be transferred by a Depositary to a nominee of such Depositary or by a nominee of a Depositary to such Depositary or to another nominee of such Depositary or by a Depositary or its nominee to a successor Depositary or its nominee;
 - (ii) Global Debentures may be transferred at any time after (i) the Depositary for such Global Debentures has notified the Debenture Trustee that the Depositary is unwilling or unable to continue as Depositary for such Global Debentures, or (ii) the Depositary ceases to be eligible to be a Depositary under Subsection 2.6(b), provided in each case that at the time of such transfer the Trust has not appointed a successor Depositary for such Global Debentures;
 - (iii) Global Debentures may be transferred at any time after the Trust has determined, in its sole discretion, to terminate the book-entry only registration system in respect of such Global Debentures and has communicated such determination to the Debenture Trustee in writing;
 - (iv) Global Debentures may be transferred at any time after the Debenture 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 Beneficial Holders representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures of such series advise the Depositary in writing, through the Depositary Participants, that the continuation of the book-entry only registration system for such series of Debentures is no longer in their best interest and also provided that at the time of such transfer the Debenture Trustee has not waived the Event of Default pursuant to Section 8.3;
 - (v) Global Debentures may be transferred if required by applicable law; or
 - (vi) Global Debentures may be transferred if the book-entry only registration system ceases to exist.
- (d) With respect to the Global Debentures, unless and until definitive certificates have been issued to Beneficial Holders pursuant to Subsection 3.2(c):

- (i) the Trust and the Debenture Trustee may deal with the Depository for all purposes (including paying interest on the Debentures) as the sole holder of such series of Debentures and the authorized representative of the Beneficial Holders;
 - (ii) the rights of the Beneficial Holders will be exercised only through the Depository and will be limited to those established by law and agreements between such Beneficial Holders and the Depository or the Depository Participants;
 - (iii) the Depository will make book-entry transfers among the Depository Participants; and
 - (iv) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Debentureholders evidencing a specified percentage of the outstanding Debentures, the Depository will be deemed to be counted in that percentage only to the extent that it has received instructions to such effect from the Beneficial Holders or the Depository Participants, and has delivered such instructions to the Debenture Trustee.
- (e) Whenever a notice or other communication is required to be provided to Debentureholders, unless and until definitive certificate(s) have been issued to Beneficial Holders pursuant to this Section 3.2, the Debenture Trustee will provide all such notices and communications to the Depository and the Depository will deliver such notices and communications to such Beneficial Holders in accordance with Applicable Securities Legislation. Upon the termination of the book-entry only registration system on the occurrence of one of the conditions specified in Subsection 3.2(c) with respect to a series of Debentures issued hereunder, the Debenture Trustee will notify the Depository, who will in turn notify all the Depository Participants of the availability of definitive Debenture certificates. Upon surrender by the Depository of the certificate(s) representing the Global Debentures and receipt of new registration instructions from the Depository, the Debenture Trustee will deliver the definitive Debenture certificates for such Debentures to the holders thereof in accordance with the new registration instructions and thereafter, the registration and transfer of such Debentures will be governed by Section 3.1 and the remaining Sections of this Article 3.

3.3 Transferee Entitled to Registration

The transferee of a Debenture is entitled, after the appropriate form of transfer is lodged with the Debenture 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 Trust and the transferor or any previous holder of such Debenture, save in respect of equities of which the Trust is required to take notice by statute or by order of a court of competent jurisdiction.

3.4 No Notice of Trusts

Neither the Trust nor the Debenture Trustee nor any registrar will 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.

3.5 Registers Open for Inspection

The registers referred to in Sections 3.1 and 3.2 will at all reasonable times be open for inspection by the Trust, the Debenture Trustee or any Debentureholder. Every registrar, including the Debenture Trustee, will from time to time when requested so to do by the Trust or by the Debenture Trustee, in writing, furnish the Trust or the Debenture 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, provided the Debenture Trustee is entitled to charge a reasonable fee to provide such a list.

3.6 Exchanges of Debentures

- (a) Subject to Section 3.7, 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) In respect of exchanges of Debentures permitted by Subsection 3.6(a), Debentures of any series may be exchanged only at the principal offices of the Debenture Trustee in Toronto, Ontario 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 Trust with the approval of the Debenture Trustee. Any Debentures tendered for exchange will be surrendered to the Debenture Trustee. The Trust will execute and the Debenture Trustee will certify all Debentures necessary to carry out exchanges as aforesaid. All Debentures surrendered for exchange will 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 will be deemed to have been selected or called for redemption in the same manner and will have noted thereon a statement to that effect.

3.7 Closing of Registers

- (a) Neither the Trust nor the Debenture Trustee nor any registrar will be required to:
 - (i) make transfers or exchanges of any Debentures on any Interest Payment Date for such Debentures or during the preceding Business Day;

- (ii) make transfers or exchanges of any Debentures on the day of any selection by the Debenture Trustee of Debentures to be redeemed or during the preceding Business Day; or
 - (iii) make transfers or exchanges of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption such Debentures will not be redeemed.
- (b) Subject to any restriction herein provided, the Trust with the approval of the Debenture Trustee may at any time close any register for any series of Debentures, other than those kept at the principal offices of the Debenture Trustee in Toronto, Ontario, and transfer the registration of any Debentures registered thereon to another register (which may be an existing register) and thereafter such Debentures will be deemed to be registered on such other register. Notice of such transfer will be given to the holders of such Debentures.

3.8 Charges for Registration, Transfer and Exchange

For each Debenture exchanged, registered, transferred or discharged from registration, the Debenture 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 from time to time by the Debenture Trustee and the Trust), and payment of such charges and reimbursement of the Debenture Trustee or other registrar for any stamp taxes or governmental or other charges required to be paid will 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 will 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;
- (b) for any exchange of any interim or temporary Debenture or interim certificate that has been issued under Section 2.9 for a definitive Debenture;
- (c) for any exchange of a Global Debenture as contemplated in Section 3.2; and
- (d) for any exchange of any Debenture resulting from a partial redemption under Section 4.2.

3.9 Ownership of Debentures

- (a) Unless otherwise required by law, the person in whose name any registered Debenture is registered will 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 interest thereon will be made to such registered holder.

- (b) The registered holder for the time being of any registered Debenture will 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 Trust and the original or any intermediate holder thereof and all persons may act accordingly and the receipt of any such registered holder of any such principal, premium or interest will be a good discharge to the Trust and/or the Debenture Trustee for the same and neither the Trust nor the Debenture Trustee will be bound to inquire into the title of any such registered holder.
- (c) Where Debentures are registered in more than one name, the principal, premium, if any, and interest 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 will be a valid discharge, to the Debenture Trustee, any registrar and to the Trust.
- (d) In the case of the death of one or more joint holders of any Debenture the principal, premium, if any, and interest from time to time payable thereon may be paid to the order of the survivor or survivors of such registered holders and the receipt of any such survivor or survivors therefor will be a valid discharge to the Debenture Trustee and any registrar and to the Trust.

3.10 NCI Letter of Instruction

Notwithstanding anything to the contrary set out herein, all physical Debenture certificates issued to the Depository may be surrendered to the Debenture Trustee for an electronic position on the register of Debentureholders to be maintained by the Debenture Trustee in accordance with Section 3.1. All Debentures maintained in such electronic position will be valid and binding obligations of the Trust, entitling the registered holders thereof to the same benefits as those registered holders who hold Debentures in physical form. This Indenture and the provisions contained herein will apply, *mutatis mutandis*, to such Debentures held in such electronic position. It is understood and agreed by the parties that, unless the Debenture Trustee is otherwise in a position to perform electronic conversions, in every instance where Debentures held in an electronic position through the Depository are to be converted in whole or in part, such Debentures being converted shall not be certificated, and it shall be sufficient for the Debenture Trustee to convert such Debentures upon receiving either the attached conversion form executed by the Depository or an NCI Letter of Instruction in a form agreed upon by the Debenture Trustee and the Depository, or such other form that they may require from time to time.

ARTICLE 4 REDEMPTION AND PURCHASE OF DEBENTURES

4.1 Applicability of Article

- (a) Subject to compliance with applicable laws, including regulatory approval, the Trust has 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 Units 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 determined at the time of issue of such Debentures and as expressed in this Indenture, in the Debentures, or in a supplemental indenture authorizing or providing for the issue thereof.

- (b) Subject to compliance with applicable laws, including regulatory approval, the Trust also has the right at its option to repay, either in whole or in part, on maturity, either by payment of money in accordance with Section 2.13, by issuance of Freely Tradeable Units as provided in Section 4.10 or any combination thereof, any Debentures issued hereunder of any series which by their terms are made so repayable on maturity (subject, however, to any applicable restriction on the repayment of the principal amount of the 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 determined at the time of issue of such Debenture and expressed in this Indenture, in the Debentures, 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, or if a portion of the Debentures being redeemed are being redeemed for cash and a portion of such Debentures are being redeemed by the payment of Freely Tradeable Units pursuant to Section 4.6, then the Debentures to be so redeemed will be selected by the Debenture 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 or, if any reason the ability to select on a pro rata basis is not available, in such other manner as the Debenture Trustee deems equitable, subject to the approval of the TSX (or such other stock exchange on which the Debentures may be listed and posted for trading), as may be required from time to time. Unless otherwise specifically provided in the terms of any series of Debentures, no Debenture will be redeemed in part unless the principal amount redeemed is \$1,000 or a multiple thereof. For this purpose, the Debenture Trustee may make, and from time to time vary, regulations with respect to the manner in which such Debentures may be drawn for redemption in part or for redemption in cash and regulations so made will 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 or for cash 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, together with interest accrued to but excluding the Redemption Date, the Trust will execute and the Debenture Trustee will 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 or, with respect to a Global Debenture, the Debenture Trustee, will make notations on the Global Debenture of the principal amount thereof so redeemed. Unless the context otherwise requires, the terms "Debenture" or "Debentures" as used in this Article 4 is 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 will be given to the Debenture Trustee and the holders of the Debentures to be redeemed not more than 60 days nor, subject to Subsection 4.6(b), less than 30 days prior to the date fixed for redemption (the “**Redemption Date**”) in the manner provided in Section 14.2. Every such notice will specify the aggregate principal amount of Debentures called for redemption, the Redemption Date, the Redemption Price and the places of payment and it will state that interest upon the principal amount of Debentures called for redemption will cease to be payable from and after the Redemption Date. In addition, unless all the outstanding Debentures are to be redeemed, the Redemption Notice will specify:

- (a) 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 Debenture Trustee and the Trust; 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, as provided in Section 14.2, will not be required.

4.4 Debentures Due on Redemption Dates

Notice having been given as provided in Section 4.3, all the Debentures so called for redemption will thereupon be and become due and payable at the Redemption Price, together with accrued interest to but excluding the Redemption Date, on the Redemption Date specified in such notice, 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 monies necessary to redeem, or the Units to be issued to redeem, such Debentures will have been deposited as provided in Section 4.5 and affidavits or other proof satisfactory to the Debenture Trustee as to the publication and/or mailing of such notices will have been lodged with it, interest upon the Debentures will cease. If any question arises as to whether any notice has been given as above provided and such deposit made, such question will be decided by the Debenture Trustee whose decision will be final and binding upon all parties in interest.

4.5 Deposit of Redemption Monies or Units

- (a) Redemption of Debentures will be provided for by the Trust paying and/or depositing with the Debenture Trustee or any paying agent to the order of the Debenture Trustee, on or before 10:00 a.m. Toronto time on the Business Day immediately prior to the Redemption Date specified in such notice, such sums of money, by wire transfer or such other means as may be acceptable to the Debenture Trustee and/or certificates representing such Units, or both as the case may be, as may be sufficient to pay the Redemption Price of the Debentures so called for redemption, plus accrued and unpaid interest thereon up to but excluding the Redemption Date.
- (b) The Trust will also deposit with the Debenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Debenture Trustee in connection with such redemption. Every such deposit is irrevocable. From the sums so deposited, or certificates so deposited, or both, the Debenture Trustee will 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, the principal, premium (if any) and interest (if any) to which they are respectively entitled on redemption (less applicable withholding taxes, if any).

4.6 Right to Pay Redemption Price in Units

- (a) Subject to the other provisions of this Section 4.6 and applicable regulatory approval, the Trust may, at its option, in exchange for or in lieu of paying the Redemption Price in money, elect to satisfy its obligation to pay all or any portion of the Redemption Price by issuing and delivering to holders on the Redemption Date that number of Freely Tradeable Units obtained by dividing the Redemption Price, or an applicable portion thereof to be satisfied by the issuance and delivery of Freely Tradeable Units, by 95% of the Current Market Price of the Units on the Redemption Date (the “**Unit Redemption Right**”).
- (b) The Trust will exercise the Unit Redemption Right by so specifying in the Redemption Notice which will be delivered to the Debenture Trustee and the holders of Debentures not more than 60 days and not less than 30 days prior to the Redemption Date. The Redemption Notice will also specify the aggregate principal amount of Debentures in respect of which it is exercising the Unit Redemption Right.
- (c) The Trust’s right to exercise the Unit Redemption Right is conditional upon the following conditions being met on the Business Day preceding the Redemption Date:
 - (i) the issuance of the Units on the exercise of the Unit Redemption Right will be made in accordance with Applicable Securities Legislation and such Units will be issued as Freely Tradeable Units;

- (ii) the listing of such additional Freely Tradeable Units as U.S. dollar denominated Units on each stock exchange on which the Units are then listed;
- (iii) the Trust being a reporting issuer in good standing under Applicable Securities Legislation where the distribution of such Freely Tradeable Units occurs;
- (iv) no Event of Default will have occurred and be continuing;
- (v) the receipt by the Debenture Trustee of an Officer's Certificate stating that conditions (i), (ii), (iii) and (iv) above have been satisfied and setting forth the number of Units to be delivered for each \$1,000 principal amount of Debentures and the Current Market Price of the Units on the Redemption Date; and
- (vi) the receipt by the Debenture Trustee of an opinion of Counsel to the effect that such Units 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 or lists of reporting issuers not in default 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 and territories where such certificates or lists are not issued.

If the foregoing conditions are not satisfied prior to the close of business on the Business Day preceding the Redemption Date, the Trust will pay the Redemption Price in cash in accordance with Section 4.5 unless the Debentureholders waive the conditions which are not satisfied by way of Extraordinary Resolution.

- (d) In the event that the Trust duly exercises its Unit Redemption Right, the Trust will on or before 10:00 a.m. (Toronto time) on the Redemption Date, deliver to the Debenture Trustee, for delivery to and on account of the holders, upon the due presentation and surrender of the Debentures, the Freely Tradeable Units to which such holders are entitled. From the certificates so deposited in addition to amounts payable by the Debenture Trustee pursuant to Section 4.5, the Debenture Trustee will pay or cause to be paid, to the holders of such Debentures, the Redemption Price of the Debentures called for redemption in the amounts to which they are respectively entitled on the Redemption Date plus accrued and unpaid interest thereon (less applicable withholding taxes, if any) up to but excluding the Redemption Date and deliver to such holders the certificates to which such holders are entitled.
- (e) No fractional Units will be delivered upon the exercise of the Unit Redemption Right but, in lieu thereof, the Trust will pay to the Debenture Trustee for the account of the holders, at the time contemplated in Subsection 4.6(d), the cash

equivalent thereof determined on the basis of the Current Market Price of the Units on the Redemption Date (less any tax required to be deducted, if any).

- (f) A holder of Debentures will be treated as the Unitholder of record of the Freely Tradeable Units issued on due exercise by the Trust of its Unit Redemption Right effective immediately after the close of business on the Redemption Date, and will be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all distributions (including distributions in kind) thereon and arising thereafter, and in the event that the Debenture Trustee receives the same, it will hold the same in trust for the benefit of such holder.
- (g) In the event that the Trust exercises its Unit Repayment Right, the Trust will at all times reserve and keep available out of its authorized Units (if the number thereof is or becomes limited), solely for the purpose of issue and delivery upon the exercise of the Trust's Unit Redemption Right as provided herein, and will issue to Debentureholders to whom Freely Tradeable Units will be issued pursuant to exercise of the Unit Redemption Right, such number of Freely Tradeable Units as are issuable in such event. All Freely Tradeable Units which are so issuable will be duly and validly issued as fully paid and non-assessable.
- (h) The Trust will comply with all Applicable Securities Legislation regulating the issue and delivery of Freely Tradeable Units upon exercise of the Unit Redemption Right and will cause to be listed and posted for trading such Units on each stock exchange on which the Units are then listed.
- (i) The Trust will from time to time promptly pay, or make provision satisfactory to the Debenture 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 will be payable with respect to the issuance or delivery of Freely Tradeable Units to holders upon exercise of the Unit Redemption Right pursuant to the terms of the Debentures and of this Indenture.
- (j) If the Trust elects to satisfy its obligation to pay all or any portion of the Redemption Price by issuing Freely Tradeable Units 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 and the amount of the cash payment of the Redemption Price, if any, is insufficient to satisfy such withholding taxes, the Debenture Trustee, on the Written Direction of the Trust but for the account of the holder, will help facilitate the sale through the investment banks, brokers or dealers specified by the Trust, out of the Freely Tradeable Units issued by the Trust for the account of such holder for this purpose, such specified number of Freely Tradeable Units that together with the cash payment of the Redemption Price, if any, is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and will remit same on behalf of the Trust to the proper tax authorities within the period of time prescribed for this purpose under applicable laws.

- (k) Interest accrued and unpaid on the Debentures on the Redemption Date will be paid, less applicable withholding taxes, if any, to holders of Debentures, in cash, in the manner contemplated in Section 4.5.

- (l) Each certificate representing Freely Tradeable Units issued in payment of the Redemption Price of Debentures bearing the legend set forth in Section 2.14, as well as all certificates issued in exchange for or in substitution of the foregoing securities, shall bear the legend set forth in Section 2.14. Provided that, if such Freely Tradeable Units are being sold in accordance with Rule 904 of Regulation S under the 1933 Act, and provided that the Trust is a “foreign issuer” within the meaning of Regulation S under the 1933 Act at the time of sale, such legend may be removed by providing a declaration to the Debenture Trustee, to the following effect (or in such form as the Trust or the Debenture Trustee may from time to time prescribe) and, if required by the Trust, an opinion of counsel, of recognized standing reasonably satisfactory to the Trust, to the effect that the Freely Tradeable Units are being sold in accordance with Rule 904 of Regulation S under the 1933 Act:

“The undersigned (A) acknowledges that the sale of Units of BSR Real Estate Investment Trust to which this declaration relates, represented by certificate numbers is being made in reliance on Rule 904 of Regulation S (“Regulation S”) under the United States Securities Act of 1933, as amended (the “Securities Act”), and (B) certifies that (1) it is not an “affiliate” (as defined in Rule 405 of Regulation C under the Securities Act) of BSR Real Estate Investment Trust, (2) the offer of the Units 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 TSX (or another “designated offshore securities exchange” on which the Units are listed and posted for trading), and neither the seller nor 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 the Units, (4) the sale is *bona fide* and not for the purpose of “washing off” the resale restrictions imposed because the Debentures are “restricted securities” (as that term is defined in Rule 144(a)(3) under the Securities Act), (5) the seller does not intend to replace the Units sold in reliance on Rule 904 of Regulation S with fungible unrestricted Units, 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 Securities Act. Terms used herein have the meaning given to them by Regulation S.”

and, provided further, that if any such securities are being sold under clause (C) of the legend contained in Section 2.14, the legend may be removed by delivery to the Trust and the Trustee of an opinion of Counsel, of recognized standing reasonably satisfactory to the Trust, that such legend is no longer required under applicable requirements of the 1933 Act or state securities laws

- (m) Provided that the Debenture Trustee obtains confirmation from the Trust that such Counsel is satisfactory to it, it shall be entitled to rely on such opinion of Counsel without further inquiry. The Trust or its counsel shall provide written approval to the Debenture Trustee to proceed with the legend removal.

4.7 Failure to Surrender Debentures Called for Redemption

In case the holder of any Debenture called for redemption fails on or before the Redemption Date to surrender such holder's Debenture, or has not within such time accepted payment of the redemption monies payable, or take delivery of certificates representing such Units issuable in respect thereof, or given such receipt therefor, if any, as the Debenture Trustee may require, such redemption monies may be set aside in trust, or such certificates may be held in trust without interest, either in the deposit department of the Debenture Trustee or in a chartered bank, and such setting aside will for all purposes be deemed a payment to the Debentureholder of the sum or Units so set aside and, to that extent, the Debenture will thereafter not be considered as outstanding hereunder. The Debentureholder will have no other right thereunder except to receive payment of the Redemption Price of such Debenture plus any accrued but unpaid interest thereon to but excluding the Redemption Date out of the monies so paid and deposited, or take delivery of the certificates so deposited, or both, as the case may be, upon surrender and delivery of such holder's Debenture. In the event that any money, or certificates for Units, required to be deposited hereunder with the Debenture Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder will remain so deposited for a period of six years from the Redemption Date, then such monies or certificates for Units, together with any accumulated interest thereon or any distribution paid thereon, will at the end of such period be paid over or delivered over by the Debenture Trustee or such depository or paying agent to the Trust upon receipt of a Written Direction of the Trust, and thereupon the Debenture Trustee will not be responsible to Debentureholders for any amounts owing to them and subject to applicable law, thereafter the holder of a Debenture in respect of which such money was so repaid to the Trust will have no rights in respect thereof except to obtain payment of the money or certificates due from the Trust.

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 and paid under this Article 4 will forthwith be delivered to the Debenture Trustee and cancelled and no Debentures will be issued in substitution therefor or resold.

4.9 Purchase of Debentures by the Trust

Unless otherwise specifically provided with respect to a particular series of Debentures, the Trust, provided that no Event of Default has occurred and is continuing, may at any time and from time to time, in the ordinary course purchase Debentures in the market (which includes purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract, at any price. All Debentures so purchased will be delivered to the Debenture Trustee and cancelled and no Debentures will be issued in substitution therefor or resold.

If, upon an invitation for tenders, more Debentures are tendered at the same lowest price that the Trust is prepared to accept, the Debentures to be purchased by the Trust will be selected by the Debenture Trustee on a pro rata basis or in such other manner consented to by the TSX or such other exchange in which the Debentures may be listed and posted for trading, from the Debentures tendered by each tendering Debentureholder who tendered at such lowest price, all as directed in a Written Direction of the Trust provided to the Debenture Trustee. For this purpose the Debenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Debentures may be so selected, and regulations so made will be valid and binding upon all Debentureholders, notwithstanding the fact that as a result thereof one or more of such Debentures become subject to purchase in part only. The holder of a Debenture of which only a part is purchased, upon surrender of such Debenture for payment, will be entitled to receive, without expense to such holder, one or more new Debentures for the unpurchased part so surrendered, and the Debenture Trustee will certify and deliver such new Debenture or Debentures upon receipt of the Debenture so surrendered or, with respect to a Global Debenture, the Depository will make notations on the Global Debenture of the principal amount thereof so purchased.

4.10 Right to Repay Principal Amount in Units

- (a) Subject to the other provisions of this Section 4.10 and to applicable regulatory approval, the Trust may, at its option, in exchange for or in lieu of paying all or any portion of the principal amount of the Debentures outstanding in money, elect to satisfy its obligation to repay all or any portion of the principal amount of the Debentures outstanding by issuing and delivering to holders on the Maturity Date, for each \$1,000 due, that number of Freely Tradeable Units obtained by dividing \$1,000 by 95% of the Current Market Price of the Units (the “**Unit Repayment Right**”) on the Maturity Date.
- (b) The Trust will exercise the Unit Repayment Right by so specifying in the Maturity Notice, which will be delivered to the Debenture Trustee and the holders

of Debentures not more than 60 days and not less than 30 days prior to the Maturity Date.

- (c) The Trust's right to exercise the Unit Repayment Right is conditional upon the following conditions being met on the Business Day preceding the Maturity Date:
- (i) the issuance of the Units on the exercise of the Unit Repayment Right will be made in accordance with Applicable Securities Legislation and the 1933 Act, and such Units will be issued as Freely Tradeable Units. With respect to the issuance of Units to holders of Debentures in the United States or that otherwise bear the legend contained in Section 2.14, the Trust may rely on an exemption from the registration requirements under the 1933 Act and applicable state securities laws;
 - (ii) the listing of such additional Freely Tradeable Units as U.S. dollar denominated Units on each stock exchange on which the Units are then listed;
 - (iii) the Trust being a reporting issuer in good standing under Applicable Securities Legislation where the distribution of such Freely Tradeable Units occurs;
 - (iv) no Event of Default will have occurred and be continuing;
 - (v) the receipt by the Debenture Trustee of an Officer's Certificate stating that conditions (i), (ii), (iii) and (iv) above have been satisfied and setting forth the number of Units to be delivered for each \$1,000 principal amount of Debentures and the Current Market Price of the Units on the Maturity Date in accordance with the provisions of Subsection 4.10(a); and
 - (vi) the receipt by the Debenture Trustee of an opinion of Counsel to the effect that such Units 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 or list of reporting issuers in default 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 and territories where such certificates or lists 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 Trust will pay the principal amount of the Debentures outstanding in cash in accordance with Section 2.13, unless the Debentureholders waive the conditions which are not satisfied by way of Extraordinary Resolution.

- (d) In the event that the Trust duly exercises its Unit Repayment Right, the Trust will on or before 10:00 a.m. (Toronto time) on the Maturity Date, deliver to the Debenture Trustee, for delivery to and on account of the holders, upon the due presentation and surrender of the Debentures, the Freely Tradeable Units to which such holders are entitled. The Trust will also deposit with the Debenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Debenture Trustee in connection with the Unit Repayment Right. Every such deposit will be irrevocable. From the Units so deposited in addition to amounts payable by the Debenture Trustee pursuant to Section 2.13, the Debenture Trustee will pay or cause to be paid, to the holders of such Debentures, upon surrender of such Debentures, the principal amount of and premium (if any) on the Debentures to which they are respectively entitled on maturity and deliver to such holders the certificates to which such holders are entitled. The delivery of such certificates and amounts to the Debenture Trustee will satisfy and discharge the liability of the Trust for the Debentures to which the delivery of certificates relates to the extent of the amount delivered (plus the amount of any certificates sold to pay applicable taxes in accordance with this Section 4.10) and such Debentures 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 certificates so delivered, the certificate(s) to which it is entitled.
- (e) No fractional Units will be delivered upon the exercise of the Unit Repayment Right but, in lieu thereof, the Trust will pay to the Debenture Trustee for the account of the holders, at the time contemplated in Subsection 4.10(d), the cash equivalent thereof determined on the basis of the Current Market Price of the Units on the Maturity Date (less any tax required to be deducted, if any).
- (f) A registered holder will be treated as the Unitholder of record of the Freely Tradeable Units issued on due exercise by the Trust of its Unit Repayment Right effective immediately after the close of business on the Maturity Date, and will be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all distributions (including distributions in kind) thereon and arising thereafter, and in the event that the Debenture Trustee receives the same, it will hold the same in trust for the benefit of such holder.
- (g) The Trust will at all times reserve and keep available out of its authorized Units (if the number thereof is or becomes limited), solely for the purpose of issue and delivery upon the exercise of the Unit Repayment Right as provided herein, and will issue to Debentureholders to whom Freely Tradeable Units will be issued pursuant to exercise of the Unit Repayment Right, such number of Freely Tradeable Units as will be issuable in such event. All Freely Tradeable Units which will be so issuable will be duly and validly issued as fully paid and non-assessable.
- (h) The Trust will comply with all Applicable Securities Legislation regulating the issue and delivery of Freely Tradeable Units upon exercise of the Unit Repayment

Right and will cause to be listed and posted for trading such Freely Tradeable Units on each stock exchange on which the Units are then listed.

- (i) The Trust will from time to time promptly pay, or make provision satisfactory to the Debenture 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 will be payable with respect to the issuance or delivery of Freely Tradeable Units to holders upon exercise of the Unit Repayment Right pursuant to the terms of the Debentures and of this Indenture.
- (j) If the Trust elects to satisfy its obligation to pay all or any portion of the principal amount of Debentures due on maturity by issuing Freely Tradeable Units 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 and the amount of the cash payment of the principal amount due on maturity, if any, is insufficient to satisfy such withholding taxes, the Debenture Trustee, on the Written Direction of the Trust but for the account of the holder (i) will help facilitate the sale, through the investment banks, brokers or dealers specified by the Trust, out of the Freely Tradeable Units issued by the Trust for the account of such holder for this purpose, such specified number of Freely Tradeable Units that together with the cash component of the principal amount due on maturity is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and (ii) will remit such amount withheld on behalf of the Trust to the proper tax authorities within the period of time prescribed for this purpose under applicable laws.
- (k) Certificates representing Freely Tradeable Units issued in respect of the Unit Repayment Right may have imprinted or otherwise reproduced thereon such legend or legends or endorsements 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. Each certificate representing Freely Tradeable Units issued in payment of any portion of the principal amount of Debentures due on maturity that bear the legend set forth in Section 2.14, as well as all certificates issued in exchange for or in substitution of the foregoing securities, shall bear the legend set forth in Section 2.14. Provided that, if such Freely Tradeable Units are being sold in accordance with Rule 904 of Regulation S under the 1933 Act, and provided that the Trust is a “foreign issuer” within the meaning of Regulation S under the 1933 Act at the time of sale, such legend may be removed by providing a declaration to the Debenture Trustee, to the following effect (or in such form as the Trust or the Debenture Trustee may from time to time prescribe) and, if required by the Trust, an opinion of counsel, of recognized standing reasonably satisfactory to the Trust, to the effect that the Freely Tradeable Units are being sold in accordance with Rule 904 of Regulation S under the 1933 Act:

“The undersigned (A) acknowledges that the sale of
_____ Units of BSR Real Estate Investment Trust to

which this declaration relates, represented by certificate numbers _____, is being made in reliance on Rule 904 of Regulation S (“Regulation S”) under the United States Securities Act of 1933, as amended (the “Securities Act”), and (B) certifies that (1) it is not an “affiliate” (as defined in Rule 405 of Regulation C under the Securities Act) of BSR Real Estate Investment Trust, (2) the offer of the Units 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 TSX (or another “designated offshore securities exchange” on which the Units are listed and posted for trading), and neither the seller nor 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 the Units, (4) the sale is *bona fide* and not for the purpose of “washing off” the resale restrictions imposed because the Units are “restricted securities” (as that term is defined in Rule 144(a)(3) under the Securities Act), (5) the seller does not intend to replace the Units sold in reliance on Rule 904 of Regulation S with fungible unrestricted Units, 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 Securities Act. Terms used herein have the meaning given to them by Regulation S.”

and, provided further, that if any such securities are being sold under clause (C) of the legend contained in Section 2.14, the legend may be removed by delivery to the Trust and the Debenture Trustee of an opinion of Counsel, of recognized standing reasonably satisfactory to the Trust, that such legend is no longer required under applicable requirements of the 1933 Act or state securities laws.

- (l) Provided that the Debenture Trustee obtains written confirmation from the Trust or its counsel that such Counsel is satisfactory to it and that the Debenture Trustee is authorized to proceed, it shall be entitled to rely on such opinion of Counsel without further inquiry.
- (m) Interest accrued and unpaid on the Debentures on the Maturity Date will be paid to holders of Debentures, in cash, in the manner contemplated in Section 2.15 (less applicable withholding taxes, if any).

ARTICLE 5 SUBORDINATION OF DEBENTURES

5.1 Applicability of Article

The indebtedness evidenced by any Debentures issued hereunder of any series which by their terms are subordinate, including the principal thereof and interest thereon, will 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 Trust and each holder of any such Debenture by his or her acceptance thereof agrees to and will be bound by the provisions of this Article 5.

5.2 Order of Payment

Upon any distribution of the assets of the Trust on any dissolution, winding-up, total liquidation or reorganization of the Trust (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 Trust, or otherwise) or any sale of all or substantially all of the assets of the Trust:

- (a) all Senior Indebtedness will 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 Trust, whether in cash, property or securities, to which the holders of the Debentures or the Debenture Trustee on behalf of such holders would be entitled except for the provisions of this Article 5, will 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.

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 will be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Trust 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 has been 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, will, as between the Trust, its creditors other than the holders of Senior Indebtedness, and the holders of Debentures, be deemed to be a payment by the Trust 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 impair, as between the Trust, its creditors other than the holders of Senior Indebtedness, and the holders of the Debentures, the obligation of the Trust, which is absolute and unconditional, to pay to the holders of the Debentures the principal and interest on the Debentures, as and when the same becomes due and payable in accordance with their terms; or affect the relative rights of the holders of the Debentures and creditors of the Trust other than the holders of the Senior Indebtedness; or will anything herein or therein prevent the Debenture 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 Trust received upon the exercise of any such remedy.

5.5 No Payment if Senior Indebtedness in Default

- (a) Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, then, except as provided in Section 5.1, all principal of and interest on all such matured Senior Indebtedness will first be paid in full, or will first have been duly provided for, before any payment is made on account of principal of or interest on the Debentures.
- (b) No payment (by purchase of Debentures or otherwise) will be made by the Trust with respect to the principal of or interest on the Debentures and neither the Debenture Trustee nor the holders of Debentures will 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, realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Debentures (except as provided in Section 5.8) (i) in a manner inconsistent with the terms (as they exist on the date of issue) of the Debentures, (ii) at any time when a default, an event of default that is continuing or an acceleration has occurred under any credit facility, as amended, restated or replaced from time to time, of the Trust or its Subsidiaries, or (iii) at any time when a default with respect to any Senior Indebtedness permitting the holders thereof to accelerate the maturity thereof has occurred under the Senior Indebtedness and is continuing and the notice of such default has been given by or on behalf of the holders of such Senior Indebtedness to the Trust, unless such Senior Indebtedness has been repaid in full, and unless and until the applicable default or other event has been cured or waived or has ceased to exist, such payments will be held in trust for the benefit of, and, if and when such Senior Indebtedness becomes due and payable, will 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 an amount of the Senior Indebtedness remaining unpaid until all such Senior Indebtedness

has been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

- (c) The fact that any payment hereunder is prohibited by this Section 5.5 will not prevent the failure to make such payment from being an Event of Default hereunder.

5.6 Payment on Debentures Permitted

Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, will affect the obligation of the Trust to make, or prevent the Trust from making, at any time except during the pendency of any dissolution, winding up or liquidation of the Trust or reorganization proceedings specified in Section 5.2 affecting the affairs of the Trust, any payment of principal or interest on the Debentures, except that the Trust will not make any such payment other than as contemplated by this Article 5, if it is in default in payment of any Senior Indebtedness permitting the holder thereof to accelerate the maturity thereof. The fact that any such payment is prohibited by this Section 5.6 will 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, will prevent the conversion of the Debentures or the application by the Debenture Trustee of any monies deposited with the Debenture Trustee hereunder for the purpose, to the payment of or on account of the principal or interest on the Debentures. Notwithstanding the provisions of this Article 5 or any provision in this Indenture or in the Debentures contained, the Debenture Trustee will not be charged with knowledge of the existence of any Senior Indebtedness or of any default in payment thereof permitting the holder to accelerate the maturity thereof, unless and until the Debenture Trustee will have received written notice thereof from the Trust or from the holder of Senior Indebtedness or from the representative of any such holder.

5.7 Confirmation of Subordination

Each holder of Debentures by his or her acceptance thereof authorizes and directs the Debenture Trustee on his or her behalf to take such action and enter such agreements as may be necessary or appropriate to effect the subordination as provided in this Article 5 and appoints the Debenture Trustee his or her attorney-in-fact for any and all such purposes. Upon the Written Direction of the Trust, 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 instrument evidencing such Senior Indebtedness may have been issued, and specifying the amount and nature of such Senior Indebtedness, the Debenture Trustee will enter into a written agreement or agreements with the Trust 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 will be conclusive evidence that the indebtedness specified therein is Senior Indebtedness, however, nothing herein will impair the rights of any holder of Senior Indebtedness who has not entered into such an agreement.

5.8 Knowledge of Debenture Trustee

Notwithstanding the provisions of this Article 5, the Debenture Trustee will not be charged with knowledge of the existence of any fact that would prohibit the making of any payment of monies to or by the Debenture Trustee, or the taking of any other action by the Debenture Trustee, unless and until the Debenture Trustee has received written notice thereof from the Trust, any Debentureholder or any holder or representative of any class of Senior Indebtedness or on its behalf.

5.9 Debenture Trustee May Hold Senior Indebtedness

The Debenture 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, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture deprives the Debenture 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 Trust or by any non-compliance by the Trust 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, revise, restate, 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 Trust, all without notice to or consent of the Debentureholders or the Debenture Trustee and without affecting the liabilities and obligations of the parties to this Indenture or the Debentureholders or the Debenture Trustee.

5.12 Additional Indebtedness

This Indenture does not restrict the Trust or any Subsidiary from incurring additional indebtedness for borrowed money 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.

5.14 Invalidated Payments

In the event that any of the Senior Indebtedness shall be paid in full and subsequently, for whatever reason, such formerly paid or satisfied Senior Indebtedness becomes unpaid or unsatisfied, the terms and conditions of this Article 5 shall be reinstated and the provisions of

this Article shall again be operative until all Senior Indebtedness is repaid in full, provided that such reinstatement shall not give the holders of Senior Indebtedness any rights or recourses against the Debenture Trustee or the Debentureholders for amounts paid to the Debentureholders subsequent to such payment or satisfaction in full and prior to such reinstatement.

ARTICLE 6 CONVERSION OF DEBENTURES

6.1 Applicability of Article

- (a) Any Debentures issued hereunder of any series which by their terms are convertible (subject, however, to any applicable restriction of the conversion of Debentures of such series) will be convertible into Freely Tradeable Units or other securities, at such conversion rate or rates, and on such date or dates and in accordance with such other provisions as will have been determined at the time of issue of such Debentures and will have been expressed in this Indenture, in such Debentures or in a supplemental indenture authorizing or providing for the issue thereof.
- (b) Such right of conversion will extend only to the maximum number of whole Units 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 Units will be dealt with in the manner provided in Section 6.6.

6.2 Notice of Expiry of Conversion Privilege

Notice of the expiry of the conversion privileges of the Debentures other than on the Maturity Date, will be given by or on behalf of the Trust to the Debentureholders not more than 60 days and not less than 30 days prior to the date fixed for the Time of Expiry, in the manner provided in Section 14.2.

6.3 Revival of Right to Convert

If the redemption of any Debenture called for redemption by the Trust is not made or the payment of the purchase price of any Debenture which has been tendered in acceptance of an offer by the Trust 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, the right to convert such Debentures will revive and continue as if such Debenture had not been called for redemption or tendered in acceptance of the Trust'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 Units will surrender such Debenture to the Debenture Trustee at its principal office in Toronto, Ontario together with the conversion notice in the form attached hereto as **Schedule D** or any other written notice in a form satisfactory to the Debenture Trustee, in either case duly executed by the holder or his or her

executors or administrators or other legal representatives or his, her or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Debenture Trustee, exercising his or her right to convert such Debenture in accordance with the provisions of this Article; provided that with respect to a Global Debenture, the obligation to surrender a Debenture to the Debenture Trustee will be satisfied if the Debenture Trustee makes notation on the Global Debenture of the principal amount thereof so converted and the Debenture Trustee is provided with all other documentation which it may reasonably request. 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 Debenture Trustee, his or her nominee(s) or assignee(s) will be entitled to be entered in the books of the Trust as at the Business Day immediately after the Date of Conversion (or such later date as is specified in Subsection 6.4(b)) as the holder of the number of Units into which such Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Trust will deliver to such Debentureholder or, subject as aforesaid, his or her nominee(s) or assignee(s), a certificate or certificates for such Units and make or cause to be made any payment of interest to which such holder is entitled in accordance with Subsection 6.4(e) hereof.

- (b) For the purposes of this Article, a Debenture will be deemed to be surrendered for conversion on the date on which it is so surrendered, with all required documentation, in accordance with the provisions of this Article or, in the case of a Global Debenture, on the date on which the Debenture Trustee received notice of and all necessary documentation, provided the documentation is received in good order, in respect of the exercise of the conversion rights 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 Debenture Trustee at its office specified in Subsection 6.4(a); provided that if a Debenture is surrendered for conversion on a day on which the register of Units is closed, the person or persons entitled to receive Units will become the holder or holders of record of such Units as at the date on which such register is next reopened (in each case, the “**Date of Conversion**”).
- (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 will be deemed to include conversion of such part.
- (d) Upon a holder of any Debenture exercising the right of conversion in respect of only a part of the Debenture and surrendering such Debenture to the Debenture Trustee, in accordance with Subsection 6.4(a) the Debenture Trustee will cancel the same and will 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 or, with respect to a Global Debenture, the Debenture Trustee will make notations on the Global Debenture of the principal amount thereof so converted.

- (e) The holder of a Debenture surrendered for conversion in accordance with this Section 6.4 will be entitled to receive accrued and unpaid interest in respect thereof up to and including: (a) if the Trust is making distributions to Unitholders, the last record date prior to the date of conversion for determining the Unitholders entitled to receive a distribution on the Units; or (b) if the distributions have been suspended (or notice has been given of such suspension prior to the date on which a holder of the Initial Debentures converts the Initial Debentures held by such holder, and the suspension is in effect on the Date of Conversion), in addition to the applicable number of Units to be received on conversion, the Debentureholder will receive accrued and unpaid interest until the date prior to the Date of Conversion to, but excluding, the Date of Conversion and the Units issued upon such conversion will rank only in respect of distributions declared in favour of Unitholders of record on and after the Business Day immediately after the Date of Conversion or such later date as such holder becomes the holder of record of such Units pursuant to Subsection 6.4(b), from which applicable date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Units. Any such payments of interest will be made net of applicable withholding taxes, if any.
- (f) The Trust shall notify the Debenture Trustee within 30 days of suspending its monthly distribution.
- (g) In the event of a conversion of Debentures into Freely Tradeable Units where the holder is subject to withholding taxes, the Debenture Trustee, on the Written Direction of the Trust but for the account of the holder, will help facilitate the sale through the investment banks, brokers or dealers selected by the Trust, out of the specified amount of Freely Tradeable Units issued by the Trust for this purpose, such number of Freely Tradeable Units that together with any cash payment in lieu of fractional Units is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and will remit such amount withheld on behalf of the Trust to the proper tax authorities within the period of time prescribed for this purpose under applicable laws.
- (h) Notwithstanding any other provision of this Article 6, no Debenture may be converted during the last Business Day preceding an Interest Payment Date or the Maturity Date.

6.5 Adjustment of Conversion Price

The Conversion Price in effect at any date will be subject to adjustment from time to time as set forth below.

- (a) If at any time prior to the Time of Expiry the Trust (i) subdivides or redivides the outstanding Units into a greater number of Units, (ii) reduces, combines or consolidates the outstanding Units into a smaller number of Units, or (iii) issues Units or securities exchangeable or convertible into Units to the holders of all or substantially all of the outstanding Units by way of a distribution or otherwise (other than the issue of Units to holders of Units who have elected to receive

distributions in the form of Units in lieu of cash distributions paid in the ordinary course on the Units); then 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 Units by way of a distribution or otherwise, as the case may be, will, in the case of any of the events referred to in (i) and (iii) above be decreased in proportion to the number of outstanding Units resulting from such subdivision, redivision, or issue by way of distribution or otherwise; or will, in the case of any of the events referred to in (ii) above, be increased in proportion to the number of outstanding Units resulting from such reduction, combination or consolidation. Such adjustment will be made successively whenever any event referred to in this Subsection 6.5(a) occurs. Any such issue of Units by way of a distribution will be deemed to have been made on the record date for the distribution for the purpose of calculating the number of outstanding Units under subsections (b) and (c) of this Section 6.5.

- (b) If at any time prior to the Time of Expiry the Trust fixes a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Units entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Units (or securities convertible or exchangeable into Units) at a price per Unit (or having a conversion or exchange price per Unit) less than 95% of the Current Market Price of a Unit on such record date, then the Conversion Price will be adjusted immediately after such record date so that it will equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator will be the total number of Units outstanding on such record date plus a number of Units equal to the quotient obtained by dividing the aggregate price of the total number of additional Units offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by such Current Market Price per Unit, and of which the denominator will be the total number of Units outstanding on such record date plus the total number of additional Units offered for subscription or purchase (or into which the convertible securities so offered are convertible or exchangeable). Such adjustment will be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price will be readjusted 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 if only the number of Units (or securities convertible into Units) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.
- (c) If at any time prior to the Time of Expiry the Trust fixes a record date for the making of a distribution to all or substantially all the holders of its outstanding Units of (i) Units or other securities of any class other than Units, (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 Units or securities convertible into Units), (iii) evidences of its indebtedness, or (iv) any

property or other assets then, in each such case, the Conversion Price will be adjusted immediately after such record date so that it equals the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator is the total number of Units outstanding on such record date multiplied by the Current Market Price per Unit on such record date, less the fair market value (as determined by the Trustees, acting reasonably, which determination will be conclusive) of such Units or rights, options or warrants or evidences of indebtedness or assets or cash actually distributed, and of which the denominator will be the total number of Units outstanding on such record date multiplied by such Current Market Price per Unit. Such adjustment will be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the Conversion Price will be readjusted 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 Units or other securities or rights, options or warrants or evidences of indebtedness or assets actually distributed, as the case may be.

- (d) If at any time prior to the Time of Expiry, there is a reclassification of the Units or a capital reorganization of the Trust other than as described in Subsection 6.5(a) or a consolidation, amalgamation, arrangement, merger, acquisition or business combination of the Trust with or into any other entity; or a sale or conveyance of the properties and assets of the Trust as an entirety or substantially as an entirety to any other Person or other entity or a liquidation, dissolution or winding-up of the Trust, or similar transaction, 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, merger, acquisition, business combination, sale or conveyance, liquidation, dissolution, winding-up, or similar transaction, upon the exercise of such right thereafter, will be entitled to receive and will accept, in lieu of the number of Units then sought to be acquired by it, the number of Units or other securities or property of the Trust or of the Person or other entity resulting from such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition or business combination or to which such sale or conveyance may be made or which holders of Units receive pursuant to such liquidation, dissolution or winding-up or similar transaction, 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, merger, acquisition, business combination, sale or conveyance or liquidation, dissolution or winding-up, or similar transaction, 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 Units 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 Trustees to give effect to or to evidence the provisions of this Subsection 6.5(d), the Trust, its successor, or such purchasing Person or other entity, as the case may be, will, prior to or contemporaneously with any such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition, business combination, sale or conveyance or liquidation, dissolution or winding-up, or similar transaction, enter

into an indenture which provides, to the extent reasonably 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 will thereafter correspondingly be made applicable, as nearly as reasonably possible, with respect to any Units or other securities or property to which a holder of Debentures is entitled on the exercise of its conversion rights thereafter. Any indenture entered into between the Trust and the Debenture Trustee pursuant to the provisions of this Subsection 6.5(d) will be a supplemental indenture entered into pursuant to the provisions of Article 16. Any indenture entered into between the Trust, any successor to the Trust or such purchasing Person or other entity and the Debenture Trustee will provide for adjustments which will be as nearly equivalent as may be practicable to the adjustments provided in this Subsection 6.5(d) and which will apply to successive reclassifications, capital reorganizations, consolidations, amalgamations, mergers, acquisitions, business combinations, sales or conveyances and to any successive liquidation, dissolution or winding-up, or similar transaction.

- (e) In any case in which this Section 6.5 requires that an adjustment will become effective immediately after a record date for an event referred to herein, the Trust 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 Units issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Trust will deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Units upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Units declared in favour of holders of record of Units on and after the Business Day immediately after the Date of Conversion or such later date as such holder would, but for the provisions of this Subsection 6.5(e), have become the holder of record of such additional Units pursuant to Subsection 6.4(b).
- (f) The adjustments provided for in this Section 6.5 are cumulative and will apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section; provided however that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price will be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided, further, that any adjustments which by reason of this Subsection 6.5(f) are not required to be made will be carried forward and taken into account in any subsequent adjustment.
- (g) For the purpose of calculating the number of Units outstanding, Units owned by or for the benefit of the Trust will not be counted.
- (h) In the event of any question arising with respect to the adjustments provided in this Section 6.5, such question will be conclusively determined by a firm of nationally recognized chartered accountants appointed by the Trust (who may be

the auditors of the Trust); such accountants will have access to all necessary records of the Trust and such determination will be binding upon the Trust, the Debenture Trustee, and the Debentureholders, absent manifest error.

- (i) In case the Trust takes any action affecting the Units other than action described in this Section 6.5, which in the opinion of the Trustees, would materially affect the rights of Debentureholders (including their conversion rights), the Conversion Price and the Units issuable upon conversion of the Debentures will be adjusted in such manner and at such time, by action of the Trustees, subject to the prior written consent of the TSX or such other exchange on which the Debentures and the Units are then listed, as the Trustees in their sole discretion may determine to be equitable in the circumstances. Failure of the Trustees to make such an adjustment will be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.
- (j) Subject to the prior written consent of the TSX or such other exchange on which the Debentures may be listed and posted for trading, no adjustment in the Conversion Price will be made in respect of any event described in Subsections 6.5(a), 6.5(b) or 6.5(c) other than the events described in 6.5(a)(i) or 6.5(a)(ii) 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 Debenture as a result of the issuance of Units at less than the Current Market Price for such Units on the date of issuance or the then applicable Conversion Price.

6.6 No Requirement to Issue Fractional Units

The Trust will not be required to issue fractional Units upon the conversion of Debentures pursuant to this Article. If more than one Debenture is surrendered for conversion at one time by the same holder, the number of whole Units issuable upon conversion thereof will be computed on the basis of the aggregate principal amount of such Debentures to be converted. If any fractional interest in a Unit would, except for the provisions of this Section, be deliverable upon the conversion of any principal amount of Debentures, the Trust will, 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 multiplied by the Current Market Price of the Units on the Date of Conversion (less applicable withholding taxes, if any).

6.7 Trust to Reserve Units

The Trust covenants with the Debenture Trustee that it will at all times reserve and keep available out of its authorized Units, solely for the purpose of issue upon conversion of Debentures as provided in this Article, and conditionally allot to Debentureholders who may exercise their conversion rights hereunder, such number of Units as will then be issuable upon the conversion of all outstanding Debentures. The Trust covenants with the Debenture Trustee

that all Units which will be so issuable will be duly and validly issued as fully-paid and non-assessable.

6.8 Cancellation of Converted Debentures

Subject to the provisions of Section 6.4 as to Debentures converted in part, all Debentures converted in whole or in part under the provisions of this Article 6 will be forthwith delivered to and cancelled by the Debenture Trustee and no Debenture will be issued in substitution therefor.

6.9 Certificate as to Adjustment

The Trust will, 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 Officer's Certificate to the Debenture 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, if required by the Debenture Trustee will be verified by an opinion of a firm of nationally recognized chartered accountants appointed by the Trust (who may be the auditors of the Trust) and will be conclusive and binding on all parties in interest, absent manifest error. When so approved, the Trust will, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Units, 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.

6.10 Notice of Special Matters

The Trust covenants with the Debenture Trustee that so long as any Debenture remains outstanding, it will give notice to the Debenture 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 Subsection 6.5(a), 6.5(b) or 6.5(c) (other than a subdivision, redivision, reduction, combination or consolidation of its Units) which may give rise to an adjustment in the Conversion Price, and, in each case, such notice will specify the particulars of such event and the record date and the effective date for such event; provided that the Trust will only be required to specify in such notice such particulars of such event as has been fixed and determined on the date on which such notice is given. Such notice will be given not less than 14 days in each case prior to such applicable record date.

6.11 Protection of Debenture Trustee

Subject to Section 15.3, the Debenture Trustee:

- (a) will 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) the Debenture Trustee may rely upon certificates and other documents filed by the Trust pursuant to this Article for all purposes of the adjustment;

- (c) will not be accountable with respect to the validity or value (or the kind or amount) of any Units or of any Units or other securities or property which may at any time be issued or delivered upon the conversion of any Debenture; and
- (d) shall not incur any liability or be in any way responsible for the consequences of any breach on the part of the Trust of any of the representations, warranties or covenants of the Trust herein contained or of any acts of the directors, officers, employees or servants of the Trust and will not be responsible for any failure of the Trust to make any cash payment or to issue, transfer or deliver Units or Unit 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 Units

Each certificate representing Units issued upon conversion of Debentures pursuant to this Article 6 bearing the legend set forth in Section 2.14, as well as all certificates issued in exchange for or in substitution of the foregoing securities, shall also bear the legend set forth in Section 2.14. Provided that, if such Freely Tradeable Units are being sold in accordance with Rule 904 of Regulation S under the 1933 Act, and provided that the Trust is a “foreign issuer” within the meaning of Regulation S under the 1933 Act at the time of sale, such legend may be removed by providing a declaration to the Debenture Trustee, to the following effect (or in such form as the Trust or the Debenture Trustee may from time to time prescribe) and, if required by the Trust, an opinion of counsel, of recognized standing reasonably satisfactory to the Trust, to the effect that the Units are being sold in accordance with Rule 904 of Regulation S under the 1933 Act:

“The undersigned (A) acknowledges that the sale of _____ Units of BSR Real Estate Investment Trust to which this declaration relates, represented by certificate numbers _____, is being made in reliance on Rule 904 of Regulation S (“Regulation S”) under the United States Securities Act of 1933, as amended (the “Securities Act”), and (B) certifies that (1) it is not an “affiliate” (as defined in Rule 405 of Regulation C under the Securities Act) of BSR Real Estate Investment Trust, (2) the offer of the Units 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 TSX (or another “designated offshore securities exchange” on which the Units are listed and posted for trading), and neither the seller nor 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 the Units, (4) the sale is *bona fide* and not for the purpose of “washing off” the resale restrictions imposed because the Units are “restricted securities” (as that term is defined in Rule 144(a)(3) under the Securities Act), (5) the seller does not intend to replace the Units sold in reliance on Rule 904 of Regulation S with fungible unrestricted Units, 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 Securities Act. Terms used herein have the meaning given to them by Regulation S.”

and, provided further, that if any such securities are being sold under clause (C) of the legend contained in Section 2.14, the legend may be removed by delivery to the Trust and the Debenture Trustee of an opinion of Counsel, of recognized standing reasonably satisfactory to the Trust, that such legend is no longer required under applicable requirements of the 1933 Act or state securities laws.

Provided that the Debenture Trustee obtains written confirmation from the Trust or its counsel that such Counsel is satisfactory to it and that the Debenture Trustee is authorized to proceed with the legend removal, it shall be entitled to rely on such opinion of Counsel without further inquiry.

ARTICLE 7 COVENANTS OF THE TRUST

The Trust hereby covenants and agrees with the Debenture Trustee for the benefit of the Debenture Trustee and the Debentureholders, that so long as any Debentures remain outstanding:

7.1 To Pay Principal, Premium (if any) and Interest

The Trust will duly and punctually pay or cause to be paid to every Debentureholder the principal of, premium (if any) 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 Pay Debenture Trustee’s Remuneration

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

7.3 To Give Notice of Default

The Trust will notify the Debenture Trustee immediately upon obtaining knowledge of any Event of Default that has occurred and is continuing hereunder.

7.4 Preservation of Existence, etc.

Subject to the express provisions hereof, the Trust will carry on and conduct its activities and business, and cause its Subsidiaries to carry on and conduct their businesses, in a business-like manner and in accordance with good business practices; and, subject to the express provisions hereof, the Trust will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and rights.

7.5 Keeping of Books

The Trust will keep or cause to be kept proper books of record and account, in which full and correct entries will be made of all financial transactions and the assets and business of the Trust in accordance with generally accepted accounting principles.

7.6 Annual Certificate of Compliance

The Trust will deliver to the Debenture Trustee, within 120 days after the end of each calendar year, an Officer's Certificate as to the knowledge of such Trustee or officer of the Trust who executes the Officer's Certificate, of the Trust's compliance with all conditions and covenants of this Indenture certifying that after reasonable investigation and inquiry, the Trust has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which could, 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 any steps taken or proposed to be taken to remedy such Event of Default.

7.7 No Distributions on Units if Event of Default

The Trust will not declare or pay any distribution to the holders of its issued and outstanding Units after the occurrence of an Event of Default unless and until such default has been cured or waived or has ceased to exist.

7.8 Performance of Covenants of Debenture Trustee

If the Trust fails to perform any of its covenants contained in this Indenture, then the Debenture Trustee may notify the Debentureholders of such failure on the part of the Trust or may itself perform any of the covenants capable of being performed by it, but (subject to Sections 8.2 and 15.3) will be under no obligation to do so or to notify the Debentureholders. All sums so expended or advanced by the Debenture Trustee will be repayable as provided in Section 7.2. No such performance, expenditure or advance by the Debenture Trustee will be deemed to relieve the Trust of any default hereunder.

7.9 Currently Not Filing

The Trust confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to Section 12 of the 1934 Act or have a reporting obligation pursuant to Section 15(d) of the 1934 Act.

The Trust covenants that in the event that (a) any class of its securities becomes registered pursuant to Section 12 of the 1934 Act or the Trust incurs a reporting obligation pursuant to Section 15(d) of the 1934 Act, or (b) any such registration or reporting obligation is terminated by the Trust in accordance with the 1934 Act, then the Trust will promptly deliver to the Debenture Trustee an Officer's Certificate notifying the Debenture Trustee of such registration or termination and such other information as the Debenture Trustee may require at the time, acting reasonably. The Trust acknowledges that the Debenture Trustee is relying upon the foregoing representation and covenants in order to meet certain U.S. Securities and Exchange Commission obligations with respect to those clients that file reports with the U.S. Securities and Exchange Commission under the 1934 Act.

7.10 Reporting Issuer and Listing Status

The Trust will use commercially reasonable efforts to ensure that the Units and the Initial Debentures are listed and posted for trading on the TSX or such other exchange on which the Units and the Initial Debentures are listed and posted for trading, to maintain such listing and posting for trading of the Units and the Initial Debentures on the TSX or such other exchange on which the Units and the Initial Debentures are listed and posted for trading, and to maintain the Trust's status as a "reporting issuer not in default" under Applicable Securities Legislation provided that nothing in this Section 7.10 shall prevent the Trust from participating in a business combination, plan of arrangement or similar transaction to which Article 11 would apply even if as a result of such transaction the Trust ceases to be a "reporting issuer" in all or any of the provinces or territories of Canada or the Units or Debentures cease to be listed on the TSX or any other stock exchange.

ARTICLE 8 DEFAULT

8.1 Events of Default

Each of the following events constitutes, and is herein 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, on a Change of Control, by declaration or otherwise (whether such payment is due in cash, Units or other securities or property or a combination thereof);
- (c) if a decree or order of a court having jurisdiction is entered adjudging the Trust 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 Trust, or appointing a receiver of, or of any substantial part of, the property of the Trust 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 Trust 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 Trust 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;
- (e) if a resolution is passed for the winding-up or liquidation of the Trust, 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;
- (f) if, after the date of this Indenture, any proceedings with respect to the Trust are taken with respect to a compromise or arrangement, with respect to creditors of the Trust generally, under the applicable legislation of any jurisdiction;
- (g) default in the delivery, when due, of all cash and any Units or other consideration payable on conversion with respect to the Debentures, which default continues for 15 days;
- (h) the Trust fails to comply with Article 11 hereof; or
- (i) default in the observance or performance of any other material covenant (as determined by Counsel) contained in this Indenture by the Trust and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Debenture Trustee or from Debentureholders of not less than 25% in aggregate principal amount of the Debentures to the Trust specifying such default and requiring the Trust to rectify or obtain a waiver for same;

in each and every such event the Debenture Trustee 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 Trust, declare the principal of and interest on all Debentures then outstanding and all other monies outstanding hereunder to be due and payable and the same will forthwith become immediately due and payable to the Debenture Trustee, and the Trust will forthwith pay to the Debenture Trustee for the benefit of the Debentureholders such principal, accrued and unpaid interest and interest on amounts in default on such Debentures (and, where such a declaration is based upon a voluntary winding-up or liquidation of the Trust, the premium, if any, on the Debentures then outstanding which would have been payable upon the redemption thereof by the Trust on the date of such declaration) and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal, interest and such other monies from the date of such declaration until payment is received by the Debenture Trustee, such subsequent interest to

be payable at the times and places and in the monies mentioned in and according to the tenor of the Debentures. Such payment when made will be deemed to have been made in discharge of the Trust's obligations hereunder and any monies so received by the Debenture Trustee will be applied in the manner provided in Section 8.6.

For greater certainty, for the purposes of this Section 8.1, an Event of Default will occur with respect to a series of Debentures if such Event of Default relates to a default in the payment of principal, premium (if any) or interest on the Debentures of such series in which case references to Debentures in this Section 8.1 will refer to Debentures of that particular series.

For the purposes of this Article 8, where the Event of Default refers to an Event of Default with respect to a particular series of Debentures as described in this Section 8.1, then this Article 8 will apply *mutatis mutandis* to the Debentures of such series and references in this Article 8 to the Debentures will mean Debentures of the particular series and references to the Debentureholders will refer to the Debentureholders of the particular series, as applicable.

8.2 Notice of Events of Default

If an Event of Default occurs and is continuing the Debenture Trustee will, 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 Debenture Trustee has been requested to do so by the holders of not less than 25% of the principal amount of the Debentures then outstanding, the Debenture Trustee will not be required to give such notice.

8.3 Waiver of Default

Upon the happening of any Event of Default hereunder:

- (a) the holders of the Debentures will have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 50% of the principal amount of Debentures then outstanding, to instruct the Debenture Trustee to waive any Event of Default and to cancel any declaration made by the Debenture Trustee pursuant to Section 8.1 and the Debenture Trustee will thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as will 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 Trust of any covenant applicable only to one or more series of Debentures, then the holders of more than 50% of the principal amount of the outstanding Debentures of that series will be entitled to exercise the foregoing power and the Debenture Trustee will so act and it will not be necessary to obtain a waiver from the holders of any other series of Debentures; and
- (b) the Debenture 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, will have power to waive any Event of Default if, the same has been cured or adequate satisfaction made therefor, and in

such event to cancel any such declaration theretofor made by the Debenture Trustee in the exercise of its discretion, upon such terms and conditions as the Debenture Trustee may deem advisable.

No such act or omission either of the Debenture Trustee or of the Debentureholders will 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 Debenture Trustee

- (a) Subject to the provisions of Section 8.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, if the Trust fails to pay to the Debenture Trustee, forthwith after the same has been declared to be due and payable under Section 8.1, the principal of and premium (if any) and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Debenture Trustee may in its discretion and will 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 trustee hereunder to obtain or enforce payment of such principal of and premium (if any) 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 Debenture Trustee in such request will have been directed to take, or if such request contains no such direction, or if the Debenture Trustee acts without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Debenture Trustee deems expedient.
- (b) The Debenture Trustee will be entitled and empowered, either in its own name or as Debenture Trustee of an express trust, or as mandatary 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 Debenture Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation, arrangement or other judicial proceedings relative to the Trust or its creditors or relative to or affecting its property. The Debenture Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same will be conclusively deemed to have so appointed the Debenture Trustee) the true and lawful mandatary 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 Debenture Trustee, in order to have

the respective claims of the Debenture Trustee and of the holders of the Debentures against the Trust or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 8.3, nothing contained in this Indenture will be deemed to give to the Debenture Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization, arrangement or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

- (c) The Debenture Trustee will also have the power at any time and from time to time to institute and maintain such suits and proceedings as it may be advised are necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.
- (d) All rights of action hereunder may be enforced by the Debenture 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 Debenture Trustee will be brought in the name of the Debenture Trustee as trustee of an express trust, and any recovery of judgment will be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Debenture 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 Debenture Trustee will be a party) the Debenture Trustee will be held to represent all the holders of the Debentures, and it will 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 will 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 Trust 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 has previously given to the Debenture 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 have made a request to the Debenture Trustee and the Debenture Trustee has 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 has furnished to the Debenture Trustee, when so requested by the Debenture 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 Debenture Trustee has failed to act within a reasonable time after such notification, request and offer of security, funding and indemnity and such notification, request and receipt of security, funding and indemnity are hereby declared in every such case, at the option of the Debenture Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

8.6 Application of Monies by Debenture Trustee

- (a) Except as herein otherwise expressly provided, any monies received by the Debenture Trustee from the Trust pursuant to the foregoing provisions of this Article 8, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Trust, will be applied, together with any other monies in the hands of the Debenture Trustee available for such purpose, as follows:
- (i) first, in payment or in reimbursement to the Debenture Trustee of its compensation, costs, charges, expenses, borrowings, advances or other monies furnished or provided by or at the instance of the Debenture Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;
 - (ii) 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 premium (if any) and accrued and unpaid interest and interest on amounts in default on the Debentures (less applicable withholding taxes, if any) which will then be outstanding in the priority of principal first and then premium 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, premium (if any) and interest as may be directed by such resolution; and
 - (iii) third, in payment of the surplus, if any, of such monies to the Trust or its assigns;

provided, however, that no payment will be made pursuant to clause (ii) above in respect of the principal, premium or interest on any Debenture held, directly or indirectly, by or for the benefit of the Trust or any Subsidiary (other than any Debenture pledged for value and in good faith to a person other than the Trust 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, premium (if any) and interest (if any) on all Debentures which are not so held.

- (b) The Debenture Trustee will not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving thereout such amount as the Debenture Trustee may think necessary to provide for the payments mentioned in Subsection 8.6(a)(i), 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 for in Section 15.9 until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control will be sufficient for the said purpose or until it considers it advisable to apply the same in the manner hereinbefore set forth. The foregoing will, however, not apply to a final payment in distribution hereunder.

8.7 Notice of Payment by Debenture Trustee

Not less than 15 days notice will be given in the manner provided in Section 14.2 by the Debenture Trustee to the Debentureholders of any payment to be made under this Article 8. Such notice will state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment has been duly demanded and has been refused, the Debentureholders will be entitled to interest only on the balance (if any) of the principal monies, premium (if any) and interest due (if any) to them, respectively, on the Debentures, after deduction of the respective amounts payable in respect thereof on the day so fixed.

8.8 Debenture Trustee May Demand Production of Debentures

The Debenture Trustee will have the right to demand production of the Debentures in respect of which any payment of principal, interest or premium required by this Article 8 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Debenture Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Trust as the Debenture Trustee deems sufficient.

8.9 Remedies Cumulative

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

8.10 Judgment Against the Trust

The Trust covenants and agrees with the Debenture 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 Debenture Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and premium (if any) and the interest thereon and any other monies owing hereunder.

8.11 Immunity of Trustees and Others

The Debentureholders and the Debenture 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 Units or of any successor, in each case in such capacity, for the payment of the principal of or premium or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Trust herein or in the Debentures contained.

ARTICLE 9 SATISFACTION AND DISCHARGE

9.1 Cancellation and Destruction

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

9.2 Non-Presentation of Debentures

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

- (a) the Trust will be entitled to pay or deliver to the Debenture Trustee and direct it to set aside; or
- (b) in respect of monies or Units in the hands of the Debenture Trustee which may or should be applied to the payment of the Debentures, the Trust will be entitled to direct the Debenture Trustee to set aside; or
- (c) if the redemption was pursuant to notice given by the Debenture Trustee, the Debenture Trustee may itself set aside;

the principal, premium (if any) 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, premium (if any) or the interest payable on or represented by each Debenture in respect whereof such monies or Units, if applicable, have been set aside will be deemed to have been paid and the holder thereof will thereafter have no right in respect thereof except that of receiving delivery and payment of the monies or Units, if applicable, (less applicable withholding taxes, if any) so set aside by the Debenture Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 9.3.

9.3 Repayment of Unclaimed Monies or Units

Subject to applicable law, any monies or Units, 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 will be repaid and delivered to the Trust by the Debenture Trustee upon a Written Direction of the Trust and thereupon the Debenture Trustee will be released from all further liability with respect to such monies or Units, if applicable, and thereafter the holders of the Debentures in respect of which such monies or Units, if applicable, were so repaid to the Trust will have no rights in respect thereof except to obtain payment and delivery of the monies or Units, if applicable, from the Trust.

9.4 Discharge

The Debenture Trustee will at the Written Direction of the Trust release and discharge this Indenture and execute and deliver such instruments as it is advised by Counsel are requisite for that purpose and to release the Trust from its covenants herein contained (other than the provisions relating to the indemnification of the Debenture Trustee), upon proof being given to the reasonable satisfaction of the Debenture Trustee that the principal and premium (if any) of and interest (including interest on amounts in default, if any), on all the Debentures and all other monies 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 monies payable hereunder has been duly and effectually provided for in accordance with the provisions hereof, including payment of all costs, charges and expenses properly incurred by the Debenture Trustee in relation to this Indenture and all interest thereon and the remuneration of the Debenture Trustee.

9.5 Satisfaction

- (a) The Trust will be deemed to have fully paid, satisfied and discharged all of the outstanding Debentures of any series and the Debenture Trustee, at the expense of the Trust, will execute and deliver proper instruments acknowledging the full payment, satisfaction and discharge of such Debentures, when, with respect to all of the outstanding Debentures or all of the outstanding Debentures of any series, as applicable, either:
 - (i) the Trust has deposited or caused to be deposited with the Debenture Trustee as trust funds or property in trust for the purpose of making payment on such Debentures, an amount in money or Units, 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, Redemption Date, Change of Control Purchase Date or upon any conversion or otherwise, as the case may be, of such Debentures; or
 - (ii) the Trust has deposited or caused to be deposited with the Debenture Trustee as property in trust for the purpose of making payment on such Debentures:
 - (1) 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
 - (2) 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;

as will, together with the income to accrue thereon and reinvestment thereof, 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 all such Debentures;

and in either event:

- (iii) the Trust has paid, caused to be paid or made provisions to the satisfaction of the Debenture Trustee for the payment of all other sums payable with respect to all of such Debentures (together with all applicable expenses of the Debenture Trustee in connection with the payment of such Debentures); and
- (iv) the Trust has delivered to the Debenture Trustee an Officer's Certificate and opinion of Counsel stating that all conditions precedent herein provided relating to the payment, satisfaction and discharge of all such Debentures have been complied with; and
- (v) no Event of Default shall have occurred and be continuing on the date of the deposit referred to in this Section; and
- (vi) such release does not result in a breach or violation of, or constitute a default under any material agreement or instrument to which the Trust is a party or by which the Trust is bound; and
- (vii) the Trust shall have delivered to the Debenture Trustee an Officers' Certificate stating that the deposit referred to in this Section was not made by the Trust with the intent of preferring the Debentureholders over the other creditors of the Trust or with the intent of defeating, hindering, delaying or defrauding creditors of the Trust or others.

Any deposits with the Debenture Trustee referred to in this Section 9.5 will be irrevocable, subject to Section 9.6, and will be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Debenture 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, or all the outstanding Debentures of any series, as applicable, 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, Article 3, Article 4, Article 6, Article 9, Article 15, Section 8.4 and the provisions of Article 1 pertaining to the foregoing provisions) will no longer be binding upon or applicable to the Trust.

- (c) Any funds or obligations deposited with the Debenture Trustee pursuant to this Section 9.5 will be denominated in the currency or denomination of the Debentures in respect of which such deposit is made.
- (d) If the Debenture Trustee is unable to apply any money or securities in accordance with this Section 9.5 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Trust's obligations under this Indenture and the affected Debentures will be revived and reinstated as though no money or securities had been deposited pursuant to this Section 9.5 until such time as the Debenture Trustee is permitted to apply all such money or securities in accordance with this Section 9.5, provided that if the Trust has made any payment in respect of principal, premium or interest on Debentures or, as applicable, other amounts because of the reinstatement of its obligations, the Trust will be subrogated to the rights of the holders of such Debentures to receive such payment from the money or securities held by the Debenture Trustee.

9.6 Continuance of Rights, Duties and Obligations

- (a) Where trust funds or trust property have been deposited pursuant to Section 9.5, the holders of Debentures and the Trust will continue to have and be subject to their respective rights, duties and obligations under Article 2, Article 3, Article 4, Article 6, Article 9, Article 15, Section 8.4 and the provisions of Article 1 pertaining to the foregoing provisions, as may be applicable.
- (b) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5 in respect of a series of Debentures (the "**Defeased Debentures**"), any holder of any of the Defeased Debentures from time to time converts its Debentures to Units or other securities of the Trust in accordance with Subsection 2.4(f), Article 6 or any other provision of this Indenture, the Debenture Trustee will, upon receipt of a Written Direction of the Trust, return to the Trust from time to time the proportionate amount of the trust funds or other trust property deposited with the Debenture Trustee pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures so converted (which amount will be based on the applicable principal amount of the Defeased Debentures being converted in relation to the aggregate outstanding principal amount of all the Defeased Debentures).
- (c) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5, the Trust is required to purchase any outstanding Debentures pursuant to Subsection 2.4(m) in relation to Initial Debentures or to purchase or make an offer to purchase Debentures pursuant to any other similar provisions relating to any other series of Debentures, the Trust will be entitled to use any trust money or trust property deposited with the Debenture Trustee pursuant to Section 9.5 for the purpose of paying to any holders of Defeased Debentures who have accepted any such offer of the Trust the Offer Price (plus accrued and unpaid interest) payable to such holders in respect of such offer to purchase the Initial Debentures (or the total offer price payable in respect of an offer relating to any

other series of Debentures). Upon receipt of a Written Direction of the Trust, the Debenture Trustee will be entitled to pay to such holder from such trust money or trust property deposited with the Debenture Trustee pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures held by such holders who have accepted any such offer from the Trust (which amount will be based on the applicable principal amount of the Defeased Debentures held by holders that accept any such offer in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

ARTICLE 10 UNIT INTEREST PAYMENT ELECTION

10.1 Unit Interest Payment Election

- (a) Provided that the Trust is not in default under this Indenture and that all applicable regulatory approvals have been obtained (including any required approval of any stock exchange on which the Debentures or Units are then listed), the Trust will have the right, from time to time, to pay the Interest Obligation, on an Interest Payment Date, (i) in cash; (ii) by delivering sufficient Units to the Debenture Trustee, to facilitate sale, in which event holders of the Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Units (the “**Unit Interest Payment Election**”); or (iii) any combination of (i) and (ii) above (in any case less tax required to be deducted, if any). The Trust will make a Unit Interest Payment Election in respect of any Interest Obligation by delivering a Unit Interest Payment Election Notice to the Debenture Trustee no later than the earlier of: (i) the date required by applicable law or the rules of any stock exchange on which the Debentures or Units are then listed, and (ii) the day which is 15 Business Days prior to the Interest Payment Date to which the Unit Interest Payment Election relates.
- (b) The Trust will deliver Unit Bid Requests to the investment banks, brokers or dealers identified in its absolute discretion and will provide photocopies of such completed Unit Bid Requests concurrently with the delivery to the Debenture Trustee of the Unit Interest Payment Election Notice and agrees that:
 - (i) the Trust shall send such completed Unit Bid Requests to the respective addressees thereof concurrently with its sending such Unit Interest Payment Election Notice to the Debenture Trustee (or so soon thereafter as may be reasonably practicable having regard to all then prevailing circumstances);
 - (ii) the Trust shall make with each investment bank, broker or dealer to which a Unit Bid Request is so sent all such customary arrangements regarding such Unit Bid Request and the acceptance of the bids made in response thereto and the completion of the transaction resulting from such acceptance as shall be necessary in accordance with customary commercial practices; and

- (iii) the Trust will provide an Officer's Certificate certifying to the Debenture Trustee that: (A) no Event of Default has occurred and is then continuing; and (B) that all applicable regulatory approvals (including any required approval of any stock exchange on which the Debentures or Units are then listed) required for the Unit Interest Payment Election to which such Unit Interest Payment Election Notice pertains have been obtained.
- (c) In connection with the Unit Interest Payment Election, the Debenture Trustee shall:
- (i) accept from the investment banks, brokers or dealers identified in such Unit Interest Payment Election Notice physical delivery of any bids made by such investment banks, brokers or dealers in response to the Unit Bid Requests made to them, respectively (each such responding bid so made being a "**Response Bid**") and forthwith forward to the Trust all Response Bids so received (it being hereby agreed that the Trust shall: (A) determine which Response Bids are to be accepted; and (B) enter into Unit Purchase Agreements with each Person whose Response Bid was accepted by the Trust and consummate the transactions therein provided for (provided that, payment of the applicable purchase price for the Units issued pursuant to such transactions shall be made directly to the Debenture Trustee as provided for in Section 10.1(h));
 - (ii) accept physical delivery from the Trust (or its transfer agent in that regard, as the case may be) of the certificates evidencing the Units which are to be issued pursuant to those Response Bids which were accepted by the Trust; and deliver such certificates to the respective purchasers thereof in accordance with Section 10.1(h);
 - (iii) invest all proceeds to be received by the Debenture Trustee, as contemplated in Section 10.1(i) on the direction of the Trust in Government Obligations which mature prior to the applicable Interest Payment Date and use the proceeds received from such investment in Government Obligations to pay the Interest Obligation in respect of which the Unit Interest Payment Election was made; and
 - (1) any such direction made by the Trust which is received by the Debenture Trustee either after 9:00 a.m. (Toronto time) on a Business Day or at any time on a non-Business Day shall be deemed to have been received prior to 9:00 a.m. (Toronto time) on the next immediately following Business Day; and
 - (2) the Debenture Trustee is hereby authorized to execute purchases and sales of Government Obligations through the facilities of its own trading or capital markets operations or those of any affiliated entity and the Debenture Trustee or any of its affiliates may receive reasonable compensation with respect to any such purchases and sales of Government Obligations directed hereunder

(including without limitation charging an agency fee in connection with each transaction); and the parties hereto recognize and agree that the Debenture Trustee will not provide supervision, recommendations or advice relating to any such purchases and sales of Government Obligations and the Debenture Trustee shall not have any liability for any loss sustained as a result of any such purchases and sales of Government Obligations or as a result of any liquidation of any such Government Obligations prior to their maturity or for the failure of the Trust to give the Debenture Trustee instructions to regarding any such purchases and sales of Government Obligations; and

- (3) perform any other action necessarily incidental thereto that is within the Debenture Trustee's capacity and as the Trust, acting reasonably, may request by a Written Direction of the Trust.
- (d) The Unit Interest Payment Election Notice will provide for, and all bids will be subject to, the right of the Trust, by delivering written notice to the Debenture Trustee at any time prior to the consummation of such delivery and sale of the Units on the Unit Delivery Date, to withdraw the Unit Interest Payment Election (which will have the effect of withdrawing each related Unit Bid Request), whereupon the Trust will be obliged to pay in cash the Interest Obligation in respect of which the Unit Interest Payment Election Notice has been delivered.
- (e) Any sale of Units pursuant to this Article 10 may be made to one or more Persons whose bids are solicited, but all such sales with respect to a particular Unit Interest Payment Election will take place concurrently on the Unit Delivery Date.
- (f) The amount received by a holder of a Debenture in respect of the Interest Obligation or the entitlement thereto will not be affected by whether or not the Trust elects to satisfy the Interest Obligation pursuant to a Unit Interest Payment Election.
- (g) The Trust and each bidder whose Response Bid was accepted by the Trust shall, by not later than the Unit Delivery Date, enter into a Unit Purchase Agreement and shall comply with all Applicable Securities Legislation (including the securities rules and regulations of any stock exchange on which the Debentures or Units are then listed); and, for greater certainty, the whole of the purchase price payable under such Unit Purchase Agreement shall be paid by the purchaser thereunder directly to the Debenture Trustee. The Trust shall pay all fees and expenses in connection with the Unit Purchase Agreements including the fees and commissions charged by the investment banks, brokers and dealers and the reasonable fees of the Debenture Trustee.
- (h) Provided that: (i) all conditions specified in each Unit Purchase Agreement to the closing of all sales thereunder have been satisfied, other than the delivery of the Units to be sold thereunder against payment of the purchase price thereof; and (ii) the purchasers under each Unit Purchase Agreement will be ready, willing and

able to perform thereunder, in each case on the Unit Delivery Date, the Trust will, on the Unit Delivery Date, deliver to the Debenture Trustee:

- (1) certificates representing the Units to be sold on such date, which certificates shall be fully completed and in the form required to be delivered to the respective purchasers thereof;
- (2) an amount in cash equal to the amount specified as the Unit Interest Payment Election Amount in the applicable Unit Interest Payment Election Notice and the value of any fractional Units; and
- (3) an Officer's Certificate to the effect that all conditions precedent to such sales, including those set forth in this Indenture and in each Unit Purchase Agreement, have been satisfied.

Upon such deliveries, the Debenture Trustee shall, on such Unit Delivery Date, deliver (or cause to be delivered) such certificates representing Units to the applicable purchasers against payment to the Debenture Trustee in immediately available funds of the purchase price therefor in an aggregate amount equal to the Unit Interest Payment Election Amount (less any amount attributable to any fractional Unit to be paid in cash), whereupon the sole right of a Debentureholder to receive such holder's portion of the Unit Interest Payment Election Amount will be to receive same from the Debenture Trustee out of the proceeds of such sales of Units by the Trust plus any amount received by the Debenture Trustee from the Trust in cash (including any amount attributable to any fractional Units) in full satisfaction of the Interest Obligation and the holder will have no further recourse to either the Trust or the Debenture Trustee in respect of the Interest Obligation.

- (i) The Debenture Trustee will, on the Unit Delivery Date, use the sale proceeds of the Units (together with any cash received from the Trust in lieu of any fractional Units) to purchase, on the direction of the Trust in writing, Government Obligations which mature prior to the applicable Interest Payment Date and which the Debenture Trustee is required to hold until maturity (the "**Unit Proceeds Investment**") and will, on such date, deposit the balance, if any, of such sale proceeds in an account established by the Trust (and which will be maintained by and subject to the control of the Debenture Trustee) (the "**Interest Account**") for such Debentures. The Debenture Trustee will hold such Unit Proceeds Investment (but not income earned thereon) under its exclusive control in an irrevocable trust for the benefit of the holders of the Debentures. At least one Business Day prior to the Interest Payment Date, the Debenture Trustee will deposit amounts from the proceeds of the Unit Proceeds Investment in the Interest Account to bring the balance of the Interest Account to the Unit Interest Payment Election Amount. On the Interest Payment Date, the Debenture Trustee will pay the funds held in the Interest Account to the holders entitled to payment thereof on the Interest Payment Date (less any tax required to be deducted, if any) and, provided that there is no Event of Default, will remit amounts, if any, in respect of income

earned on the Unit Proceeds Investment or otherwise in excess of the Unit Interest Payment Election Amount to the Trust.

- (j) Neither the making of a Unit Interest Payment Election nor the consummation of sales of Units on a Unit Delivery Date will (i) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the Interest Obligation payable on such date or (ii) entitle such holders to receive any Units in satisfaction of such Interest Obligation.
- (k) No fractional Units will be issued in satisfaction of interest but in lieu thereof the Trust will satisfy such fractional interest by a cash payment equal to the Current Market Price of such fractional interest (less any tax required to be deducted, if any).
- (l) The Debenture Trustee will only act on the Written Direction of the Trust when acting hereunder.

ARTICLE 11 SUCCESSORS

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

Subject to the provisions of Article 12, the Trust will not enter into any transaction or series of transactions whereby all or substantially all of its undertaking, property or assets would become the property of any other Person (herein called a “**Successor**”) whether by way of reorganization, consolidation, amalgamation, arrangement, merger, acquisition, business combinations, transfer, sale or otherwise, unless:

- (a) prior to or contemporaneously with the consummation of such transaction the Trust and the Successor have executed such instruments and done such things as, in the opinion of Counsel, are necessary or advisable to establish that upon the consummation of such transaction:
 - (i) the Successor will have assumed all the covenants and obligations of the Trust under this Indenture in respect of the Debentures;
 - (ii) the Debentures will be valid and binding obligations of the Successor entitling the holders thereof, as against the Successor, to all the rights of Debentureholders under this Indenture; and
 - (iii) in the case of an entity organized otherwise than under the laws of the Province of Ontario, will attorn to the jurisdiction of the courts of the Province of Ontario;
- (b) such transaction, in the opinion of Counsel, will be on such terms as to substantially preserve and not impair any of the rights and powers of the Debenture Trustee or of the Debentureholders hereunder; and

- (c) no condition or event will exist as to the Trust (at the time of such transaction) or the Successor (immediately after such transaction) and after giving full effect thereto or immediately after the Successor becomes liable to pay the principal monies, premium, if any, interest and other monies due or which may become due hereunder, which constitutes or would constitute an Event of Default hereunder.

11.2 Vesting of Powers in Successor

Whenever the conditions of Section 11.1 have been duly observed and performed, any Successor formed by or resulting from such transaction will succeed to, and be substituted for, and may exercise every right and power of the Trust under this Indenture with the same effect as though the Successor had been named as the Trust herein and thereafter, except in the case of a lease or other similar disposition of property to the Successor, the Trust be relieved of all obligations and covenants under this Indenture and the Debentures. The Debenture 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**” have the same respective meanings set forth in the *Securities Act* (Ontario);
- (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) “**MI 62-104**” means Multilateral Instrument 62-104 “*Take-Over Bids and Issuer Bids*”;
- (d) “**Offer**” means an offer to acquire outstanding Debentures;
- (e) “**offer to acquire**” has the meaning attributed to such term in MI 62-104;
- (f) “**Offeror**” means a person, or two or more persons acting jointly or in concert, who make an offer to acquire Debentures;
- (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; and
- (h) “**Offeror’s Notice**” means the notice described in Section 12.3.

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 60 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 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 Debentureholders 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 will send by registered mail within 30 days after the date of termination 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 has taken up and paid for, the Debentures of the Debentureholders who accepted the Offer;
- (c) Dissenting Debentureholders will 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 will send their respective Debenture certificate(s) to the Debenture Trustee 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 will, within 21 days after the sending of the Offeror's Notice, send his or her Debenture certificate(s) to the Debenture Trustee duly endorsed for transfer.

12.5 Payment of Consideration to Debenture Trustee

Within 21 days after the Offeror sends an Offeror's Notice pursuant to Section 12.3, the Offeror will pay or transfer to the Debenture Trustee, or to such other person as the Debenture Trustee may direct, the cash or other consideration that is payable to Dissenting Debentureholders pursuant to Section 12.2. The acquisition by the Offeror of all Debentures held by all Dissenting Debentureholders will be effective as of the time of such payment or transfer.

12.6 Consideration to be held in Trust

The Debenture Trustee, or the person directed by the Debenture Trustee, will hold in trust for the Dissenting Debentureholders the cash or other consideration they or it receives under Section 12.5. The Debenture Trustee, or such persons, will 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 Trust, and will 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 Debenture Trustee, if the Offeror has complied with Section 12.5, will:

- (a) do all acts and things and execute and cause to be executed all instruments as in the opinion of Counsel 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 (net of applicable withholding taxes, if any); 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 Debenture Trustee or some other person designated in such notice are holding in trust the consideration for such Debentures; and
 - (iii) the Debenture 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 Debenture Trustee or such other person may require in lieu thereof;

and the Debenture Trustee is hereby appointed the agent and mandatary, and is granted power of attorney of the Dissenting Debentureholders for the purposes of giving effect to the foregoing provisions including, without limitation, the power and authority to execute such transfers as may be necessary or desirable.

12.8 Communication of Offer to Trust

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 Trust.

ARTICLE 13 MEETINGS OF DEBENTUREHOLDERS

13.1 Right to Convene Meeting

The Debenture Trustee or the Trust may at any time, and from time to time; and the Debenture Trustee will, on receipt of a Written Direction of the Trust 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 Trust 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 Debenture Trustee failing, within 30 days after receipt of any such request and such funding and indemnity, to give notice convening a meeting, the Trust or such Debentureholders, as the case may be, may convene such meeting. Every such meeting will be held in the City of Toronto or at such other place as may be approved or determined by the Debenture Trustee.

13.2 Notice of Meetings

- (a) At least 21 days' notice of any meeting will be given to the Debentureholders in the manner provided in Section 14.2 and a copy of such notice will be sent by post to the Debenture Trustee, unless the meeting has been called by it. Such notice will state the time when and the place where the meeting is to be held and will state briefly the general nature of the business to be transacted thereat and it will 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 will 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 Subsections 13.2(c) and 13.2(d)), then:
 - (i) a reference to such fact, indicating each series of Debentures in the opinion of the Debenture Trustee so especially affected (hereinafter referred to as the “**especially affected series**”) will be made in the notice of such meeting, and in any such case the meeting is deemed to be and is herein referred to as a “**Serial Meeting**”; and

- (ii) the holders of Debentures of an especially affected series will 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 13:
 - (1) 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
 - (2) 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 Subsection 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) will be determined by an opinion of Counsel, which will be binding on all Debentureholders, the Debenture Trustee and the Trust 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 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 Sections 13.2, 13.4, 13.12 and 13.15;

is 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 Debenture Trustee will 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, a majority of the Debentureholders present in person or by proxy will 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 consists 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 is not 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, will be dissolved, but in any other case the meeting will be adjourned to the same day in the next week (unless such day is not a Business Day in which case it will be adjourned to the next following Business Day thereafter) at the same time and place and no notice will be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Debentureholders present in person or by proxy will, subject to the provisions of Section 13.12, constitute 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 will be transacted at any meeting unless the required quorum is 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 will, subject to Section 13.7, be decided in the first place by a majority of the votes given on a show of hands except for votes on Extraordinary Resolutions which will be given in the manner hereinafter provided. 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 will be conclusive evidence of the fact. The chairman of any meeting is 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 will be taken in such manner and either at once or after an adjournment as the chairman directs. Questions other than Extraordinary Resolutions will, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Debentures and of each especially affected series, if applicable, 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, will have one vote. On a poll each Debentureholder present in person or represented by a proxy duly appointed by an instrument in writing will be entitled to one vote in respect of each \$1,000 principal amount of Debentures of which he or she will then be the holder. In the case of any Debenture denominated in a currency or currency unit other than United States dollars, the principal amount thereof for these purposes will be computed in United States dollars on the basis of the conversion of the principal amount thereof at the applicable spot buying rate of exchange for such other currency or currency unit as reported by the Bank of Canada at the close of business on the Business Day next preceding the meeting. Any fractional amounts resulting from such conversion will be rounded to the nearest \$1,000. 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 will vote together in respect of the Debentures of which they are joint holders.

13.9 Proxies

A Debentureholder may be present and vote at any meeting of Debentureholders by an authorized representative. The Trust (in case it convenes the meeting) or the Debenture Trustee (in any other case) for the purpose of enabling the Debentureholders to be present and vote at any meeting without producing their Debentures, and of enabling them to be present and vote at any such meeting by proxy and of lodging instruments appointing such proxies at some place other than the place where the meeting is to be held, may from time to time make and vary such regulations as it thinks fit providing for and governing any or all of the following matters:

- (a) the form of the instrument appointing a proxy, which will be in writing, and the manner in which the same is 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 Debenture Trustee, the Trust 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 will 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, or sent by other electronic means before the meeting to the Trust or to the Debenture 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 will be binding and effective and the votes given in accordance therewith will be valid and will be counted. Save as such regulations may provide, the only persons who will 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, will be Debentureholders and persons whom Debentureholders have by instrument in writing duly appointed as their proxies.

13.10 Persons Entitled to Attend Meetings

The Trust and the Debenture Trustee, by their respective Trustees and/or officers, the Auditors of the Trust and the legal advisers of the Trust, the Debenture Trustee or any Debentureholder may attend any meeting of the Debentureholders, but will 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 will have the following powers exercisable from time to time by Extraordinary Resolution, subject in the case of the matters in paragraphs (a), (b), (c), and (d) to receipt of the prior approval of the TSX (if applicable) or such other exchange on which the Debentures are then listed:

- (a) power to authorize the Debenture Trustee to grant extensions of time for payment of any principal, premium or interest on the Debentures, whether or not the principal, premium, 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 Debenture Trustee (subject to the prior written consent of the Debenture Trustee which shall not be unreasonably withheld) against the Trust, 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 will be agreed to by the Trust and to authorize the Debenture 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, reorganization or recapitalization of the Trust or for the consolidation, amalgamation or merger of the Trust with any other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of the Trust or any part thereof, provided that no such sanction will be necessary in

respect of any such transaction if the provisions of Section 11.1 have been complied with;

- (e) power to direct or authorize the Debenture 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) subject to Subsection 8.3(a), power to waive, and direct the Debenture Trustee to waive, any default hereunder and/or cancel any declaration made by the Debenture 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, premium 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 is 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 Units or other securities of the Trust;
- (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 Debenture Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution as will 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 will consist of such number of persons as 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 will be binding upon all Debentureholders. Neither the committee nor any member thereof will 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 Debenture Trustee from office and to appoint a new Debenture Trustee or Debenture Trustees provided that no such removal will be

effective unless and until a new Debenture Trustee or Debenture Trustees has become bound by this Indenture;

- (l) power to sanction the exchange of the Debentures for or the conversion thereof into Units, bonds, debentures or other securities or obligations of the Trust or of any other Person formed or to be formed;
- (m) power to authorize the distribution in specie of any Units or securities received pursuant to a transaction authorized under the provisions of Subsection 13.11(l); and
- (n) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to Subsection 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% of the 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 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 the 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 present or represented by proxy at the meeting and voted upon on a poll on such resolution.
- (b) If, at any such meeting, the holders of not less than 25% of the principal amount of the Debentures then outstanding and, if the meeting is a Serial Meeting, 25% of the principal amount of the Debentures then outstanding of each especially affected series, in each case 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, will 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 of such meeting. Not less than 10 days notice will be given of the time and place of such adjourned meeting in the manner provided in Section 14.2. Such notice will state that at the adjourned meeting the Debentureholders present in person or by proxy will form a quorum. At the adjourned meeting the Debentureholders present in person or by proxy will 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 thereat by the affirmative vote of holders of not less than 66 2/3% of the principal amount of the Debentures and, if the meeting is a Serial Meeting, by the affirmative vote of the holders of not less than 66 2/3% of the

principal amount of the Debentures of each especially affected series, in each case present or represented by proxy at the meeting and voted upon on a poll will 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, 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 will always be given on a poll and no demand for a poll on an Extraordinary Resolution is necessary.

13.13 Powers Cumulative

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 will 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 will be made and duly entered in books to be from time to time provided for that purpose by the Debenture Trustee at the expense of the Trust, 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, will 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 have been made, will 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 includes 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 will 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 will be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Debenture Trustee (subject to the provisions for its indemnity herein contained) will be

bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

13.17 Evidence of Rights Of Debentureholders

- (a) 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 signed or executed by such Debentureholders.
- (b) The Debenture Trustee may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it considers 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 will 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 will be deemed not to adversely affect the rights of the holders of Debentures of any other series.

ARTICLE 14 NOTICES

14.1 Notice to the Trust

- (a) Any notice to the Trust under the provisions of this Indenture will be valid and effective, if delivered or sent via email to the Trust at 1400 West Markham Street, Suite 202, Little Rock, Arkansas, U.S.A, 72201, Attention: Chief Executive Officer, Email: john.bailey@bsrtrust.com, with copies delivered to Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, ON, M5H 2S7, Attention: Brad Ross, Email: bross@goodmans.ca, or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, will be deemed to have been effectively given three days following the mailing thereof. The Trust may from time to time notify the Debenture Trustee in writing of a change of address which thereafter, until changed by like notice, will be the address of the Trust for all purposes of this Indenture.
- (b) If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Trust would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to this Section 14.1, such notice will be valid and effective only if delivered or sent via email in accordance with this Section 14.1.

14.2 Notice to Debentureholders

- (a) All notices to be given hereunder with respect to the Debentures will 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 with a copy to the Debenture Trustee and will be deemed to have been effectively given three days following the day of mailing. Any notice to be given hereunder with respect to the Debentures delivered or served by telecopier or courier will be deemed to have been given or served on the day upon which it was delivered. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder or the inability of the Trust to give or mail any notice due to anything beyond the reasonable control of the Trust will not invalidate any action or proceeding founded thereon.
- (b) 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 Trust will give such notice by publication at least once in an English language daily newspaper of general circulation in Canada.
- (c) Any notice given to Debentureholders by publication will be deemed to have been given on the day on which publication has been effected at least once in each of the newspapers in which publication was required.
- (d) 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 will be sufficient notice to all holders of any persons interested in such Debenture.

14.3 Notice to Debenture Trustee

Any notice to the Debenture Trustee under the provisions of this Indenture will be valid and effective if delivered to the Debenture Trustee at its office in the City of Toronto at 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1, Attention: Vice President, Trust Services or if sent by facsimile to facsimile number 416-361-04770, Attention: Vice President, Trust Services or by email to tmxestaff-corporatetrust@tmx.com, or if given by registered letter, postage prepaid, to such office and so addressed and, if mailed, will be deemed to have been effectively given three days following the mailing thereof. The Debenture Trustee may from time to time notify the Trust in writing of a change of address which thereafter, until changed by like notice, will be the address of the Debenture Trustee for all purposes of this Indenture.

14.4 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Debenture 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 will be valid and effective only if delivered at the appropriate address in accordance with Section 14.3.

ARTICLE 15
CONCERNING THE DEBENTURE TRUSTEE

15.1 No Conflict of Interest

The Debenture Trustee represents to the Trust that to the best of its knowledge, at the date of execution and delivery by it of this Indenture, there exists no material conflict of interest in the role of the Debenture Trustee as a fiduciary hereunder and agrees, notwithstanding the provisions of this Section 15.1, such a material conflict of interest exists, or hereafter arises, the validity and enforceability of this Indenture, and the Debentures issued hereunder, will not be affected in any manner whatsoever by reason only that such material conflict of interest exists or arises and the Debenture Trustee will, within 30 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 Debenture Trustee

- (a) The Debenture Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Trust 60 days notice in writing or such shorter notice as the Trust may accept as sufficient. In the event of the Debenture Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Trust will forthwith appoint a new Debenture Trustee unless a new Debenture Trustee has already been appointed by the Debentureholders. Failing such appointment by the Trust, the retiring Debenture Trustee or any Debentureholder may apply to a judge of the Superior Court of Justice, Commercial List on such notice as such judge may direct at the Trust's expense, for the appointment of a new Debenture Trustee but any new Debenture Trustee so appointed by the Trust or by the Court will be subject to removal as aforesaid by the Debentureholders and the appointment of such new Debenture Trustee will be effective only upon such new Debenture Trustee becoming bound by this Indenture. Any new Debenture Trustee appointed under any provision of this Section 15.2 will be authorized to carry on the business of a trust company in all of the Provinces and territories of Canada. On any new appointment the new Debenture Trustee will be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Debenture Trustee.
- (b) Any company into which the Debenture Trustee may be merged or, with or to which it may be consolidated, amalgamated or sold, or any company resulting from any merger, consolidation, sale or amalgamation to which the Debenture Trustee will be a party, or any company succeeding to the corporate trust business of the Debenture Trustee will be the successor Debenture Trustee under this Indenture without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Debenture Trustee or of the Trust, the Debenture Trustee ceasing to act will, upon payment of its outstanding fees and expenses, execute and deliver an instrument assigning and transferring to such successor Debenture Trustee, upon the terms herein expressed, all the rights, powers and trusts of the Debenture Trustee so ceasing to

act, and will duly assign, transfer and deliver all property and money held by such Debenture Trustee to the successor Debenture Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Trust be required by any new Debenture 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 will on request of said new Debenture Trustee, be made, executed, acknowledged and delivered by the Trust.

15.3 Duties of Debenture Trustee

In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Debenture Trustee will 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. The Debenture Trustee shall not be liable for the failure of third parties to provide documents or other information in a timely manner.

15.4 Reliance Upon Declarations, Opinions, etc.

In the exercise of its rights, duties and obligations hereunder the Debenture 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 Debenture Trustee to be furnished to it in the exercise of its rights and duties hereunder, if the Debenture 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 Debenture Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Debenture Trustee may rely on an opinion of Counsel satisfactory to the Debenture Trustee notwithstanding that it is delivered by a firm which acts as solicitors for the Trust.

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

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

Such evidence will consist of:

- (a) a certificate made by any one officer or Trustee of the Trust, 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 Trust whom the Debenture 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 or officer or employee of the Trust, it will be in the form of a statutory declaration. Such evidence will 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 the Indenture will 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 Trust will furnish to the Debenture Trustee at any time if the Debenture Trustee reasonably so requires, an Officer's Certificate that certifies that the Trust 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 Trust will, whenever the Debenture Trustee so requires, furnish the Debenture Trustee with evidence by way of statutory declaration, opinion, report or certificate as specified by the Debenture Trustee as to any action or step required or permitted to be taken by the Trust or as a result of any obligation imposed by this Indenture.

15.6 Officer's Certificates Evidence

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

15.7 Experts, Advisers and Agents

The Debenture Trustee may:

- (a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, counsel, auditor, valuer, engineer, surveyor, appraiser or other expert, whether obtained by the Debenture Trustee or by the Trust, or otherwise, and will 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, solicitor, counsel 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 will 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 and any solicitors employed or consulted by the Debenture Trustee may, but need not be, solicitors for the Trust.

The Trust will pay or reimburse the Debenture Trustee for any reasonable fees and expenses of any experts, advisers and agents engaged under this Section 15.7.

15.8 Debenture Trustee May Deal in Debentures

Subject to Sections 15.1 and 15.3, the Debenture 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 Trust or otherwise, without being liable to account for any profits made thereby.

15.9 Investment of Monies Held by Debenture Trustee

Unless otherwise provided in this Indenture, any monies held by the Debenture Trustee, which, under the trusts of this Indenture, may or ought to be invested or which may be on deposit with the Debenture Trustee or which may be in the hands of the Debenture Trustee, may be invested and reinvested in the name or under the control of the Debenture Trustee in securities in which, under the laws of the Province of Ontario, trustees are authorized to invest trust monies, 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 Debenture Trustee, and unless and until the Debenture Trustee has declared the principal of and interest on the Debentures to be due and payable, the Debenture Trustee will only invest such monies at the Written Direction of the Trust, which will be given in a reasonably timely manner.

Pending the investment of any monies as hereinbefore provided, such monies may be deposited in the name of the Debenture Trustee in any chartered bank of Canada or, with the consent of the Trust, in the deposit department of the Debenture 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. The Trust will receive the Debenture Trustee's prevailing rate for all monies held by it, as may change from time to time.

Unless and until the Debenture Trustee has declared the principal of and interest on the Debentures to be due and payable, and except as otherwise expressly provided herein, the Debenture Trustee will pay over to the Trust all interest received by the Debenture Trustee in respect of any investments or deposits made pursuant to the provisions of this Section.

15.10 Debenture Trustee Not Ordinarily Bound

Except as provided in Section 8.2 and as otherwise specifically provided herein, the Debenture Trustee will 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 Trust of any of the obligations herein imposed upon the Trust or of the covenants on the part of the Trust herein contained, nor in any way to supervise or interfere with the conduct of the Trust's business, unless the Debenture Trustee has 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 has 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 Debenture Trustee Not Required to Give Security

The Debenture Trustee will 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 Debenture Trustee Not Bound to Act on the Trust's Request

Except as in this Indenture otherwise specifically provided, the Debenture Trustee will not be bound to act in accordance with any direction or request of the Trust until a duly authenticated copy of the instrument or resolution containing such direction or request has been delivered to the Debenture Trustee, and the Debenture Trustee will be empowered to act upon any such copy purporting to be authenticated and believed by the Debenture Trustee to be genuine. Should the Debenture Trustee reasonably request originals of the direction or request, they shall be provided.

15.13 Conditions Precedent to Debenture Trustee's Obligations to Act Hereunder and Protection of the Debenture Trustee

The obligation of the Debenture Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Debenture Trustee and of the Debentureholders hereunder will be conditional upon the Debentureholders furnishing when required by notice in writing by the Debenture Trustee, sufficient funds to commence or continue such act, action or

proceeding and indemnity reasonably satisfactory to the Debenture Trustee to protect and hold harmless the Debenture 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 will require the Debenture 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 Debenture 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 Debenture Trustee the Debentures held by them for which Debentures the Debenture Trustee will issue receipts.

The Debenture Trustee shall not be liable for or by reason of any statements of fact or recitals in this Indenture or the Debenture certificates (except the representation contained in Section 15.1 or in the certificate of the Debenture Trustee on the Debenture Certificates) or be required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Trust.

Nothing herein contained shall impose any obligation on the Debenture Trustee to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;

The Debenture Trustee will not to be appointed receiver or receiver manager of the assets of the Trust.

The Debenture Trustee shall not incur any liability or responsibility whatever or be in any way responsible for the consequence of any breach on the part of the Trust of any of the covenants herein contained or of any acts of any directors, officers, employees, trustees or servants of the Trust.

No duty shall rest with the Debenture Trustee to determine compliance of the transferor or transferee with applicable securities laws. The Debenture Trustee shall be entitled to assume that all transfers are legal and proper.

The Debenture Trustee shall not be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Debenture Trustee and, in the absence of any such notice, the Debenture Trustee may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, debentures, covenants, agreements, or conditions contained herein.

15.14 Authority to Carry on Business

The Debenture Trustee represents to the Trust 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 all Provinces and territories of Canada, and agrees, notwithstanding the provisions of this Section, if it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the securities issued hereunder will not be affected in any manner whatsoever by reason only of such

event but the Debenture Trustee will, within 90 days after ceasing to be authorized to carry on the business of trust company in the Province of Ontario, 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 Trust will pay to the Debenture Trustee from time to time reasonable compensation for its services hereunder as agreed separately by the Trust and the Debenture Trustee, and will pay or reimburse the Debenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Debenture 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 Debenture Trustee under this Indenture will be finally and fully performed. The Debenture Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. Any amounts unpaid for a period of 30 days after invoicing will accrue interest at the then current rate charged by the Debenture Trustee to its corporate clients. This section shall survive the removal or resignation of the Debenture Trustee and the discharge of this Indenture.
- (b) The Trust hereby indemnifies and saves harmless the Debenture Trustee and its officers, agents and employees (the "**Indemnified Parties**") from and against any and all loss, damages, charges, expenses, claims, demands, actions or liability whatsoever which may be brought against the Debenture Trustee or which it may suffer or incur as a result of or arising out of the performance of its duties and obligations hereunder save only in the event of the gross negligent failure to act, or the wilful misconduct or bad faith of the Debenture Trustee. In addition, the Trust agrees to reimburse, indemnify and save harmless the Indemnified Parties for, against and from all reasonable legal fees and disbursements (on a substantial indemnity, or solicitor and client, basis) incurred by an Indemnified Party if the Trust commences an action, or cross claims or counterclaims, against the Indemnified Party and the Indemnified Party is successful in defending such claim. The indemnity given hereunder will survive the termination or discharge of this Indenture and the resignation or removal of the Debenture Trustee. Subject to applicable law, in no event shall the Debenture Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including by not limited to, loss of profit).
- (c) The Trust need not reimburse any expense or indemnify against any loss or liability incurred by the Debenture Trustee through gross negligence or bad faith or breach of the Debenture Trustee's duties hereunder.

15.16 Anti-Money Laundering

The Debenture Trustee retains the right not to act and will not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Debenture Trustee, in its sole judgment and acting reasonably, determines that such act might cause it to be in non-compliance

with any applicable anti-money laundering or anti-terrorist legislation, economic sanctions, regulation or guideline. Further, should the Debenture Trustee, in its sole judgment and acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, economic sanctions, regulation or guideline, then it will have the right to resign on 10 days' written notice to the Trust or any shorter period of time as agreed to by the Trust, provided that:

- (a) the Debenture Trustee's written notice will describe the circumstances of such non-compliance; and
- (b) if such circumstances are rectified to the Debenture Trustee's satisfaction within such 10 day period, then such resignation will not be effective.

15.17 Acceptance of Trust

The Debenture 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 will from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

15.18 Third Party Interests

Each party to this Indenture (in this paragraph referred to as a “**representing party**”) hereby represents to the Debenture Trustee that any account to be opened by, or interest to be held by, the Debenture Trustee in connection with this Indenture, for or to the credit of such representing party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party in which case such representing party hereby agrees to complete, execute and deliver forthwith to the Debenture Trustee a declaration, in the Debenture Trustee's prescribed form or in such other form as may be satisfactory to it, as to the particulars of such third party.

15.19 Privacy

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, “**Privacy Laws**”) applies to obligations and activities under this Indenture. Despite any other provision of this Indenture, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Trust will, prior to transferring or causing to be transferred personal information to the Debenture Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Debenture Trustee will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Debenture Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Agreement and not to use it for any other purpose except with the consent of or direction from the Trust and the individual involved; (d) not to sell or

otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use of modification.

15.20 Force Majeure

Neither party shall be liable to the other, or held in breach of this indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, pandemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

ARTICLE 16 SUPPLEMENTAL INDENTURES

16.1 Supplemental Indentures

Subject to any approval that may be required pursuant to the requirements of the TSX or such other exchange on which the Units and the Initial Debentures are listed and posted for trading, from time to time the Debenture Trustee and, when authorized by a resolution of the Trustees, the Trust, may, and they will when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental hereto which thereafter will 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 Trust herein contained for the protection of the Debentureholders, or of the Debentures of any series, 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 Debenture 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 Trust 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 this Indenture or the supplemental indenture requires the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, by Extraordinary Resolution, the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, will not be required in connection with the execution, acknowledgement or delivery of a supplemental indenture. The Trust and the Debenture Trustee, without the consent or approval of the Debentureholders, may amend any of the provisions of this Indenture related to matters of United States law or the issuance of Debentures into the United States in order to ensure that such issuances can be made in accordance with applicable law in the United States. The Debenture Trustee will have the right to request a legal opinion regarding matters of United States law or the issuance of Debentures into the United States prior to or concurrently with making such amendments. Further, the Trust and the Debenture Trustee may without the consent or concurrence of the Debentureholders or the holders of a particular series of Debentures, as the case may be, by supplemental indenture or otherwise, make any changes or corrections in this Indenture which it has 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 indenture supplemental hereto or any Written Direction of the Trust provided for the issue of Debentures, providing that in the opinion of the Debenture Trustee (relying upon an opinion of Counsel) the rights of the Debentureholders are in no way prejudiced thereby.

ARTICLE 17
EXECUTION AND FORMAL DATE; CONCERNING THE TRUST; CONCERNING
THIS TRUST INDENTURE

17.1 Execution

This Indenture may be executed and delivered by facsimile or electronic signature and in counterparts, each of which when so executed and delivered will be deemed to be an original and such counterparts together constitute one and the same instrument and notwithstanding their date of execution they are deemed to be dated as of the date hereof.

17.2 Formal Date

For the purpose of convenience this Indenture may be referred to as bearing the formal date of September 3, 2020 irrespective of the actual date of execution hereof.

17.3 Concerning the Trust

Each of the parties hereto acknowledges that the Trustees of the Trust are entering into this agreement solely in their capacity as trustees of the Trust under the Declaration of Trust, and that the obligations or liabilities (including those arising hereunder or arising in connection herewith or from the matters to which this agreement relates, if any, including without limitation, claims based on negligence or otherwise tortious behaviour) of the trustees, managers, officers, consultants, agents or employees of the Trust hereunder will not be binding upon, nor will resort be had to, nor will recourse or satisfaction be sought from, by lawsuit or otherwise, the private property of any of the holders of Units or any annuitant under a plan of which a holder of units is a trustee or carrier (an "annuitant"). The obligations or liabilities, if any, of the trustees, managers, officers, agents or employees of the Trust hereunder shall be satisfied only out of the

property of the Trust and no resort may be had to the private property of any trustee, manager, officer, agent or employee of the Trust. The provisions of this Section 17.3 shall enure to the benefit of the heirs, successors, assigns and personal representatives of the trustees, managers, officers or employees of the Trust and of the holders of units and annuitants and, to the extent necessary to provide effective enforcement of such provisions, the trustees of the Trust are hereby acknowledged to be acting, and shall be entitled to act as, trustees for the holders of units and annuitants.

17.4 Concerning this Trust Indenture

To the extent of any conflict between the description of the Debentures in any term sheet, prospectus or other offering document which qualifies for distribution any Debentures governed by this Trust Indenture, the terms and conditions of this Trust Indenture shall be paramount.

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

BSR REAL ESTATE INVESTMENT TRUST

Per: (signed) "Susan Koehn"
Name: Susan Koehn
Title: Chief Financial Officer

TSX TRUST COMPANY

Per: (signed) "Donald Crawford"
Name: Donald Crawford
Title: Senior Trust Officer

Per: (signed) "Brett Higgs"
Name: Brett Higgs
Title: Corporate Trust Officer

SCHEDULE A

**TO THE TRUST INDENTURE BETWEEN
BSR REAL ESTATE INVESTMENT TRUST AND
TSX TRUST COMPANY**

FORM OF INITIAL DEBENTURE

No. 001

CUSIP 05585DAA1
ISIN CA 05585DAA15

BSR REAL ESTATE INVESTMENT TRUST

(An unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario)

5.00% Convertible Unsecured Subordinated Debentures Due September 30, 2025

Date of Issue: September 3, 2020

Maturity Date: September 30, 2025

Registered Holder:

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO BSR REAL ESTATE INVESTMENT TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR TO 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.

BSR REAL ESTATE INVESTMENT TRUST (the “**Trust**”) for value received hereby acknowledges itself indebted and, subject to the provisions of the Trust Indenture (the “**Indenture**”) dated September 3, 2020 between the Trust and TSX Trust Company (the “**Debenture Trustee**”), promises to pay to the registered holder hereof on the maturity date of this Initial Debenture, as hereinafter described, or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture, the principal amount of

§●

in lawful money of the United States on presentation and surrender of this Initial Debenture at the main branch of the Debenture Trustee in Toronto, Ontario in accordance with the terms of the Indenture.

This initial debenture is one of the 5.00% Convertible Unsecured Subordinated Debentures (referred to herein as the “**Initial Debentures**”) of the Trust issued or issuable under the provisions of the Indenture. The Initial Debentures authorized for issuance are limited to an aggregate principal amount of \$46,000,000, including any Debentures issuable pursuant to the Over-Allotment Option under the Underwriting Agreement. However, subject to the terms of the Indenture, additional Initial Debentures may be issued pursuant to the Indenture after the date hereof. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Initial Debentures are to be issued and held and the rights and remedies of the holders of the Initial Debentures and of the Trust and of the Debenture 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 Initial Debenture by acceptance hereof assents.

The maturity date (the “**Maturity Date**”) for the Initial Debentures will be September 30, 2025. The Initial Debentures will bear interest at the rate of 5.00% per annum, payable semi-annually, not in advance, on March 31 and September 30 in each year, the first such payment to fall due on March 31, 2021, 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.

Interest hereon will be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture, the mailing of such cheque or the sending of the electronic transfer of funds, as the case may be, will, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Initial Debenture.

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

The principal of this Initial Debenture is convertible, at the option of the holder hereof, upon surrender of this Initial Debenture at the principal office of the Debenture Trustee in Toronto, Ontario, at any time prior to the last Business Day before the Maturity Date or, if this Initial Debenture is called for redemption on or prior to such date, then up to but not after the close of business on the last Business Day immediately preceding the date specified for redemption of this Initial Debenture, into Units (without adjustment of the Conversion Price for interest accrued hereon or for distributions on Units issuable upon conversion) at a conversion price of \$14.40 (the “**Conversion Price**”) per Unit, being a rate of 69.4444 Units for each \$1,000 principal amount of Initial Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. Notwithstanding the foregoing, no Debenture may be converted during the last Business Day preceding an Interest Payment Date or the Maturity Date. Accrued and unpaid interest will be payable up to and including: (a) if the Trust is making distributions to Unitholders, the last record date prior to the date of conversion for determining the Unitholders entitled to receive a distribution on the Units; or (b) if the distributions have been suspended (or notice has been given of such suspension prior to the date on which a holder of the Initial Debentures converts the Initial Debentures held by such holder, and the suspension is in effect on the Date of Conversion) to, but excluding, the Date of Conversion. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Units will be issued on any conversion but in lieu thereof, the Trust will satisfy such

fractional interest by a cash payment equal to the fractional interest multiplied by the Current Market Price of the Units on the Date of Conversion determined in accordance with the Indenture.

This Initial Debenture may be redeemed at the option of the Trust on the terms and conditions set out in the Indenture at the redemption price therein and herein set out provided that this Initial Debenture is not redeemable before September 30, 2023 (the “**First Call Date**”) except in the event of the satisfaction of certain conditions after a Change of Control has occurred. On and after the First Call Date and before September 30, 2024 (the “**Second Call Date**”), the Initial Debentures may be redeemed at the option of the Trust at the redemption price equal to the principal amount of the Initial Debentures (the “**Redemption Price**”) provided the Current Market Price on the date on which the notice of redemption is given is not less than 125% of the Conversion Price and in addition thereto, at the time of redemption, the Trust will pay to the holder accrued and unpaid interest and otherwise on the terms and conditions described in the Indenture. On and after the Second Call Date, and prior to the Maturity Date, the Initial Debentures may be redeemed at the option of the Trust at a Redemption Price equal to the principal amount of the Initial Debentures, irrespective of the Current Market Price of the Units, and, in addition thereto, at the time of redemption, the Trust will pay to the holder accrued and unpaid interest and otherwise on the terms and conditions described in the Indenture. The Trust may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval, elect to satisfy its obligation to pay all or a portion of the applicable Redemption Price by the issue of that number of Freely Tradeable Units obtained by dividing the applicable Redemption Price by 95% of the Current Market Price of the Units on the Redemption Date.

Upon the occurrence of a Change of Control of the Trust, the Trust is required to make an offer to purchase all the Initial Debentures at a price equal to 101% of the principal amount of such Initial Debentures plus accrued and unpaid interest up to, but excluding, the date the Initial Debentures are so repurchased (the “**Offer**”). If 90% or more of the aggregate principal amount of the Debentures issued under the Indenture outstanding on the date the Trust provides notice of a Change of Control to the Debenture Trustee have been tendered for purchase pursuant to the Offer, the Trust has the right to redeem all the remaining outstanding Initial Debentures at the same price.

If an Offer for all of the outstanding Debentures is made and 90% or more of the principal amount of all the Debentures (other than 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 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 Debentures.

The Trust may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval, elect to satisfy the obligation to repay all or any portion of the principal amount of this Initial Debenture due on the Maturity Date by the issue of that number of Freely Tradeable Units obtained by dividing the principal amount of this Initial Debenture to be paid for in Units pursuant to the exercise by the Trust of the Unit Repayment Right by 95% of the Current Market Price on the Maturity Date.

The indebtedness evidenced by this Initial Debenture, and by all other Initial Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Trust, 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 (including any indebtedness to trade creditors), 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 Initial Debenture or the Indenture.

This Initial 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 office of the Debenture Trustee in Toronto, Ontario and in such other place or places and/or by such other registrars (if any) as the Trust with the approval of the Debenture Trustee may designate. No transfer of this Initial Debenture will be valid unless made on the register by the registered holder hereof or his or her executors or administrators or other legal representatives, or his, her or their mandatory duly appointed by an instrument in form and substance satisfactory to the Debenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Debenture Trustee and/or other registrar may prescribe and upon surrender of this Initial Debenture for cancellation. Thereupon a new Initial Debenture or Initial Debentures in the same aggregate principal amount will be issued to the transferee in exchange hereof.

This Initial Debenture will not become obligatory for any purpose until it will have been certified by the Debenture Trustee under the Indenture.

If any of the provisions of this Initial Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture will take precedence and will govern. Capitalized words or expressions used in this Initial Debenture, unless otherwise defined herein, have the meaning attributed thereto in the Indenture.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF BSR Real Estate Investment Trust has caused this Initial Debenture to be signed by its duly authorized officers as of the 3rd day of September, 2020.

BSR REAL ESTATE INVESTMENT TRUST

Per: _____
Name:
Title:

TRUSTEE'S CERTIFICATE

This Initial Debenture is one of the 5.00% Convertible Unsecured Subordinated Debentures due September 30, 2025 of BSR Real Estate Investment Trust referred to in the Indenture within mentioned.

TSX TRUST COMPANY, as debenture trustee

Per: _____
Authorized Signatory

Date of Certification: _____

(FORM OF REGISTRATION PANEL)

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

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

FORM OF 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 Initial Debenture (or \$[●] principal amount hereof*) of BSR Real Estate Investment Trust standing in the name(s) of the undersigned in the register maintained with respect to such Initial Debenture and does hereby irrevocably authorize and direct the Debenture Trustee to transfer such Initial 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 Initial Debenture is to be transferred, indicate in the space provided the principal amount (which will be \$1,000 or an integral multiple thereof, unless you hold an Initial Debenture in a non-integral multiple of \$1,000 by reason of your having exercised your right to exchange upon the making of a Debenture Offer, in which case such Initial 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 5.00% Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by one of the following methods:

1. Canada and the USA: A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a MedallionSignature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed".
2. Canada: A Signature Guarantee obtained from a major Canadian Schedule 1 chartered bank. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature Guarantees are not accepted from Treasury Branches, Credit Unions or CaissesPopulaires unless they are members of a Medallion Signature Guarantee Program.
3. Outside North America: For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable MedallionSignature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

The registered holder of this Initial 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 Initial Debenture.

Signature of Guarantor:

Authorized Officer

Signature of transferring registered holder

Name of Institution

Exhibit "1"

TO THE GLOBAL DEBENTURE No. 001

5.00% Convertible Unsecured Subordinated Debentures due September 30, 2025

CUSIP: 05585DAA1 /ISIN: CA 05585DAA15

ADJUSTMENTS

Date	Amount of Increase	Amount of Decrease	New Principal Amount	Authorization

SCHEDULE B

**TO THE TRUST INDENTURE BETWEEN
BSR REAL ESTATE INVESTMENT TRUST AND
TSX TRUST COMPANY**

FORM OF REDEMPTION NOTICE

**BSR REAL ESTATE INVESTMENT TRUST
5.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
REDEMPTION NOTICE**

TO: Holders of 5.00% Convertible Unsecured Subordinated Debentures (the “**Debentures**”) of **BSR REAL ESTATE INVESTMENT TRUST** (the “**Trust**”)

AND TO: TSX Trust Company (the “**Debenture Trustee**”)

Note: All capitalized terms used herein have the meaning attributed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the Trust Indenture (the “**Indenture**”) dated September 3, 2020 between the Trust and TSX Trust Company (the “**Debenture Trustee**”), that the aggregate principal amount of \$[●] of the \$[●] of Debentures outstanding will be redeemed as of [●] (the “**Redemption Date**”), upon payment of a redemption amount of \$1,000 for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$[●] (the “**Redemption Price**”), and (ii) all accrued and unpaid interest hereon to but excluding the Redemption Date (collectively, the “**Total Redemption Price**”).

The Total Redemption Price will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

TSX Trust Company
100 Adelaide St W #301
Toronto, ON M5H 4H1

Attention: Vice President, Trust Services

The interest upon the principal amount of Debentures called for redemption will cease to be payable from and after the Redemption Date, unless payment of the Total Redemption Price will not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Total Redemption Price pursuant to the Indenture.

Pursuant to Section 4.6 of the Indenture, the Trust hereby irrevocably elects to satisfy its obligation to pay to the holders of Debentures \$[●] of the Redemption Price payable to holders of Debentures in accordance with this notice by issuing and delivering to the holders that number of Freely Tradeable Units obtained by dividing the Redemption Price by 95% of the then Current Market Price of the Units on the Redemption Date.

No fractional Units will be delivered upon the exercise by the Trust of the above-mentioned redemption right but, in lieu thereof, the Trust will pay the cash equivalent thereof determined on the basis of the Current Market Price of Units on the Redemption Date (less any tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Debentures for payment on the Redemption Date, the Trust will, on the Business Day immediately preceding the Redemption Date, make the delivery to the Debenture Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, of certificates representing the Freely Tradeable Units to which holders are entitled together with the cash equivalent in lieu of fractional Units, cash for all accrued and unpaid interest up to, but excluding, the Redemption Date, and, if only a portion of the Debentures are to be redeemed by issuing Freely Tradeable Units, cash representing the balance of the Redemption Price.

DATED: _____

BSR REAL ESTATE INVESTMENT TRUST

Per: _____
Name:
Title:

SCHEDULE C

**TO THE TRUST INDENTURE BETWEEN
BSR REAL ESTATE INVESTMENT TRUST AND
TSX TRUST COMPANY**

FORM OF MATURITY NOTICE

**BSR REAL ESTATE INVESTMENT TRUST
5.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
MATURITY NOTICE**

To: Holders of 5.00% Convertible Unsecured Subordinated Debentures (the “**Debentures**”) of **BSR REAL ESTATE INVESTMENT TRUST** (the “**Trust**”)

Note: All capitalized terms used herein have the meaning attributed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Subsection 4.10(b) of the Trust Indenture (the “**Indenture**”) dated September 3, 2020 between the Trust and TSX Trust Company, as trustee (the “**Debenture Trustee**”), that the Debentures are due and payable as of September 30, 2025 (the “**Maturity Date**”) and the Trust elects to satisfy its obligation to pay to holders of Debentures \$[●] of the principal amount of the Debentures outstanding on the Maturity Date by issuing and delivering to the holders that number of Freely Tradeable Units equal to the number obtained by dividing such principal amount of the Debentures by 95% of the Current Market Price of Units on the Maturity Date.

No fractional Units will be delivered on exercise by the Trust of the above mentioned repayment right but, in lieu thereof, the Trust will pay the cash equivalent thereof determined on the basis of the Current Market Price of Units on the Maturity Date (less any tax required to be deducted, if any).

In this connection, upon presentation and surrender of the Debentures for payment on the Maturity Date, the Trust will, on the Business Day immediately preceding the Maturity Date, make delivery to the Debenture Trustee, at its principal corporate trust office in Toronto, Ontario, for delivery to and on account of the holders, of certificates representing the Freely Tradeable Units to which holders are entitled together with the cash equivalent in lieu of fractional Units, cash for all accrued and unpaid interest up to, but excluding, the Maturity Date and if only a portion of the Debentures are to be repaid by issuing Freely Tradeable Units, cash representing the balance of the principal amount and premium (if any) due on the Maturity Date.

DATED: _____

BSR REAL ESTATE INVESTMENT TRUST

Per: _____

Name:

Title:

SCHEDULE D

**TO THE TRUST INDENTURE BETWEEN
BSR REAL ESTATE INVESTMENT TRUST AND
TSX TRUST COMPANY**

FORM OF NOTICE OF CONVERSION

CONVERSION NOTICE

TO: BSR REAL ESTATE INVESTMENT TRUST

Note: All capitalized terms used herein have the meaning attributed thereto in the Trust Indenture between **BSR REAL ESTATE INVESTMENT TRUST** and TSX Trust Company dated September 3, 2020 (the “Indenture”), unless otherwise indicated.

The undersigned registered holder of 5.00% Convertible Unsecured Subordinated Debentures bearing Certificate No. [●] irrevocably elects to convert such Debentures (or \$[●] principal amount thereof) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures, and directs that the Units of **BSR REAL ESTATE INVESTMENT TRUST** issuable upon a conversion (or such other securities or property required to be delivered as provided by the terms of the Indenture) be issued and/or delivered to the person indicated below. (If Units or other securities are to be issued in the name of a person other than the holder, all requisite transfer taxes will be tendered by the undersigned).

Dated:

(Signature of Registered Holder)

If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which will be \$1,000 or integral multiples thereof).

NOTE: If Units are to be issued in the name of a person other than the holder, the signature will be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: “SIGNATURE GUARANTEED”, “MEDALLION GUARANTEED” or “SIGNATURE & AUTHORITY TO SIGN GUARANTEE”, all in accordance with the transfer agent’s then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including a certificate of incumbency, will also be required to accompany the transfer unless there is a “SIGNATURE & AUTHORITY TO SIGN GUARANTEE” stamp affixed to the form of transfer.

(Print name in which Units are to be issued, delivered and registered)

Name: _____

(Address)

(City, Province and Postal Code)

Name of guarantor: _____

Authorized signature: _____