Court File No. 19-CV-615862-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENTOF **JTI-MACDONALD CORP.**

Applicant

APPLICATION RECORD
(Volume 2 of 4)

March 8, 2019

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AFFIDAVIT OF ROBERT MCMASTER
(sworn March 8, 2019)

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(sworn March 8, 2019)

I, **ROBERT MCMASTER**, of the Town of Whitby, in the Province of Ontario, MAKE OATH AND SAY:

I. INTRODUCTION

1. I am a Chartered Professional Accountant (CPA, CA) and the Director, Taxation and Treasury for JTI-Macdonald Corp. ("**JTIM**") and as such, have knowledge of the matters hereinafter deposed to, save where I have obtained information from others. Where I have obtained information from others I have stated the source of the information and believe it to be true.

2. This affidavit is sworn in support of an application by JTIM for an order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), which application has been commenced as a result of the current financial circumstances of JTIM due to recent adverse developments in certain litigation in which JTIM is a defendant.

II. PRESSING NEED FOR RELIEF

3. JTIM, through its predecessor corporations and other related business entities, have been manufacturers of tobacco products in Canada since 1858.

4. As described more fully herein, Mr. Justice Riordan of the Quebec Superior Court rendered a judgment in the Class Actions (as defined herein) against JTIM and the other defendants (the "**Judgment**"), which was publicly released on June 1, 2015, and subsequently amended on June 9, 2015, that awarded a total of approximately $6.8 billion in damages on a collective and solidary basis against the defendants and punitive damages on an individual basis (all of which had an aggregate value of approximately $15.5 billion including interest and an additional indemnity as of the date of the Judgment).

5. JTIM was unsuccessful in overturning the Judgment at the Quebec Court of Appeal for the reasons described in the decision released on March 1, 2019 (the "**QCA Judgment**"). The QCA Judgment substantially upheld the Judgment and requires JTIM to pay an initial deposit of $145 million. There is uncertainty as to whether the QCA Judgment is immediately enforceable, or provides JTIM with a maximum of up to 60 days to make the payment of the initial deposit. The QCA Judgment is 422 pages and is in French only. The English conclusions of the QCA Judgment and an English summary prepared by the Quebec Court of Appeal is attached as Exhibit "**A**".

6. JTIM is an economically viable company that is able to meet its ordinary course obligations as they become due. However, if not stayed, the QCA Judgment will put JTIM out of business and destroy value for its approximately 500 full time employees, 1,300 suppliers and its customers. It would also impact approximately 28,000 retailers that sell JTIM's products and approximately 790,000 consumers of its products. Currently, the federal and provincial governments collect more

than $1.3 billion in taxes annually in relation to the sale of JTIM's products. If JTIM is forced out of business, those collections would stop.

7. JTIM is also the subject of significant health care cost recovery litigation (the "**HCCR Actions**"). The HCCR Actions commenced as a result of legislation passed in each of the ten provinces regarding the recovery of health care costs related to alleged "tobacco related wrongs", as defined in the applicable statutes. The total potential quantum of damages claimed against the defendants in the HCCR Actions, including JTIM on a joint and several basis together with other Canadian manufacturers and certain of their affiliates, is not yet known as some provincial plaintiffs have not specified the amount of their claim. However, to date, I am advised by counsel that over $500 billion has been claimed to be owing by all of the defendants in the five provinces where amounts have been specified in the claims or that have been detailed in expert reports. These claims are vastly in excess of the total book value of JTIM's assets (as disclosed herein) and are vastly in excess of the global asset value of the parent companies of the other defendant Canadian tobacco manufacturers as presented in their most recent Annual Reports.

8. JTIM requires the protections afforded under the CCAA in order to maintain the *status quo* of its operations, to allow for an application for leave and, if successful, to appeal the QCA Judgment to the Supreme Court of Canada and preserve going concern value for all of its stakeholders.

9. Notwithstanding that JTIM continues to assert that it has no liability in respect of the litigation claims asserted against it, in parallel with any appeal of the QCA Judgment, JTIM has decided to seek a collective solution for the benefit of all stakeholders in respect of the QCA

Judgment and the other multi-billion dollar claims currently being pursued against it. The requested stay under the CCAA will allow JTIM time and a platform to achieve such a solution.

III. OVERVIEW OF THE APPLICANT

A. *Corporate Structure*

10. JTIM is a private company that was continued as a corporation under the *Canada Business Corporations Act* in April 2012, and maintains its registered head office in Mississauga, Ontario (the "**Head Office**"). JTIM is owned indirectly by Japan Tobacco Inc. ("**Japan Tobacco**"), a publicly listed company in Japan.

11. A copy of an organization chart of the relevant related-party tobacco companies outside of Japan (such companies, collectively, "**JT International**") is attached as Exhibit "**B**".

12. On May 11, 1999, JTIM, then known as RJR-Macdonald Corp. was acquired by JT Nova Scotia Corporation, an indirectly wholly-owned subsidiary of Japan Tobacco.

13. Following an amalgamation and corporate reorganization in 2012, JTIM is now a direct wholly-owned subsidiary of JT Canada LLC Inc. ("**ParentCo**"), a Nova Scotia corporation and an indirect subsidiary of Japan Tobacco.

14. JTIM is the parent and sole shareholder of JTI-Macdonald TM Corp. ("**TM**"). TM owns many of the trademarks that JTIM uses in its business and is a secured creditor of JTIM. As a result of the Recapitalization Transactions (as defined herein), ParentCo is a secured creditor of TM.

15. On April 13, 2015, ParentCo demanded payment of the secured indebtedness owing from TM to ParentCo, then in the amount of approximately $1.0 billion. TM was unable to satisfy that

demand. Pursuant to the terms of the security agreements granted by TM in favour of ParentCo, on July 9, 2015, ParentCo privately appointed PricewaterhouseCoopers Inc. as the receiver and manager of TM (the "**TM Receiver**"). Subsequent to the appointment of the TM Receiver, each of the directors of TM resigned.

16. TM is not a party in any of the litigation involving JTIM. For that reason, TM is not a part of these proceedings.

B. ***The Business***

17. Most of JTIM's senior management are located at the Head Office in Mississauga, Ontario. The Head Office is responsible for all functional areas regarding the sales and distribution of JTIM's products in Canada. Managerial responsibilities for the manufacturing of JTIM's products are carried out at a manufacturing facility located at 2455 Ontario Street East, in Montreal, Quebec (the "**Plant**").

18. JTIM employs approximately 500 full-time employees in Canada. In addition, JTIM leases offices and warehouse space and employs sales representatives and associates across Canada. JTIM has been on the Aon Hewitt Best Employers list for Canadian companies and was recently certified as a Top Employer in Canada by the Top Employers Institute.

19. JTIM is the third largest tobacco company defendant in the Class Actions (as defined herein) based on volume of sales in Canada. JTIM's products consist of cigarettes, fine-cut tobacco, cigars and accessories branded under various trademarks and brand names for distribution throughout Canada and for export. JTIM imports tobacco products for distribution in Canada mainly from JT International SA ("**JTI-SA**"), a foreign sister company to ParentCo.

20. JTIM purchases some processed tobacco from other related party entities, including JTI-SA, but most is purchased from third party suppliers.

21. JTIM's processed tobacco is stored at leased premises near Montreal, Quebec and is shipped to the Plant as needed. The Plant has been in operation since 1874 and is JTIM's only manufacturing facility.

22. JTIM's tobacco products are either manufactured at the Plant or imported by JTIM. Generally, JTIM sells to wholesalers who in turn sell to retailers who sell to consumers. On a lesser basis, JTIM sells tobacco products directly to retailers and consumers.

C. ***Pension Plans***

23. JTIM is the plan sponsor and administrator of the following four pension and post-retirement benefits plans: (i) the JTI-Macdonald Corp. Employees' Retirement Plan (the "**ERP**"), (ii) the JTI-Macdonald Corp. Management Employees' Pension Plan (the "**MEPP**"), (iii) the JTI-Macdonald Corp. Executive Supplemental Benefit Plan (the "**ESBP**"), and (iv) the JTI-Macdonald Corp. Supplemental Non-Registered DC Pension Plan (the "**Non-Registered DC Plan**" and collectively with the ERP, the MEPP and the ESBP, the "**Pension Plans**").

24. Based on the most recent actuarial valuations, the Pension Plans had the following degrees of solvency: (i) 99.5% for the ERP, representing a deficiency in the amount of approximately $2.0 million, (ii) 99% for the MEPP, representing a deficiency in the amount of approximately $0.3 million, and (iii) 100% for the ESBP. The concept of a solvency deficiency does not apply to the Non-Registered DC Plan.

25. All employee contributions and solvency deficiency payments are current in respect of each of the Pension Plans.

26. JTIM provides other post-employment benefits ("**OPEBs**") to former salaried and hourly employees (unionized and non-unionized) and their dependants, including drug, medical, dental and life insurance benefits. As of December 31, 2018, the total present value for future OPEB contingent liabilities is estimated at $109.2 million. It is contemplated that these CCAA proceedings will not affect any payments required to be made in respect of the Pension Plans or the OPEBs.

D. *Material Contracts*

i) Trademark Agreement

27. JTIM's market share in Canada is largely attributed to the brands of tobacco products it exclusively sells in the Canadian market. JTIM licenses or has the right to use all of the trademarks with respect to such brands from related parties. If such arrangements were terminated, JTIM's business would effectively cease in its current form.

28. Many of the trademarks that JTIM is permitted to use in its operations are owned by TM. Pursuant to the Trademark License Agreement dated October 8, 1999, as amended from time to time (collectively, the "**Trademark Agreement**"), TM granted to JTIM a non-exclusive, world-wide license to use TM's trademarks in association with the manufacturing, distribution, advertising and sale of the licensed products for the remuneration set out therein.

29. In August 2017 and January 2018, after a default by JTIM under its secured facilities with TM as a result of the issuance of the Judgment (such default is discussed in more detail below), JTIM and TM negotiated amendments to the Trademark Agreement (the "**Trademark**

Amendments") as consideration for TM's agreement to forbear from exercising its enforcement rights against JTIM. The August 2017 amendment changed the frequency of royalty payments paid by JTIM to TM under the Trademark Agreement from semi-annual payments to monthly payments. The aggregate annual amounts payable under the Trademark Agreement remained unchanged. The January 2018 amendment to the Trademark Agreement, which was a condition of the extension of the forbearance arrangement, made the supply of goods and services under the Trademark Agreement solely in the discretion of TM, acting through the TM Receiver, and required JTIM to provide a deposit to TM in an amount equal to 1.5 times the average monthly payment under the Trademark Agreement against which outstanding liabilities could be set-off. JTIM provided TM with a deposit, which as of February 28, 2019 is $1,330,000, in satisfaction of this term of the January 2018 amendment. Attached as Exhibit "**C**" are copies of the Trademark Amendments.

30. The Trademark Amendments were required by ParentCo as part of a forbearance arrangement and in response to the possibility of liquidity constraints on JTIM in the event that the Judgment was upheld. ParentCo. is the senior secured creditor of TM and has enforced its security and appointed the TM Receiver over TM. As a result of the forbearance arrangement, the TM Receiver has agreed to forbear from enforcing on the loan and security granted by JTIM to TM.

31. JTIM is required to continue paying TM pursuant to the terms of the Trademark Agreement. Termination of the right to use the trademarks licensed pursuant to the Trademark Agreement (which license is provided on a discretionary basis) would likely cause the cessation of JTIM's business. Although not every aspect of the business is affected by the TM trademarks,

the remaining lines of business would likely not be viable on a stand-alone basis. These arrangements have allowed JTIM to continue operating in the ordinary course.

ii) Other Related Party Agreements

32. JTIM is a party to numerous services agreements and limited risk distribution agreements (the "**LRD Agreements**") with related parties, which are required for JTIM's continued operations.

33. JTIM also has related party contracts in respect of manufacturing, distribution, leaf sourcing and other miscellaneous agreements.

34. I have been advised by legal counsel that the Proposed Monitor (as defined below) in this proceeding has reviewed the material related party agreements, including the payment provisions thereunder. The service charges in place have also been audited by Canada Revenue Agency ("**CRA**") up to the 2013 taxation year and no adjustments have been required to date. CRA is currently in the process of auditing the 2014-2016 taxation years and, to date, no adjustments have been proposed.

iii) 2018 Amendments and Forbearance of Related Party Agreements

35. Against the backdrop of litigation and related credit risk, JTIM's related-party suppliers expressed concern about their potential exposure in the event that enforcement steps were taken by a judgment creditor resulting in JTIM's need to seek creditor protection. Under the intercompany arrangements then in place, such credit risk was viewed by the related parties as unacceptable. The related party suppliers advised JTIM that the intercompany supply agreements were at risk of termination. Given the unique nature of the goods and services provided, it would not be possible for JTIM to find satisfactory replacement supply arrangements. The agreements

reached with these suppliers were necessary to permit JTIM to continue operating in the ordinary course.

36. In order to maintain the necessary supply of goods and services and avoid a disruption to JTIM's business, JTIM negotiated forbearance agreements (the "**Forbearance Agreements**"), copies of which are attached as Exhibit "**D**", with five of its related party suppliers. Collectively, the Forbearance Agreements increased the frequency of payments (but not the total amount of payments) to monthly in advance (except for the LRD Agreements), required JTIM to provide a deposit capable of being set-off by the related party supplier against amounts owing by JTIM, and/or granted a security interest in all of JTIM's present and after acquired personal property in the form of a general security agreement or moveable hypothec. The following chart summarizes the changes implemented under the Forbearance Agreements:

Supplier	Frequency of Payment	Security	Right to Deposit
JTI-SA	Monthly in advance (save and except the LRD Agreements)	Yes*	No
JT International Business Services Limited ("JTI-BSL")	Monthly in advance	Yes*	Yes†
JT International Holding B.V. ("JTIH-BV")**	Monthly in advance	Yes*	Yes†
JTI Services Switzerland SA	Monthly in advance	No	No
JTI (US) Holdings Inc.	Monthly in advance	No	No

* The security granted was in the form of a general security agreement and moveable hypothec.

**On its own behalf and on behalf of certain of its affiliates.

† A deposit was ultimately not required as payments were, and continue to be, made monthly in advance.

E. ***Cash Management***

37. JTIM is part of a globally-integrated business processes and information system known as SAP. The SAP system provides substantial operational benefits to JTIM, including the integration of the supply chain, research and development and finance/treasury information systems, real-time data availability, improved quality control and internal controls, and treasury-related benefits such as reducing the number of bank accounts, automating bank reconciliations, enhancing cash flow forecasting and improving liquidity management.

38. As a result of the SAP system, JTIM's information flows are consistent with its foreign affiliates. In addition, the management of JT International is provided with real-time visibility into JTIM's operational and financial information.

39. Citibank Canada is the banking service provider for those JT International entities operating in North America. JTIM maintains seven bank accounts with Citibank, N.A., Canada Branch ("**Citibank**"), one of which is denominated in USD. JTIM's accounts are comprised of single-purpose accounts for the receipt of tax refunds, for payment of employee benefits, for receipt of funds from direct sales to retailers, for payment of marketing and sales programs to retailers and to hold cash collateral, as further described below. The USD account and one CAD account are used for general operations transactions in those respective currencies.

40. Pursuant to agreements dated November 18, 2016 and February 24, 2017 between JTIM and Citibank, JTIM pledged $900,000 as cash collateral in respect of central travel account card

services and $8 million in respect of certain cash management services which require the extension of credit by Citibank, respectively, in each case as provided by Citibank to JTIM. Attached as Exhibits "**E**" and "**F**" are the two cash collateral agreements.

41. JTIM currently maintains two bank accounts at Royal Bank of Canada, one of which is a high interest savings account and the other is used for collecting sales proceeds from certain retail customers. JTIM also maintains term deposits at Sumitomo Mitsui Banking Corporation, Canada Branch.

IV. LIABILITIES OF THE APPLICANT

A. *Secured Creditors of JTIM*

i) TM Term Debentures

42. On March 9, 1999, it was announced that Japan Tobacco had reached an agreement to purchase the international (non-US) tobacco assets of RJR Nabisco, Inc., R. J. Reynolds Tobacco Company and their affiliates (collectively, the "**RJR Group**") pursuant to the terms of the Purchase Agreement (as defined below). The aggregate purchase price as set out in the Purchase Agreement was USD$7,832,539,000 in cash. The bid process was competitive and the major international tobacco groups participated in it. At the time, Japan Tobacco was a large company in Japan but only had a limited international presence.

43. From the outset, it was understood that, for tax-planning purposes, the acquisition of the Canadian assets would be a leveraged buyout leaving the Canadian operating company with debt and interest that would be deductible from its earnings. However, because of the extremely tight time frame to close the transaction, which ultimately occurred on May 11, 1999, the completion of many of the necessary planning and implementation steps required to integrate this worldwide

acquisition had to be postponed until after closing.

44. To effect a leveraged buyout structure, on November 23, 1999, JT International B.V. ("**JTI-BV**"), an affiliated entity incorporated under the laws of the Netherlands, borrowed $1.2 billion from ABN AMRO Bank N.V. ("**ABN AMRO**"), a third-party financial institution. On the same day, JTI-BV made a secured advance of $1.2 billion to ParentCo. ParentCo then made a secured advance of $1.2 billion to TM and TM made a secured advance of $1.2 billion to JT Nova Scotia Corporation (now JTIM through amalgamation). JTIM then returned capital of $1.2 billion to its then parent, JT Canada LLC II Inc. Through various intercompany transactions, the funds were eventually paid to JTI-BV, who repaid the loan to ABN AMRO (collectively, the "**Recapitalization Transactions**").

45. The Recapitalization Transactions were reviewed in detail during the CCAA proceedings commenced by the Applicant in 2004 as more particularly described herein. The Fourth Report to the Court of the 2004 Monitor (as defined herein) dated February 16, 2005 (the "**Fourth Report**"), a copy of which is attached without exhibits as Exhibit "**G**", provides a detailed overview of the Recapitalization Transactions. My comments on the Recapitalization Transactions are based on my personal knowledge of the Recapitalization Transactions and from my review of the Fourth Report.

46. As a result of the Recapitalization Transactions, the amounts owed by JTIM to TM are: (i) evidenced by ten (10) convertible debentures, governed by the laws of the Province of Quebec, in the total aggregate principal amount of $1.2 billion (the "**TM Term Debentures**"), as amended from time to time, (ii) subscribed for under the Convertible Debenture Subscription Agreement dated November 23, 1999, as amended by the Amending Agreement dated December 23, 2014

(collectively, the "**Subscription Agreement**"), (iii) due on November 18, 2024, and (iv) redeemable at the option of JTIM and convertible into special preference shares of JTIM at the option of the holder. On December 2, 1999, JTIM also delivered a demand debenture to TM (the "**Demand Debenture**"), governed by the laws of the Province of Nova Scotia, granting TM a general and continuing security interest in JTIM's business, undertakings and all of its property and assets, real and personal, movable and immovable of whatsoever kind and nature, both present and future. Copies of one of the TM Term Debentures, the Subscription Agreement and the Demand Debenture are attached as Exhibits "**H**", "**I**" and "**J**".

47. The Judgment triggered an event of default pursuant to section 13.9 of the Subscription Agreement, making the security granted thereunder enforceable by the TM Receiver against JTIM. On August 3, 2017, the TM Receiver and JTIM agreed to the terms of a forbearance letter (the "**TM Forbearance Letter**"). Pursuant to the terms of the TM Forbearance Letter, the TM Receiver agreed, among other things, to forbear from enforcing its rights and remedies against JTIM in consideration of changes to the frequency of royalty payments owing pursuant to the Trademark Agreement, as described above. A copy of the TM Forbearance Letter (without schedules because these schedules are separately attached hereto as Exhibit "**C**") is attached as Exhibit "**K**".

48. The forbearance was extended pursuant to several letter agreements (collectively, the "**Forbearance Extensions**"). Copies of the Forbearance Extensions are attached as Exhibit "**L**".

49. The Forbearance Extensions expired on February 28, 2019. On February 28, 2019, by way of letter, the TM Receiver informed JTIM that in light of the pending QCA Judgment, the TM Receiver was not prepared to formally extend the forbearance period further. However, the TM

Receiver would agree to a day-to-day extension under the same terms and conditions of the TM Forbearance Letter, which day-to-day extension may be terminated at the TM Receiver's sole and absolute discretion. A copy of the letter from TM's counsel is attached as Exhibit "**M**".

50. In accordance with the terms of the TM Forbearance Letter, the TM Term Debentures were amended by an agreement dated August 3, 2017 (the "**TM Debenture Amending Agreement**" and collectively with the TM Term Debentures, the "**Revised TM Term Debentures**") to change the interest payment frequency (but not total amount) from bi-annually to monthly. Currently, JTIM makes interest payments to TM on account of its secured indebtedness in the approximate amount of $7.6 million monthly on the 18th and principal payments of approximately $950,000 in May and November annually. As at February 28, 2019, the amount outstanding under the TM Term Debentures (including accrued interest) was approximately $1.18 billion. A copy of the TM Debenture Amending Agreement is attached as Exhibit "**N**".

51. The Revised TM Term Debentures are secured by, among other things, the Demand Debenture, a Deed of Hypothec dated November 23, 1999, a Supplemental Deed of Hypothec dated December 2, 1999, a Deed of Moveable Hypothec and Pledge of Shares dated December 12, 2000 and a Deed of Confirmation dated May 14, 2015, each as amended (collectively, the "**Hypothecs**") now held by BNY Trust Company of Canada (and in certain cases, formerly held by the Trust Company of Bank of Montreal) ("**TrustCo**") as the attorney for TM. Copies of the Hypothecs are attached as Exhibits "**O**", "**P**", and "**Q**" and "**R**", respectively.

52. I am advised by legal counsel that:

(a) TM directly registered its security interest against the personal property of JTIM in the following jurisdictions and on the following dates:

Registration Number	Jurisdiction	Registration Date	Collateral
856928601	Ontario	November 22, 1999	All classes except "consumer goods".
2399489 / 2417398	Nova Scotia		All present and after-acquired personal property.
681989I	British Columbia	June 23, 2015	
15062337351	Alberta		
301355169	Saskatchewan	June 24, 2015	
201511679902	Manitoba		
26022244	New Brunswick		
3707279	Prince Edward Island		
13031521	Newfoundland		

(b) pursuant to the security interest granted by the Hypothecs, TrustCo registered its security interest, as attorney for TM, in Ontario and Nova Scotia on December 11, 2000 under the Ontario *Personal Property Security Act* and Nova Scotia *Personal Property Security Act*. Copies of the personal property registry searches in each province as at February 28, 2019, are attached as Exhibit "**S**";

(c) as holder of the TM Term Debentures, TrustCo also registered its security interest in Quebec on December 13, 2000 and May 14, 2015 in the Registrar of Personal and Moveable Real Rights (Quebec) (the "**Quebec RPMRR**") in respect of all of JTIM's present and future property, moveable and immovable, real and personal, corporeal and incorporeal, tangible and intangible;

(d) TrustCo also registered a charge against the Plant in the Land Register for the registration division of Montreal on December 3, 1999 under registration number 5 138 944 (the "**Charge**"). There are no registrations against title to the Plant other than the Charge. A copy of the real property subsearch report prepared by Quebec counsel to JTIM relating to the Plant as at February 27, 2019 is attached as Exhibit "**T**".

ii) JTIM Secured Debt to ParentCo

53. Prior to the issuance of the Judgment, Citibank had granted an unsecured credit facility to JTIM, TM and ParentCo as joint borrowers in the principal amount of $60 million (the "**Citibank Loan**"). The Citibank Loan was used as a "smoothing" facility that was necessary as a result of the timing of the payments of substantial monthly federal excise duty and other obligations, such as interest payments, royalty payments and payroll, versus the timing of the collection of the receivables generated by the sale of inventory.

54. On June 25, 2015, after the delivery of the Judgment, Citibank advised that JTIM was no longer authorized to borrow under its credit facility. To ensure necessary cash flow for continued operations, ParentCo agreed to provide a secured borrowing facility to JTIM in the principal amount of $70 million (the "**Cash Flow Loan**") on the terms outlined in the loan agreement dated June 25, 2015 (the "**ParentCo Loan Agreement**"), attached as Exhibit "**U**". Among other things, the ParentCo Loan Agreement allows JTIM to pay the required excise duty as such obligations become due and payable, while also paying trade and employee obligations in the ordinary course.

55. As security for the amounts advanced under the Cash Flow Loan, JTIM granted a hypothec to ParentCo in respect of, among other things, its moveable property located in the Province of Quebec (the "**ParentCo Hypothec**"). The ParentCo Hypothec is attached as Exhibit "**V**". I am advised by legal counsel that ParentCo registered its security interest against JTIM pursuant to the Quebec RPMRR on June 26, 2015.

56. As of February 28, 2019, there are no amounts outstanding under the ParentCo Loan Agreement.

iii) Related Party Security Agreements

57. As noted above, as a result of the uncertainty caused by the Judgment, certain related party suppliers required JTIM to grant security to them in respect of goods and services that are delivered on credit. As at the quarter ended December 31, 2018, the gross amount outstanding to these related party suppliers is approximately $54.6 million and such amount relates almost entirely to JTIM's LRD Agreement with JTI-SA to distribute JTI-SA's tobacco products in Canada. This related party security is described in more detail below.

58. I am advised by legal counsel that,

(a) *JTI-SA Security:* in accordance with the terms of its forbearance arrangement, JTI-SA registered a purchase money security interest ("**PMSI**") against JTIM in all of the provinces (except Quebec) in Canada and a hypothec in Quebec, being the jurisdictions in which the products sold thereunder are located. A copy of the notices issued to effect the PMSI priority and hypothec are attached as Exhibit "**W**";

(b) *JTI-BSL Security:* in accordance with the terms of its forbearance arrangement, JTI-BSL registered its security interest against JTIM in all of the provinces (except Quebec) in Canada and a hypothec in Quebec, being the jurisdictions in which the services may be provided thereunder; and

(c) *JTIH-BV Security:* in accordance with the terms of its forbearance arrangement, JTIH-BV registered its security interest against JTIM in all of the provinces (except

Quebec) in Canada and a hypothec in Quebec, being the jurisdictions in which the services may be provided thereunder.

B. ***Litigation***

i) Quebec Class Actions

59. I am advised by our litigation counsel, François Grondin of Borden Ladner Gervais LLP, that:

(a) on February 21, 2005, a class action was certified against JTIM, Imperial Tobacco Canada Limited ("**Imperial**") and Rothmans, Benson & Hedges Inc. ("**Rothmans**" and collectively, with JTIM and Imperial, the "**Defendants**") in *Cécilia Létourneau* v. *Imperial Tobacco Limitée, Rothmans, Benson & Hedges Inc. and JTI-Macdonald Corp.* on behalf of tobacco smokers in the Province of Quebec for the purpose of claiming, for each proposed class member, moral damages resulting from an alleged addiction to nicotine, as well as punitive damages (the "**Létourneau Class Action**");

(b) on February 21, 2005, a class action was certified against the Defendants in *Conseil québécois sur le tabac et la santé and Jean-Yves Blais* v. *Imperial Tobacco Limitée, Rothmans, Benson & Hedges Inc. and JTI-Macdonald Corp.*, on behalf of tobacco smokers in the Province of Quebec suffering from lung, larynx or throat cancer or emphysema for the purpose of claiming, for each proposed class member, compensatory and exemplary damages (the "**Blais Class Action**");

(c) all of the alleged wrong-doings in the Létourneau Class Action and the Blais Class Action (collectively, the "**Class Actions**") occurred prior to the acquisition of JTIM by Japan Tobacco;

(d) the Class Actions were tried together and concluded on December 11, 2014. The Defendants were found liable for "moral damages" (i.e. non-pecuniary damages including pain and suffering, loss of enjoyment of life, etc.) in the Blais Class Action in the aggregate amount of approximately $6.8 billion ($15.5 billion with interest and the additional indemnity described below) of which JTIM was specifically liable for 13% of that amount totalling approximately $2 billion. However, as all of the Defendants were found "solidarily liable", each Defendant is liable for the full amount of the moral damages awarded and the Judgment can therefore be enforced against each Defendant for the full amount of the said moral damages awarded against all three Defendants. Each Defendant would have a "contribution" claim against the other Defendants for the part of the Judgment owing by them that was paid by such Defendant;

(e) the Defendants were found liable for punitive damages in the Létourneau Class Action in the amount of $131 million, of which JTIM was specifically liable for $12.5 million**.** JTIM was also found to be liable for punitive damages in the Blais Class Action in the amount of $30,000. The "condemnations" in punitive damages were awarded on an individual basis against each Defendant, including JTIM. Attached hereto as Exhibit "**X**" is an excerpt of the conclusions of the Judgment;

(f) the Defendants appealed the Judgment to the Quebec Court of Appeal (the "**QCA**") and brought a motion to strike provisions in the Judgment authorizing the plaintiffs in the Class Actions (the "**Class Action Plaintiffs**") to provisionally execute the Judgment. On July 23, 2015, the QCA released a decision that cancelled those provisions. Attached hereto as Exhibit "**Y**" is a copy of the judgment cancelling provisional execution of the Judgment;

(g) in response, the plaintiffs in the Class Actions filed a motion seeking an order that the Defendants furnish security for the Judgment, which motion was heard by the QCA on October 6, 2015. Prior to the commencement of the hearing, the motion against JTIM was withdrawn by the Class Action Plaintiffs due to the inability of counsel for JTIM and counsel for the Class Action Plaintiffs to find a mutually agreeable hearing date;

(h) a judgment was granted against Imperial and Rothmans only on October 26, 2015, which was later modified on December 9, 2015, ordering Imperial and Rothmans to furnish security to the Class Action Plaintiffs. Security was ordered in the amount of $758 million with respect to Imperial and in the amount of $226 million in respect to Rothmans, each payable by way of equal quarterly instalments until September 30, 2017. Attached hereto as Exhibit "**Z**" is a copy of the judgment ordering Imperial and Rothmans to furnish security;

(i) between November 21 and 30, 2016, the QCA heard the appeal of the Judgment. On March 1, 2019, the QCA released its judgment with respect to the appeal. The QCA Judgment confirmed the Judgment in all respects, but revised certain dates

related to the calculation of interest. The result is that the Defendants remained liable for damages in the aggregate amount of approximately $6.8 billion (approximately $13.5 billion with the revised interest dates and additional indemnity). JTIM remained specifically liable for 13% of that amount, totalling approximately $1.75 billion. Each of the Defendants remained "solidarily liable" for the full amount of the damages awarded to the Class Action Plaintiffs; and

(j) the Defendants remained liable for punitive damages in the Létourneau Class Action in the amount of $131 million, of which JTIM was specifically liable for $12.5 million. JTIM also remained liable for punitive damages in the Blais Class Action in the amount of $30,000. JTIM has up to a maximum of 60 days from the date of the QCA Judgment to pay an initial deposit of $145 million.

ii. HCCR Actions

60. I am advised by internal legal counsel that JTIM is also subject to ten distinct HCCR Actions brought by each province. The HCCR Actions were commenced as a result of legislation enacted in each of the ten provinces exclusively to allow the provinces to recoup the health care costs allegedly incurred, and that will be incurred, resulting from alleged "tobacco related wrongs", as defined in the applicable statutes. The HCCR Actions were commenced against numerous parties, including Imperial, Rothmans and certain of their affiliates, and JTIM.

61. The HCCR Actions have also been brought against R. J. Reynolds Tobacco Company and R. J. Reynolds Tobacco International, Inc. (collectively, "**Reynolds**"). Pursuant to a Purchase Agreement dated as of March 9, 1999 as amended and restated as of May 11, 1999 (the "**Purchase Agreement**"), Japan Tobacco agreed to indemnify the RJR Group as a former parent of JTIM, for

any Damages (as defined therein) incurred by the RJR Group for liabilities or obligations relating to the health effects of any products manufactured or sold by the RJR Group at any time that were consumed or intended to be consumed outside the United States, including products that were sold prior to the purchase of the business by Japan Tobacco. JTIM may have liability for certain claims being made against Reynolds. In order to effect a CCAA stay for JTIM and allow for a collective solution to the HCCR Actions, it is also beneficial to have those claims stayed against Reynolds. A copy of the relevant portions of the Purchase Agreement are attached as Exhibit "**AA**".

62. I am advised by internal legal counsel to JTIM that the status of the HCCR Actions in each of the provinces is:

Location	Status	Defendants
British Columbia	It was commenced in January 2001 against tobacco industry members including JTIM. The claim amount is unspecified. An expert report served by the Province of British Columbia in the proceeding states the value of the claim to be $120 billion. The action remains pending. The pre-trial process is ongoing and a trial date is not yet scheduled.	JTIM, Reynolds, Imperial, Rothmans, B.A.T Industries p.l.c., British American Tobacco (Investments) Limited, Carreras Rothmans Limited, Philip Morris Incorporated, Philip Morris International, Inc., Rothmans International Research Division and Ryesekks p.l.c.and Canadian Tobacco Manufacturers Council (the "**CTMC**")
Alberta	It was commenced in June 2012 against tobacco industry members, including JTIM. The statement of claim contains allegations of joint and several liabilities among all the defendants but does not specify any individual amount or percentages. The total amount claimed is at least $10 billion. The pre-trial process is ongoing and a trial date is not yet scheduled.	JTIM, Reynolds, Imperial, Rothmans, CTMC, Altria Group, Inc., B.A.T Industries p.l.c., British American Tobacco (Investments) Limited, British American Tobacco p.l.c., Carreras Rothmans Limited; Philip Morris International, Inc., Philip Morris USA, Inc., and Rothmans Inc.

Saskatchewan	It was commenced in June 2012 against tobacco industry members, including JTIM. The claim amount is unspecified. The pre-trial process is ongoing and a trial date is not yet scheduled.	JTIM, Reynolds, Imperial, Rothmans, CTMC, Rothmans Inc., Altria Group, Inc., Philip Morris International, Inc., British American Tobacco p.l.c., B.A.T Industries p.l.c., British American Tobacco (Investments) Limited, and Carreras Rothmans Limited
Manitoba	It was commenced in May 2012 against tobacco industry members including JTIM. The claim amount is unspecified. The pre-trial process is ongoing and a trial date is not yet scheduled.	JTIM, Reynolds, Imperial, Rothmans, CTMC, Rothmans, Inc., Altria Group, Inc., Philip Morris U.S.A. Inc., Philip Morris International, Inc., British American Tobacco p.l.c., B.A.T Industries p.l.c., British American Tobacco (Investments) Limited and Carreras Rothmans Limited
Ontario	It was commenced in September 2009 against tobacco industry members, including JTIM. The statement of claim contains allegations of joint and several liabilities among all the defendants but does not specify any individual amount or percentages within the total claimed amount of $330[1] billion. The pre-trial process is ongoing and a trial date is not yet scheduled.	JTIM, Reynolds, Imperial, Rothmans, CTMC, Carreras Rothmans Limited, Altria Group, Inc., Phillip Morris U.S.A. Inc., Phillip Morris International Inc., British American Tobacco p.l.c., B.A.T Industries p.l.c., and British American Tobacco (Investments) Limited
Quebec	It was commenced in June 2012 against tobacco industry members, including JTIM. The statement of claim contains allegations of joint and several liabilities among all the defendants but does not specify any individual amount or percentages. The total amount claimed is approximately $61 billion.	JTIM, Reynolds, Imperial, Rothmans, CTMC, B.A.T Industries p.l.c., British American Tobacco (Investments) Limited, Carreras Rothmans Limited, Philip Morris USA Inc., and Philip Morris International Inc.

[1] On May 31, 2018, the Province of Ontario indicated to the defendants that it intends to amend its Statement of Claim to increase the amount claimed to $330 billion from $50 billion.

	The pre-trial process is ongoing and a trial date is not yet scheduled.	
New Brunswick	It was commenced in March 2008 against tobacco industry members, including JTIM. The claim amount is unspecified. The documents filed by the Province of New Brunswick in the proceeding valued its claim at approximately $18 billion. The pre-trial process is ongoing and the trial is scheduled to begin in November 2019.	JTIM, Reynolds, Imperial, Rothmans, CTMC, Carreras Rothmans Limited, Altria Group, Inc., Phillip Morris U.S.A. Inc., Phillip Morris International Inc., British American Tobacco p.l.c., B.A.T Industries p.l.c., and British American Tobacco (Investments) Limited
Nova Scotia	It was commenced in January 2015 against tobacco industry members, including JTIM. The claim amount is unspecified. JTIM filed a defence on July 2, 2015. The parties entered into a "standstill" agreement whereby all parties agreed to take no further steps in the litigation. Although the standstill has expired, the proceeding continues to be on hold and no significant document production has occurred.	JTIM, Reynolds, Imperial, Rothmans, CTMC, Rothmans Inc., Altria Group, Inc., Philip Morris U.S.A. Inc, Philip Morris International Inc., British American Tobacco p.l.c., B.A.T Industries p.l.c., British American Tobacco (Investments) Limited and Carreras Rothmans Limited
Prince Edward Island	It was commenced in September 2012 against tobacco industry members, including JTIM. The claim amount is unspecified. The pre-trial process is ongoing and a trial date is not yet scheduled.	JTIM, Reynolds, Imperial, Rothmans, CTMC, Rothmans, Inc., Altria Group, Inc., Philip Morris U.S.A. Inc., Philip Morris International, Inc., British American Tobacco p.l.c., B.A.T Industries p.l.c., British American Tobacco (Investments) Limited and Carreras Rothmans Limited
Newfoundland and Labrador	It was commenced in February 2011 against tobacco industry members, including JTIM. The claim amount is unspecified. The proceedings are ongoing and a trial date is not yet scheduled.	JTIM, Reynolds, Imperial, Rothmans, CTMC, Carreras Rothmans Limited, Altria Group, Inc., Philip Morris USA Inc, Philip Morris International Inc., British American Tobacco p.l.c., B.A.T Industries p.l.c, and British America Tobacco (Investments) Limited

iii) Other Ongoing Litigation

63. I am advised by internal legal counsel that JTIM is also subject to the following other unresolved class actions (the "**Additional Class Actions**"):

Action	Brief Description	Defendants
Tobacco Growers Class Action	On April 23, 2010, a class action was commenced on behalf of Ontario flue-cured tobacco growers and producers against JTIM for the alleged failure of JTIM to appropriately pay for tobacco purchased for sale in the Canadian market in the amount of $50 million (plus interest and costs). The proceedings are ongoing.	JTIM, to be heard together with similar class actions filed against Imperial and Rothmans
Adams, Kunta, Dorian and Semple Class Actions	In July 2009, four class actions seeking unquantified damages were filed in Saskatchewan, Manitoba, Alberta and Nova Scotia against JTIM as well as a number of other manufacturers participating in the Canadian cigarette market alleging that cigarettes are a defective product with the potential to cause harm. Apart from the initial exchange of pleadings, no further steps have been taken to advance the claims and are thus, each either expired or dormant.	JTIM, Reynolds, Imperial, B.A.T Industries p.l.c, British American Tobacco (Investments) Limited, British American Tobacco p.l.c, Rothmans, Altria Group Inc., Phillip Morris Incorporated, Phillip International, Inc. and Phillip Morris U.S.A. Inc., Carreras Rothman, Carreras Rothmans Limited, Rothmans Inc., Ryesekks p.l.c. and the CTMC
Bourassa and McDermid Class Actions	In July 2010, two class actions seeking unquantified damages were filed and served in British Columbia against JTIM as well as a number of other manufacturers participating in the Canadian cigarette market. In the class actions, the plantiffs' claim for health related damages on behalf of individuals who smoked a minimum of 25,000 cigarettes designed, manufactured, imported, marketed or distributed by the defendants. Apart from the initial	JTIM, Reynolds, Imperial, B.A.T Industries p.l.c, British American Tobacco (Investments) Limited, British American Tobacco p.l.c., Rothmans, Rothmans, Altria Group Inc., Phillip Morris Incorporated, Phillip International, Inc. and Phillip Morris U.S.A. Inc., Carreras Rothman, Carreras Rothmans

	exchange of pleadings, no further steps have been taken to advance the claims and are thus, each either expired or dormant.	Limited, Rothmans Inc., Ryesekks p.l.c and the CTMC
Jacklin Class Action	In June 2012, a class action seeking unquantified damages was filed in Ontario against JTIM as well as a number of other manufacturers participating in the Canadian cigarette market. In the class action, the plantiffs' claim for health related damages on behalf of individuals who smoked a minimum of 25,000 cigarettes designed, manufactured, imported, marketed or distributed by the defendants. The claims were served on JTIM in November 2012, but no further steps have been taken and are currently dormant.	JTIM, Reynolds, Imperial, B.A.T Industries p.l.c, British American Tobacco (Investments) Limited, British American Tobacco p.l.c., Rothmans, Rothmans, Altria Group Inc., Phillip Morris Incorporated, Phillip International, Inc. and Phillip Morris U.S.A. Inc., Carreras Rothman, Carreras Rothmans Limited, Rothmans Inc., Ryesekks p.l.c and the CTMC

C. *Ordinary Course Obligations*

64. JTIM has approximately 1,300 suppliers and other normal course creditors. All of JTIM's trade, tax and employment obligations are current in accordance with agreed or required payment terms. As at December 31, 2018, the total outstanding pre-filing indebtedness for these ordinary course obligations, excluding related party trade debt, is approximately $108.1 million. Of that amount, approximately $54.6 million relates to outstanding taxes and duties, $12 million is in respect of payroll and benefits (including pension payments), $5 million relates to arm's length trade creditors and $36.5 million relates to accruals and other liabilities including accruals for goods received before invoices in respect thereof are received. JTIM pays its outstanding taxes and duties one month in arrears in accordance with the law and is current on its payments.

65. JTIM proposes to continue to pay its suppliers in the ordinary course and to treat them as unaffected creditors in the CCAA proceeding.

66. Any damage to the ongoing operations of the business would negatively affect JTIM's stakeholders. In the majority of cases, it would be difficult to quickly replace a trade creditor that stopped supply as a result of JTIM's failure to pay its outstanding obligations. The cost of any potential disruption to JTIM's business and the costs that would be associated with any claim identification and determination process involving a multitude of trade creditors for relatively minor amounts as compared to the stated litigation claims would be uneconomical and unnecessary. JTIM's total third party ordinary course trade liabilities represent less than 0.30% of the total liabilities of JTIM as at December 31, 2018, including the QCA Judgment but excluding any other litigation claims. Preservation of going concern value, including by minimizing supply disruption, is in the best interests of all stakeholders.

67. JTIM's employees are paid periodically, usually in arrears through a payroll provider. All payments to employees are being made, and are proposed to continue to be paid, in the ordinary course.

68. JTIM proposes to pay all Pension Plan obligations, including OPEBs, in accordance with applicable requirements and in the ordinary course.

69. JTIM pays substantial amounts in taxes and duties to the various provincial and federal governments. All obligations are current in accordance with required terms and are proposed to continue to be paid in the ordinary course.

70. Pursuant to the Trademark Agreement, the next monthly royalty payment to TM is due, and is proposed to be paid, on April 1, 2019, in the ordinary course. The amount of the royalty payment varies with sales, but has historically been approximately $1 million per month.

V. Financial Situation and Cash Flow Forecast

A. *Financial Statements*

71. As at the close of business on February 28, 2019, JTIM had approximately $90 million in net available cash on hand, after allowing for known payments that were due on that day. As the operations of JTIM have been, and are expected to remain, cash flow positive, JTIM will have sufficient cash to fund its projected operating costs until the end of the proposed stay period. A copy of JTIM's annual financial statements for the year ended December 31, 2017, are attached as Exhibit "**BB**". A copy of JTIM's interim quarterly financial statements for the quarter ended December 31, 2018, are attached as Exhibit "**CC**".

72. As at December 31, 2018, JTIM's assets had a book value of approximately $1.9 billion and JTIM's liabilities, other than the QCA Judgment and the litigation related contingent liabilities, were valued as follows:

	December 31, 2018
ASSETS (CDN$000s)	
Current	
Cash and short term investments	139,195
Accounts receivable	9,643
Inventories	152,528
Other current assets	5,928
	307,294
Non-current	
Properties, plant and equipment	40,886
Investment in subsidiary companies	1,200,000
Other Assets	8,900
Goodwill	304,328
Future income taxes	29,153
Total assets	1,890,561

	December 31, 2018
LIABILITIES (CDN$000s)	
Current	
Short Term Borrowing	-
Accounts payable and accrued liabilities	103,719
Due to related parties – current	39,932
	143,651
Non-current	
Secured convertible debenture payable to subsidiary	1,183,326
Employee future benefits	102,553
Other liabilities and capital leases	4,394
Total liabilities	1,433,924

73. A majority of JTIM's approximately $1.9 billion book value of assets on its balance sheet relates to JTIM's $1.2 billion equity investment in its subsidiary, TM. This equity interest ranks behind the secured debt owing by TM to ParentCo of approximately $1.0 billion. TM is in receivership and the value of JTIM's equity investment is questionable at best. The remaining assets of JTIM cannot satisfy the secured claims against JTIM, much less the unsecured litigation claims including the QCA Judgment.

74. As at December 31, 2018, JTIM had non-contingent liabilities totalling approximately $1.4 billion, of which approximately $144 million consist of current liabilities, such as accounts payable and accrued liabilities. The majority of JTIM's liabilities consist of the $1.18 billion of secured debt owed to TM, now under the control of the TM Receiver appointed by ParentCo.

75. As described above, JTIM is able to meet its ordinary course obligations as they become due. JTIM is seeking relief, however, because it does not have the financial resources to pay its share of the QCA Judgment, let alone the full amount for which it is solidarily liable. JTIM therefore requires the protections offered under the CCAA to obtain a stay and a period of stability within which to attempt to find a collective resolution.

76. I am advised by legal counsel that it is uncertain whether steps can be taken immediately to enforce the QCA Judgment and that counsel to the Class Action Plaintiffs have refused to confirm that the QCA Judgment is not immediately enforceable, notwithstanding that the QCA Judgment provides for up to a maximum of 60 days for JTIM to provide the initial deposit. Therefore, JTIM is facing the potential for the immediate enforcement of a significant judgment and is also the subject of the pending HCCR Actions, which claims are far in excess of the book value of the assets of JTIM (as discussed above). The total secured and unsecured obligations of JTIM, including the QCA Judgment, greatly exceed my expectation of the realizable value of the assets on a going concern basis**.** I have been advised by external legal counsel that JTIM is therefore insolvent, as that term is understood in the restructuring context.

B. *Cash Flow Forecast*

77. Attached as Exhibit "**DD**" is a statement of the projected 13-week cash flow forecast (the "**Cash Flow Statement**") of JTIM for the week commencing February 25, 2019 to the week ending May 24, 2019. The Cash Flow Statement was prepared by JTIM with the assistance of Deloitte Restructuring Inc. ("**Deloitte**"), the proposed Monitor (in such capacity, the "**Proposed Monitor**"). The Cash Flow Statement demonstrates that if the relief requested is granted, including the staying of the QCA Judgment, JTIM has sufficient liquidity to meet its obligations during the initial 13 week period of a CCAA filing.

VI. RELIEF BEING SOUGHT IN THE CCAA

A. *The Monitor*

78. Deloitte has consented to act as the Court-appointed Monitor of JTIM, subject to Court approval. A copy of Deloitte's consent is attached as Exhibit "**EE**". I am advised by external counsel that Deloitte is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency*

Act, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.

B. *Treatment of Ordinary Creditors*

i) The 2004 CCAA Proceedings

79. JTIM was in CCAA from 2004 to 2010 (the "**2004 CCAA Proceedings**"). During the 2004 CCAA Proceedings, JTIM was allowed to pay all of its trade creditors in the ordinary course. JTIM seeks the same result in this proceeding. As was the case in the 2004 CCAA Proceedings, the continued payment of all trade liabilities remains an essential part of preserving the value of JTIM's business.

80. By way of background, in response to enforcement and seizure actions taken by the Minister of Revenue for the Province of Quebec (the "**MRQ**") in respect of allegedly unpaid taxes from allegedly contraband activities (the "**MRQ Assessment**"), JTIM obtained protection pursuant to the CCAA by Order of Mr. Justice Farley of the Ontario Superior Court of Justice on August 24, 2004 (the "**2004 Initial Order**"), a copy of which is attached as Exhibit "**FF**". Ernst & Young Inc. was appointed as Monitor (the "**2004 Monitor**").

81. The critical events precipitating JTIM's filing for CCAA protection in 2004 were the issuance of the MRQ Assessment and the related immediate measures taken to collect on the MRQ Assessment by the MRQ. The result of the service of third-party demands for payment issued by the MRQ on all of JTIM's Quebec customers would have diverted approximately 40% of JTIM's revenue. If the collection action had not been stayed by the 2004 CCAA Proceedings, JTIM would likely have been forced to cease operations and its business likely would have been destroyed.

82. At the time of the 2004 Initial Order, many of the litigation claims that are discussed herein were being pursued against JTIM, which posed the threat of enormous judgments against JTIM, among others. However, no claimant, with the exception of the MRQ, had the ability to disrupt JTIM from carrying on business in the ordinary course until a judgment was rendered and execution steps were taken. As discussed herein, the Class Action Plaintiffs have the same ability to prevent JTIM from carrying on business in the ordinary course as the MRQ did in 2004, through enforcement of the QCA Judgment.

83. On April 13, 2010, a global settlement was reached with all government authorities (the "**Global Settlement**") for the resolution of all alleged contraband claims that precipitated the 2004 CCAA Proceedings, and those proceedings were terminated on April 16, 2010. Similar settlements were also previously entered into by the other major Canadian tobacco manufacturers. JTIM has continued operations in the ordinary course since the termination of the 2004 CCAA Proceedings. The Class Actions and the HCCR Actions have also continued in the ordinary course.

ii) Proposed Treatment

84. Consistent with the approach authorized by Mr. Justice Farley in the 2004 CCAA Proceedings, JTIM is of the opinion that certain pre-filing amounts should be paid following the date of the Initial Order as non-payment of these amounts may have a significant detrimental impact on JTIM's business and going concern value. JTIM intends to treat all of its trade creditors equally and fairly.

85. JTIM proposes to pay its suppliers, trade creditors (including intercompany trade payables and monthly royalty payments), taxes, duties and employees (including outstanding and future pension plan contributions, OPEBs and severance packages) in the ordinary course of

business for current amounts owing both before and after JTIM's application to the Court for protection under the CCAA in order to minimize any disruption of its business. Maintaining JTIM's operations as a going concern and avoiding any unnecessary disruption to its business operations is in the best interests of all of JTIM's stakeholders, including the Class Action Plaintiffs.

86. I am advised by legal counsel that it is JTIM's current expectation that its trade creditors and employees would be unaffected by any plan of arrangement that it may file in this proceeding. I have been further advised by internal legal counsel that not paying the outstanding ordinary course payments would significantly and unnecessarily complicate the restructuring proceedings. I am advised by counsel that the Proposed Monitor supports this relief and will provide further comment on this issue in its report to the Court in connection with this application.

C. ***Stay of Proceedings***

87. In addition to the stay of proceedings in respect of JTIM, JTIM is requesting a stay of proceedings in respect of: (i) any person named as a defendant or respondent in any of the Class Actions, HCCR Actions and the Additional Class Actions (collectively, the "**Pending Litigation**"), and (ii) any proceeding in Canada relating to a tobacco claim against or in respect of any member of JT International or the RJR Group. In both cases, JTIM and the Monitor may provide their written consent to allow the stay to be temporarily lifted.

88. I am advised by legal counsel that JTIM requires the extension of the stay of proceedings to any other defendant or respondent in the Pending Litigation to ensure that steps are not taken in the Pending Litigation without JTIM's participation, which may prevent JTIM's ability to reach a collective solution. Further, the RJR Group is named as a defendant in the HCCR Actions. Since

the defence of the RJR Group and JTIM are connected, it would be potentially disadvantageous to JTIM to allow such actions to continue against the RJR Group alone.

D. ***Interest on TM Term Debentures***

89. It is the current expectation that JTIM will continue paying the secured monthly interest payments to TM under the TM Term Debentures. The TM Term Debentures have been in place since 1999. There would be potential adverse tax consequences to its senior secured creditor if such payments were suspended for a significant period of time. Further, I have been advised by legal counsel that the Proposed Monitor does not object to this relief.

90. JTIH-BV, a credit-worthy entity related to JTIM, has provided an undertaking to repay any post-filing interest received during these CCAA proceedings (the "**Repayment Undertaking**") in the event this Court (or any applicable appellate court) finally determines that TM was not entitled to receive the post-filing interest payments. As evidence of its credit-worthiness, a copy of the 2017 Annual Report of JTIH-BV is attached as Exhibit "**GG**". A copy of the Repayment Undertaking of JTIH-BV is attached as Exhibit "**HH**".

E. ***Administration Charge***

91. JTIM seeks a first-ranking charge (the "**Administration Charge**") on the Property (as defined in the proposed form of Initial Order) in the maximum amount of $3 million to secure the fees and disbursements incurred in connection with services rendered to JTIM both before and after the commencement of the CCAA proceedings by counsel to JTIM, the Proposed Monitor, counsel to the Proposed Monitor and the proposed Chief Restructuring Officer (the "**CRO**"), other than any success fee in respect of the CRO.

92. It is contemplated that each of the aforementioned parties will have extensive involvement

during the CCAA proceedings, have contributed and will continue to contribute to the restructuring of the Applicant, and there will be no unnecessary duplication of roles among the parties.

93. I am advised by legal counsel that the Proposed Monitor believes that the proposed quantum of the Administration Charge to be reasonable and appropriate in view of JTIM's CCAA proceedings and the services provided and to be provided by the beneficiaries of the Administration Charge. I am further advised by legal counsel that the only secured creditors that will be affected by the Administration Charge are ParentCo, TM and certain other secured related party suppliers, each of which support the Administration Charge.

F. ***Directors' Charge***

94. To ensure the ongoing stability of JTIM's business during the CCAA proceedings, JTIM requires the continued participation of its directors and officers who manage the business and commercial activities of JTIM. The directors and officers of JTIM have considerable institutional knowledge and valuable experience.

95. There is a concern that the directors and officers of JTIM may discontinue their services during this restructuring unless the Initial Order grants the Directors' Charge (as defined below) to secure JTIM's indemnity obligations to the directors and officers that arise post-filing in respect of potential personal statutory liabilities.

96. JTIM maintains directors' and officers' liability insurance (the "**D&O Insurance**") for the directors and officers of JTIM. The current D&O Insurance policies provide a total of $12.908 million in coverage. In addition, under the D&O Insurance, a retention amount, akin to a deductible, is applicable for certain claims in the amount of $45,178.

97. The proposed Initial Order contemplates the establishment of a second-ranking charge on the Property in the amount of $4.1 million (the "**Directors' Charge**") to protect the directors and officers against obligations and liabilities they may incur as directors and officers of JTIM after the commencement of the CCAA proceedings, except to the extent that the obligation or liability is incurred as a result of the director's or officer's gross negligence or wilful misconduct. The Directors' Charge was calculated by reference to the monthly payroll, withholding and pension obligations of JTIM totalling approximately $4 million. The payroll obligations of JTIM are paid primarily in arrears which increases the potential director and officer liability.

98. JTIM worked with the Proposed Monitor in determining the proposed quantum of the Directors' Charge and believes that the Directors' Charge is reasonable and appropriate in the circumstances. The Directors' Charge is proposed to rank behind the Administration Charge, but ahead of the Tax Charge (as defined below) and the existing security granted by JTIM in favour of TM and ParentCo. I have been advised by counsel that the Proposed Monitor is of the view that the Directors' Charge is reasonable and appropriate in the circumstances.

99. Although the D&O Insurance is available, the directors and officers of JTIM do not know whether the insurance providers will seek to deny coverage on the basis that the D&O Insurance does not cover a particular claim or that coverage limits have been exhausted. JTIM may not have sufficient funds available to satisfy any contractual indemnities to the directors or officers should the directors or officers need to call upon those indemnities. It is proposed that the Directors' Charge will only be engaged if the D&O Insurance fails to respond to a claim.

G. *Tax Charge*

100. Of the $1.3 billion of annual taxes and duties payable in connection with its operations and products, JTIM directly pays, on its own behalf, more than $500 million each year to the various provincial and federal governments. The additional $800 million is paid by JTIM's customers and the consumers of JTIM's products.

101. The government agencies to whom JTIM remits its taxes currently hold surety bonds in the approximate amount of $18 million that have been posted as security for such unremitted taxes and duties (the "**Tax Bonds**"). The proposed Initial Order contemplates the establishment of a third-ranking charge on the Property in the amount of $127 million (the "**Tax Charge**") to secure the payment of any excise tax or duties, import or customs duties and provincial and territorial tobacco tax and any harmonized sales or provincial sales taxes (collectively, "**Taxes**") required to be remitted by JTIM to the applicable provincial, territorial or federal taxing authority in connection with the import, manufacture or sale of goods and services by JTIM after the commencement of the CCAA proceedings.

102. The Tax Charge was calculated by reference to the amount of monthly Taxes that JTIM must remit in a month where the highest exposure exists to directors, multiplied by two to reflect the liability that directors actually face (one month in arrears plus an ongoing "stub" period), totalling approximately $136 million, less the amount of such liabilities that would be covered by outstanding Tax Bonds. I have been advised by legal counsel that the Proposed Monitor is of the view that the Tax Charge is reasonable and appropriate in the circumstances.

H. *CRO Appointment*

103. JTIM hopes to achieve a collective solution among its stakeholders. Based on past experience, JTIM believes that achieving such a result will be complicated and time consuming. In order to minimize disruption to the business and the distraction of senior executives away from the task of managing the business and maintaining positive cash flow, JTIM seeks (i) the approval and confirmation of the Court of the retention of an experienced CRO to oversee the stakeholder engagement and negotiation process and (ii) the approval of the terms of the CRO's engagement letter.

104. Pursuant to the CRO engagement letter dated April 23, 2018, JTIM agreed to apply to the Court for approval of: (i) the engagement letter, (ii) retention of the CRO, and (iii) the payment of the fees and expenses of the CRO. Compensation to the CRO includes both a monthly work fee component and a success fee component. A redacted copy of the CRO engagement letter is attached as Exhibit "**II**". An unredacted version of the CRO engagement letter is attached as Confidential Exhibit "**1**" to the Confidential Compendium.

105. JTIM proposes retaining BlueTree Advisors Inc. to provide the services of William E. Aziz as the CRO in accordance with the terms of the CRO engagement letter. Mr. Aziz is a well-known and experienced CRO as evidenced from his *curriculum vitae* attached as Exhibit "**JJ**". I have been advised by legal counsel that the Proposed Monitor is of the view that the relief sought with respect to the CRO is appropriate in the circumstances and consistent with established precedent.

I. *Sealing Order*

106. JTIM will be seeking an order sealing the unredacted copy of the CRO engagement letter. I have been advised by the CRO that the engagement letter contains commercially sensitive terms

of the engagement of the CRO. The CRO has advised me that the disclosure of those commercial terms would have a detrimental impact on the CRO's ability to negotiate compensation on any future engagements.

107. I am advised by counsel that the sealing of the unredacted CRO engagement letter should not materially prejudice any third parties. I have been advised by counsel to JTIM that the Monitor supports the sealing of the unredacted CRO engagement letter.

VII. FORM OF ORDER

108. JTIM seeks an Initial Order under the CCAA substantially in the form of the Model Order adopted for proceedings commenced in Toronto, subject to certain changes all as reflected in the proposed form of order contained in the Motion Record, blacklined to the Model Order. The reasons for the material proposed changes are described herein.

109. By letter dated July 6, 2015, restructuring counsel to the Class Action Plaintiffs wrote to the Court House of Montreal and the Superior Court of Justice requesting seven (7) days prior notice of any CCAA filing in Quebec or Ontario. JTIM did not respond to this request. A copy the July 6, 2015 letter is attached as Exhibit "**KK**".

110. By letter to JTIM's counsel dated March 6, 2019, counsel to the Provinces of British Columbia, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Saskatchewan in connection with the HCCR Actions requested advance notice prior to any CCAA filing. JTIM's counsel did not respond to this request. A copy of the March 6, 2019 letter is attached as Exhibit "**LL**".

111. By letter to JTIM's litigation counsel dated March 7, 2019, counsel to Her Majesty the Queen in right of Ontario requested advance notice prior to any CCAA filing. JTIM's counsel did not respond to this request. A copy of the March 7, 2019 letter is attached as Exhibit "**MM**".

112. As described above, Japan Tobacco is a publicly traded company on the Tokyo stock exchange. In order to manage market responses and prevent potentially opportunistic trading of Japan Tobacco and other tobacco stock, the approach to the application for CCAA relief, including the notice and timing of the filing, has to take into account public market considerations in Tokyo, New York and London. In this regard, a request for a hearing, and disclosure of that hearing, when none of these markets are open were considered to be appropriate steps in the circumstances.

113. This affidavit is sworn in support of JTIM's application for protection pursuant to the CCAA and for no improper purpose.

SWORN BEFORE ME at the City of Toronto, Province of Ontario, on March 8, 2019.

Commissioner for Taking Affidavits

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

ROBERT MCMASTER

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF JTI-MACDONALD CORP.

Court File No.: 19-CV-615862-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

AFFIDAVIT OF ROBERT MCMASTER

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Lawyers for the Applicant

EXHIBIT “A”

This is **Exhibit "A"**, referred to in the **Affidavit of Robert McMaster**, sworn before me this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

English translation of the orders – Translated from the original French

FOR THE AFOREMENTIONED REASONS, THE COURT, UNANIMOUSLY:

[1280] **ALLOWS** the appeals in part in files n^{os} 500-09-025385-154, 500-09-025386-152 and 500-09-025387-150;

[1281] **REVERSES** the judgment of the Superior Court in part;

[1282] **STRIKES** paragraphs 1208 to 1213 of the judgment and **REPLACES** them with the following paragraphs :

[1208] **AMENDS** the class description as follows:

All persons residing in Quebec who satisfy the following criteria:	Toutes les personnes résidant au Québec qui satisfont aux critères suivants :
1) To have smoked, **between January 1, 1950 and** November 20, 1998, a minimum of 12 pack/years of cigarettes manufactured by the defendants (that is, the equivalent of a minimum of 87,600 cigarettes, namely any combination of the number of cigarettes smoked in a day multiplied by the number of days of consumption insofar as the total is equal to or greater than 87,600 cigarettes).	1) Avoir fumé, **entre le 1er janvier 1950** et le 20 novembre 1998, au minimum 12 paquets-année de cigarettes fabriquées par les défenderesses (soit l'équivalent d'un minimum de 87 600 cigarettes, c'est-à-dire toute combinaison du nombre de cigarettes fumées dans une journée multiplié par le nombre de jours de consommation dans la mesure où le total est égal ou supérieur à 87 600 cigarettes).
For example, 12 pack/years equals :	Par exemple, 12 paquets/année égale :
20 cigarettes a day for 12 years (20 X 365 X 12 = 87,600) or	20 cigarettes par jour pendant 12 ans (20 X 365 X 12 = 87 600) ou
30 cigarettes a day for 8 years (30 X 365 X 8 = 87,600) or	30 cigarettes par jour pendant 8 ans (30 X 365 X 8 = 87 600) ou
10 cigarettes a day for 24 years (10 X 365 X 24 = 87,600);	10 cigarettes par jour pendant 24 ans (10 X 365 X 24 = 36 500);
2) To have been diagnosed before March 12, 2012 with :	2) Avoir **reçu un diagnostic d'une de ces maladies** avant le 12 mars 2012 :
a) Lung cancer or b) Cancer (squamous cell carcinoma) of the throat, that is to say of the larynx, the oropharynx or the hypopharynx or c) Emphysema.	a) ~~un~~ cancer du poumon ou b) ~~un~~ cancer (carcinome épidermoïde) de la gorge, à savoir du larynx, de l'oropharynx ou de l'hypopharynx ou c) ~~de~~ l'emphysème.
The group also includes the heirs of the persons deceased after November 20, 1998 who satisfied the criteria mentioned herein.	Le groupe comprend également les héritiers des personnes décédées après le 20 novembre 1998 qui satisfont aux critères décrits ci-haut.

[1209] **CONDEMNS** the Defendants solidarily to pay as moral damages an amount of **$6,857,854,080** plus interest and the additional indemnity **from the dates specified in the following table for each increment of the condemnation:**

Year of diagnosis	Amount in capital	Date from which interests and the additional indemnity are to be calculated
1995	$353,485,440	November 20, 1998
1996	$356,231,040	November 20, 1998
1997	$360,103,040	November 20, 1998
1998	$373,338,240	December 31, 1998
1999	$381,575,040	December 31, 1999
2000	$382,279,040	December 31, 2000
2001	$398,541,440	December 31, 2001
2002	$402,554,240	December 31, 2002
2003	$405,863,040	December 31, 2003
2004	$414,240,640	December 31, 2004
2005	$416,634,240	December 31, 2005
2006	$420,154,240	December 31, 2006
2007	$431,629,440	December 31, 2007
2008	$447,821,440	December 31, 2008
2009	$443,597,440	December 31, 2009
2010	$431,207,040	December 31, 2010
2011	$438,599,040	December 31, 2011
Total :	$6,857,854,080	

[1210] **CONDEMNS** the Defendants solidarily to pay the amount of $100,000 as moral damages to each class member diagnosed with **lung cancer, cancer of the larynx, cancer of the oropharynx or cancer of the hypopharynx** who started to smoke before January 1, 1976, plus interest and the additional indemnity **calculated from the date of service of the Motion for Authorization to Institute the Class Action if the member's disease was diagnosed before January 1, 1998, or from December 31 of the year of the member's diagnosis if the member's disease was diagnosed on or after January 1, 1998**;

[1211] **CONDEMNS** the Defendants solidarily to pay the amount of $80,000 as moral damages to each class member diagnosed with **lung cancer, cancer of the larynx, cancer of the oropharynx or cancer of the hypopharynx** who started to smoke as of January 1, 1976, plus interest and the additional indemnity **calculated from the date of service of the Motion for Authorization to Institute the Class Action if the member's disease was diagnosed before January 1, 1998, or from**

December 31 of the year of the member's diagnosis if the member's disease was diagnosed on or after January 1, 1998;

[1212] **CONDEMNS** the Defendants solidarily to pay the amount of $30,000 as moral damages to each member diagnosed with emphysema who started to smoke before January 1, 1976, plus interest and the additional indemnity **calculated from the date of service of the Motion for Authorization to Institute the Class Action if the member's disease was diagnosed before January 1, 1998, or from December 31 of the year of the member's diagnosis if the member's disease was diagnosed on or after January 1, 1998;**

[1213] **CONDEMNS** the Defendants solidarily to pay the amount of $24,000 as moral damages to each member diagnosed with emphysema who started to smoke as of January 1, 1976, plus interest and the additional indemnity **calculated from the date of service of the Motion for Authorization to Institute the Class Action if the member's disease was diagnosed before January 1, 1998, or from December 31 of the year of the member's diagnosis if the member's disease was diagnosed on or after January 1, 1998;**

[1283] **CONFIRMS** the judgment of the Superior Court in every other respect;

[1284] **THE WHOLE** with legal costs in favour of the respondents; and

[1285] **DISMISSES** the cross-appeal, without legal costs.

Court of Appeal of Quebec

Imperial Tobacco Canada et al. c. Conseil Québécois sur le tabac et la santé et al.

March 01, 2019

500-09-025835-154, 500-09-025386-152, 500-09-025387-150

Morissette, Hilton, Bich, Kasirer, Parent

NOTICE: This summary was prepared by staff in the Office of the Clerk of the Court. It does not form part of the Court's reasons for judgment and is not for use in legal proceedings or otherwise as a substitute for the reasons themselves.

SUMMARY OF THE JUDGMENT

The judgment of the Court disposes of three appeals and an incidental appeal arising out of a judgment of the Superior Court for the District of Montreal (the Honourable Mr. Justice Brian Riordan), rendered on May 27, 2015 and corrected on June 9, 2015, in connection with two class actions known respectively as the Blais action and the Létourneau action, both of which were initiated in 1998.

The Blais action was brought on behalf of individuals who developed lung cancer, cancer of the larynx, the oropharynx or the hypopharynx or emphysema after having smoked specified quantities of cigarettes manufactured by the appellants Imperial Tobacco Canada Ltd. ("ITL"), Rothmans, Benson & Hedges ("RBH") and JTI-Macdonald Corp. ("JTI"). The Létourneau action was brought on behalf of individuals who developed an addiction to tobacco after having smoked cigarettes manufactured by the appellants. The two actions bear on the period from 1950 to 1998 (the "Class Period").

The judgment under appeal condemned the appellants to pay moral damages of $6,858,864,000 to members of the Blais action, as well as punitive damages in the amount of $90,000, with interest and the additional indemnity provided by law. In the Létourneau action, the judgment did not award moral damages but condemned the appellants to pay $131,000,000 in punitive damages, with interest and the additional indemnity. The appellants' liability was based on private law of general application (Civil Code of Lower Canada or "C.C.L.C." and Civil Code of Quebec or "C.C.Q."), the Tobacco-related Damages and Health Care Costs Recovery Act ("T.R.D.A."), the Charter of Human Rights and Freedoms (the "Charter") and the Consumer protection Act (the "C.P.A.").

The appeals consider issues relating to the conditions for liability of manufacturers and the appellant's failure to satisfy their duty to inform; the apportionment of liability; causation; the applicability of the C.P.A. and the Charter; prescription; the availability of punitive damages and quantum thereof awarded at trial; the appropriate method of recovery; evidence and interlocutory judgments; the transfer of the obligations of Macdonald Tobacco inc. (MTI), and the destruction of documents by ITL. By their incidental appeal, the respondents asked for an increase of punitive damages in the Blais action in the event that the amount of compensatory damages the appellants were required to pay was decreased in the principal appeal.

Conditions of the civil liability of the manufacturers, duty to inform, apportionment of liability

The trial judge did not err in deciding the case on the basis of the general law of extra-contractual liability (C.C.L.C. and C.C.Q.), ss. 1 and 49 of the Charter, and ss. 219, 228 and 272 of the C.P.A. While he did err in the application of some of these rules, these mistakes were ultimately without impact on the appellants' liability. That being said, the trial judge was wrong not to have taken account of s. 53 C.P.A. This error, however, was inconsequential as s. 53 would only have provided additional support for his conclusions.

Confirming the trial judge findings in this regard, the Court concludes that the appellants, acting in a concerted manner, breached their duty to inform during the entire Class Period. Their breach was twofold: they failed to provide information or adequate information to users on the safety defect inherent in their products; and they participated in a campaign of disinformation by attacking the credibility of warnings, advice or explanations issued by others dealing with the dangers associated with smoking cigarettes. In this respect, however, the Court concludes that the trial judge erred by implying that the appellants committed two different faults based on distinct regimes of civil liability. Disinformation, like the failure to inform, is not excluded from the manufacturer's general obligation to inform. Moreover, contrary to what the trial judge suggested, a breach of a manufacturer's duty to inform cannot simultaneously give rise to the application of the regime for manufacturer's liability pursuant to articles 1468, 1469 and 1473 C.C.Q. (or, formerly, of the rules for such liability established by the jurisprudence) and that of articles 1053 C.C.L.C. and 1457 C.C.Q. The general regime for civil liability in article 1457 C.C.Q. is particularized for manufacturers in articles 1468, 1469 and 1473 C.C.Q.; similarly, the rules for manufacturer's liability were extrapolated from article 1053 C.C.L.C. under the former law.

The appellants have failed acquit their burden to establish that, at the relevant times, the members of the classes knew of the safety defect in cigarettes or were in a position to know of or foresee the potential harm to which they were exposed by smoking. Therefore, they cannot rely on the ground of exoneration found in the first paragraph of article 1473 C.C.Q. or its analogue in the previously applicable law and the equivalent rule in s. 53 C.P.A. As the trial judge mentioned, knowledge of the causal relationship between smoking cigarettes and the diseases in issue in the Blais action could not have been acquired before January 1, 1980. The Court is of the view that this date should coincide with the date at which knowledge of the addictive effect of smoking cigarettes relevant to the Létourneau action was established, March 1, 1996. Before that date, smokers were deprived of an essential element that would permit them to understand the risk associated with their use. The extent of knowledge required for a manufacturer to be exonerated is that which allows for the conclusion of assumption of risk. The fact that a victim knew that the use of the product was dangerous is insufficient; such a person must have freely made an informed choice to assume the risk, which pre-supposes a high degree of knowledge of the danger of harm and of the risk that harm will occur, as well as the willingness to assume them.

Subject to paragraph 1 of article 1473 C.C.Q., the application of which gives rise to complete exoneration of the manufacturer, paragraph 2 of article 1478 C.C.Q. contemplates shared liability between, on the one hand, a manufacturer called upon to answer for the safety defect in a product arising as a result of the breach of its duty to inform, and, on the other, a user who commits a fault in the use of the product affected by the defect. The user, however, is not at fault if he or she fails to take precautions or misuses the product as the result of the manufacturer's failure to adequately satisfy its duty to inform. Courts must take care not to exonerate manufacturers because users have apparently made improper use of the product when, in point of fact, the product itself suffers from a security defect that results from a breach of the manufacturer's duty to inform.

In the case at bar, the trial judge attributed partial liability to members of the Blais class who began smoking less than four years before January 1, 1980 and who, in the judge's view, should have stopped smoking at that date because they were not yet addicted to tobacco. One might well ask if those members of the Blais class had sufficiently knowledge of the security defect in cigarettes for fault to be imputed to them. However, given that the respondents did not appeal the trial judge's conclusion on this point, it has no impact on the outcome of the appeal and the Court refrains from deciding the matter.

"Conduct causation" (in French, "la causalité comportementale") is irrelevant to the civil liability regime of articles 1468, 1469 and 1473 C.C.Q, and was no more so under the regime for manufacturer's liability pursuant to art. 1053 C.C.L.C. or that of s. 53 C.P.A. The respondents thus did not have to prove that if the class members had been aware of the dangers associated with the use of tobacco, they would have decided not to smoke or to stop smoking, any more than they would have had to show that they began to smoke or continued smoking as a result of the appellants' conduct. That said, even if the respondents did not have that burden, they established this causation on a balance of probabilities.

Causation

For Quebec courts, proof of a causal connection requires the damage be shown as the logical, direct and immediate consequence of the fault. This generally rests on the application of what is referred to as the theory of adequate causation. T.R.D.A. facilitates the means of proving causation in certain kinds of litigation relating to tobacco. In this case, the trial judge correctly interpreted the law when he concluded that s. 15 T.R.D.A. allowed the respondents to establish causation (medical or, supposing that it is required, conduct causation) by epidemiological or statistical proof. Section 15 T.R.D.A. does not only contemplate proof of general causation as opposed to specific causation. The legislature's intention in adopting this measure was to permit causation to be established on a collective basis in a given population in order, at a minimum, to allow for an inference of general and individual causation, subject to refutation by evidence to the contrary. No sufficient contrary evidence was introduced by the appellants. Significant evidence indeed allowed the trial judge to conclude that there were serious, precise and concordant presumptions to establish both medical and conduct causation, although the Court is of the view that the latter element was superfluous in light of article 1468 C.C.Q. This evidence also allowed the judge to define tobacco addiction as he did.

***The Consumer Protection Act* (C.P.A.)**

The trial judge committed no reviewable error in concluding that the appellants were liable under ss. 219 and 228 C.P.A., which prohibit a manufacturer from making false or misleading representations to a consumer or to suppress information of an important fact when making a representation, the sanction for which is a recourse under s. 272 C.P.A. The legislative scheme of the C.P.A. overlaps with the general law in this regard without, however, covering the claims of all class members inasmuch as certain prohibited practices under ss. 219 and 228 C.P.A. are limited to those that occurred after their coming into force on April 30, 1980. This issue, of which the trial judge was aware, has no bearing on the outcome of the appeals. The principle of full reparation required that class members be compensated, no more and no less than the harm suffered and, in this regard, the general law sufficed. Moreover, the trial judge did not err in awarding punitive damages pursuant to s. 272 C.P.A.

The Charter

The appellants breached the class members' rights to life, personal security and inviolability of the person in an unlawful manner that also constituted a civil fault. The duration of the breaches extended from the date of the coming into force of the Charter until the end of the class period. This conclusion is nevertheless unnecessary for compensation of members of the Blais action given the appellants' liability under the general law. In fact, the principles of the general law sufficed to justify the compensatory damages ordered by the trial judge in this case. The appellants' condemnation in this regard cannot be disturbed on appeal. Similarly, the trial judge's conclusion that the violation of class members' rights was intentional is also free from reviewable error. He was therefore correct to have condemned the appellants to pay punitive damages in both class actions not just pursuant to the C.P.A. but also under s. 49, para. 2 of the Charter.

Prescription

The effect of section 27 of the T.R.D.A. is that prescription is not a bar to the claim for compensatory damages by the members of the Blais class. The claims of those members diagnosed with cancer or emphysema between the date of the judgment authorizing the class action on February 21, 2005 and July 3, 2010 (3 years prior to the judgment amending the composition of the class) are also not prescribed since they benefit from the suspension and interruption of prescription (art. 2908 and art. 2897 C.C.Q.). With respect to punitive damages, the 3-year prescription of the general law (art. 2925 C.C.Q.) applies. Thus, in the Blais file, the trial judge did not err in concluding that claims having arisen as of November 20, 1995 were not prescribed. The cause of action for punitive damages could not have arisen prior to the time each of these class members were diagnosed. Although the trial judge did not differentiate the applicable prescriptive periods depending on whether the Charter, the C.P.A. or both statutes were applicable, his conclusion is free from reviewable error since the claims under the Charter were sufficient to justify the punitive damages award of $90,000.

In the Létourneau file, the trial judge did not err in concluding that none of the claims for punitive damages was prescribed. The appellants have failed to show a reviewable error in the trial judge's conclusion establishing March 1, 1996 as the knowledge date of the addictive effect of smoking cigarettes, which corresponds to the date on which the Létourneau members' right of action arose. Even if one were to assume that this date was incorrect, it was incumbent on the appellants to show when the class members had knowledge of the constituent elements necessary to support

their cause of action under the C.P.A. and the Charter. They did not do so. Even if the trial judge did not analyze the matter based on the different factors giving rise to liability, his conclusion here cannot be disturbed.

The attribution and quantum of punitive damages

The appellants have failed to show any error that would justify the intervention of the Court with respect to the availability of punitive damages and the quantum awarded at trial. The assessment of such damages is discretionary and is thus deserving of deference on appeal. The trial judge took account of article 1621 C.C.Q. as well as the relevant provisions of the Charter and the C.P.A. relating to the attribution of punitive damages. His measure of the rational connection between the amount of the condemnations and the purposes of dissuasion, prevention and denunciation is unreviewable in appeal. In light of the Court's conclusion with respect to compensatory damages, the respondents' incidental appeal soliciting an increase in the award of punitive damages is moot.

Interest and the additional indemnity (Blais action)

The respondents concede that the trial judge erred in this respect, and they have proposed an appropriate corrective solution. The payment of capital amounts arising out of diagnoses made before January 1, 1998 will bear interest and the additional indemnity as of the date of the service of the motion seeking authorization to institute the class actions. As for diagnoses made as of that date, they will bear interest and the additional indemnity as of December 31 in the year of such diagnosis.

Appropriate method of recovery

The trial judge did not err in ordering collective recovery in accordance with article 1031 of the former Code of Civil Procedure.

Interlocutory judgments and questions relating to evidence

Although this ground of appeal is moot, the Court exercises its discretion to consider the unique issues raised. The trial judge did not err when he admitted an internal publication of ITL into evidence and drew conclusions from it following his dismissal of an objection based on parliamentary privilege. He also did not err in referring to exhibits that had been admitted in virtue of the principle of the May 2, 2012 judgment and by accepting the production of the Colucci Letter.

Transfer of MTI's (the predecessor of JTM) obligations

This ground of appeal is dismissed. The trial judge's conclusion that in 1978 R.J. Reynolds Tobacco Company and MTI knew that customers of MTI had been harmed by the company's products, and that there was a basis to anticipate lawsuits in Canada, is supported by abundant and uncontradicted evidence.

Destruction of documents by ITL

In his analysis of ITL's liability for punitive damages, the trial judge could properly take account that the company mandated its attorneys to store and supervise the destruction of certain research reports. The trial judge correctly held that such a conclusion was necessary to dissuade others from adopting ITL's reprehensible conduct and for its lack of candour before the courts. The trial judge could also properly take account of ITL's conduct in this regard to establish the quantum of punitive damages for which it was liable.

Disposition

The Court's formal order allows the appeals in part, reflecting adjustments made to the judgment in first instance, with legal costs to the respondents.

The cross-appeal is dismissed, without legal costs.

EXHIBIT “B”

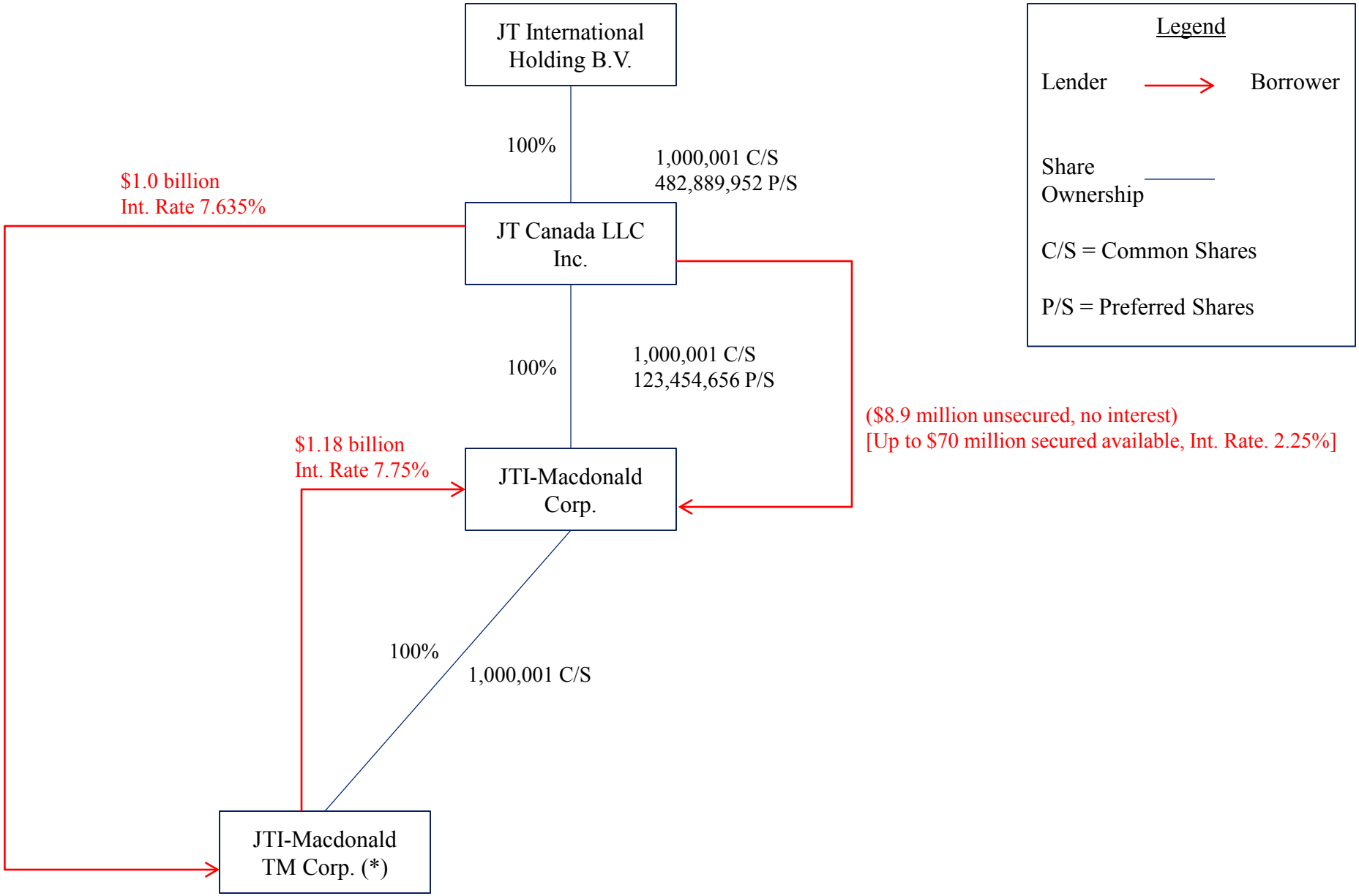
This is **Exhibit "B"**, referred to in the

Affidavit of Robert McMaster, sworn before me

this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I



* PricewaterhouseCoopers Inc. appointed as Receiver under the *Bankruptcy and Insolvency Act*

EXHIBIT “C”

This is **Exhibit "C"**, referred to in the **Affidavit of Robert McMaster**, sworn before me this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

Execution Version

2017 TRADE MARK LICENSE AMENDMENT AGREEMENT

This Agreement (the "**2017 License Amendment Agreement**") is dated the 3rd day of August, 2017.

BETWEEN

JTI-MACDONALD TM CORP.
("Licensor")

- and –

JTI-MACDONALD CORP.
("Licensee")

WHEREAS:

A. Licensor and Licensee are parties to a Trade Mark License Agreement made as of October 8, 1999 (as amended from time to time, the "**License Agreement**");

B. On December 30, 2008, Licensor and Licensee amended the License Agreement pursuant to a Trademark License Amendment Agreement;

C. On December 16, 2009, Licensor and Licensee further amended the License Agreement pursuant to a 2010 Trademark License Amendment Agreement;

D. On December 14, 2010, Licensor and Licensee further amended the License Agreement pursuant to a 2011 Trademark License Amendment Agreement;

E. On December 20, 2011, Licensor and Licensee further amended the License Agreement pursuant to a 2012 Trademark License Amendment Agreement;

F. On July 9, 2015, PricewaterhouseCoopers Inc. (the "**Receiver**") was privately appointed by a secured creditor of the Licensor, JT Canada LLC INC. (the "**Appointing Creditor**"), as receiver and manager of all the properties, assets and undertakings of the Licensor;

G. As at July 28, 2017, the Licensee has committed a Default in accordance with Section 13 of a certain Convertible Debenture Subscription Agreement dated November 23, 1999 between the Licensor and the Licensee;

H. The Licensor is concerned that the Licensee could become exposed to enforcement steps by judgment creditors resulting in its need to file for creditor protection to preserve value for all stakeholders, including the Licensor;

I. If such steps were to occur prior to the payment accommodation contemplated herein, the Licensor would be exposed to a credit risk it now views as excessive and intolerable to the Licensor;

J. Concurrent with the execution of this 2017 License Amendment Agreement, the Licensor and the Licensee are entering into a forbearance agreement,

K. The Appointing Creditor has instructed the Receiver to execute this Agreement in its capacity as receiver and manager of all the properties, assets and undertakings of the Licensor; and

L. Licensor (through its Receiver) and Licensee have agreed to amend the frequency in which royalty payments are made under the License Agreement in accordance with the terms of this 2017 License Amendment Agreement on a commercially reasonable basis consistent with the Licensor's rights and interests and the current circumstances of the Licensee.

NOW THEREFORE, in consideration of the premises, the terms and conditions of this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

ARTICLE I
INTERPRETATION

1.01 **Incorporation of License Agreement.** This 2017 License Amendment Agreement is supplemental to and shall henceforth be read in conjunction with the License Agreement and the License Agreement and this 2017 License Amendment Agreement shall henceforth be read, interpreted, construed and have effect as, and shall constitute, one agreement with the same effect as if the amendments made by this 2017 License Amendment Agreement had been contained in the License Agreement as of the date of this 2017 License Amendment Agreement.

1.02 **Defined Terms.** In this 2017 License Amendment Agreement (including the recital), unless something in the subject matter or context is inconsistent:

(a) terms defined in the description of the parties or the recitals or otherwise expressly incorporated from other agreements have the respective meanings given to them in the description or recitals or as expressly incorporated, as applicable; and

(b) all other capitalized terms have the respective meanings given to them in the License Agreement, as amended by the trademark license amendment agreements described in the recitals and this 2017 License Amendment Agreement.

1.03 **Headings.** The headings of the Articles and Sections of this 2017 License Amendment Agreement are inserted for convenience or reference only and shall not affect the construction or interpretation of this 2017 License Amendment Agreement.

1.04 **References to and Effect on the License Agreement.** On and after the date hereof, each reference in the License Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, shall mean and refer to the License Agreement, as amended

hereby. Except as specifically amended hereby, the License Agreement shall remain in full force and effect and is hereby ratified and confirmed.

ARTICLE II
AMENDMENTS

2.01 **Definitions.** The definition of Royalty Period in section I of the License Agreement is hereby amended to read as follows:

"Royalty Period" means a one (I) month period commencing on the first day of each month and ending on the last day of each month.

ARTICLE III
REPRESENTATIONS

3.01 **Representations.** Each of the parties hereby represents and warrants that (a) it has full power, authority and legal right to enter into and perform this 2017 Amending Agreement, and (b) this Amending Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms.

ARTICLE IV
CONDITIONS PRECEDENT

4.01 **Conditions Precedent to Amendment.** The effectiveness of this 2017 License Amendment Agreement and the amendment of the License Agreement contemplated hereby is conditional upon each party hereto executing and delivering this 2017 License Amendment Agreement.

ARTICLE V
GENERAL

5.01 **Governing Documents.** The License Agreement as amended by this 2017 License Amendment Agreement and all other documents delivered pursuant to or referenced in the License Agreement as amended by this 201 7 License Amendment Agreement constitutes the complete agreement of the parties hereto with respect to the subject matter hereof and supersede any other agreements or understandings between the parties. Save as expressly amended by this 2017 License Amendment Agreement, all other terms and conditions of the License Agreement remain in full force and effect unamended and the License Agreement is hereby ratified and confirmed.

5.01 **Severability.** All provisions of this Amending Agreement are severable. Should any part of this 2017 License Amendment Agreement be invalid, illegal or unenforceable, the

remainder of this 2017 License Amendment Agreement shall remain in full force and effect.

5.02 **Governing Law.** This 2017 License Amendment Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the applicable federal laws of Canada.

5.01 **Counterparts and Electronic Execution.** This 2017 License Amendment Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed signature page to this 2017 License Amendment Agreement by any party by facsimile or any other form of electronic transmission (including .pdf form) shall be as effective as de! ivery of a manually executed copy of this 2017 License Amendment Agreement by such party.

5.02 **Language Clause.** The Licensor and the Licensee each declare that it is their express wish that this 2017 License Amendment Agreement and any related documents be drawn up and executed in English. JTT-MACDONALD CORP. et JTI-MACDONALD TM CORP. declarent qu' ii est leur volonte expresse que cette convention et tous les documents s'y rattachant soient rediges et signes en anglais.

5.03 **Confidentiality.** Each party hereby agrees to maintain in confidence the financial terms of this 2017 License Amendment Agreement, and the confidential financial and business information of the other party which the first party receives in conjunction with the operation of this 2017 License Amendment Agreement.

[SIGNATURE PAGES FOLLOW]

IN WIT ESS WHEREOF, the patties hereto have caused this 2017 License Amendment Agreemerit to be executed by thei· respective officers thereunto duly authorized, on the date first above wr tten.

JT1-MACDONALD TM CORP., by its receiver, PRICEWATERHOUSECOOPERS INC.

Per: [redacted] /s
Name:
Title:

I have the authority to bind the Corporation.

JTI-MACDONALD CORP.

Per: [redacted] c/s
Name:
Title:

I have the authority to bind the Corporation.

Execution Version

FIRST AMENDMENT TO FORBEARANCE LETTER

January 26, 2018

Via Email

JTI-Macdonald Corp.
1601-1 Robert Speck Pkwy
Mississauga, Ontario
L4Z 0A2

Ladies and Gentlemen:

We write further to that certain Forbearance Letter from the Lender to the Borrower dated August 3, 2017, (the "**Forbearance Letter**"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Forbearance Letter.

The Lender remains concerned that the Borrower could become exposed to enforcement steps by judgment creditors resulting in a need to file for creditor protection to preserve value for all stakeholders, including the Lender. The Lender is prepared to continue to forbear from immediately enforcing its rights under the Loan Agreement and the Loan Documents only if its ongoing credit risk is reduced by the payment of a deposit (described herein) in respect of any amounts that may be outstanding from time to time under the Trade Mark License Agreement made as of October 8, 1999 (as amended from time to time, the "**License Agreement**"), against which deposit outstanding liabilities may be set-off by the Lender, including in the event of any creditor protection proceedings commenced in respect of the Borrower.

Therefore, notwithstanding the Lender's rights and remedies under the Loan Agreement and the other Loan Documents, all of which are hereby expressly reserved and preserved, upon the execution by the Lender and the Borrower of this First Amendment to the Forbearance Letter:

(i) the Lender hereby agrees to an extension of the Forbearance Period from December 31, 2017, to March 31, 2018, subject to all of the other terms and conditions contained in the Forbearance Letter, which other terms and conditions shall continue to apply, in addition to the terms and conditions contained herein;

(ii) the Lender requires that the Borrower provides a deposit to the Lender in respect of any amounts that may be outstanding from time to time to the Lender under the License Agreement in an amount equal to 1.5 times the average monthly payment under the License Agreement based on the 2017 fiscal year (the "**Deposit**"), against which Deposit outstanding liabilities at

any time and from time to time may be set-off by the Lender, including in the event of any creditor protection proceedings commenced in respect of the Borrower; and

(iii) The Lender requires and the Borrower agrees that any and all continued supply of goods and services under the License Agreement is solely in the discretion of the Lender and the License Agreement is hereby amended accordingly.

For greater certainty, the Lender and the Borrower agree that any amounts owing by the Lender to the Borrower may be set-off against any amounts owing by the Borrower to the Lender, and each party shall be entitled to set-off such amounts at any time.

By reason of the occurrence and continuation of the Existing Default, as well as any other Event(s) of Default that may exist as of the date hereof, and other than with respect to the forbearance expressly provided for in the Forbearance Letter, as amended by this First Amendment to the Forbearance Letter, the Lender hereby expressly reserve the rights, remedies and claims available to it in their entirety, any of which may be exercised or otherwise pursued at any time in the sole and absolute discretion of the Lender in accordance with the respective terms and provisions of the Loan Agreement, the related documents and applicable law.

The Borrower confirms that Loan Agreement and the other Loan Documents are valid, binding and enforceable in accordance with their terms and the Borrower acknowledges that it has no defences, counterclaims or rights of set-off (other than may be expressly acknowledged by the Lender in writing) or reduction to any claims which might be brought by the Lender thereunder, including pursuant to the *Limitations Act*, 2002, and, to the extent applicable, all limitation periods are tolled for the duration of the Forbearance Period.

The Forbearance Letter, as amended by this letter:

(i) is not intended to establish, and any right, remedy or other action taken or not taken by the Lender shall not be deemed or construed to establish, a custom or course of dealing; and

(ii) does not waive, limit or postpone (and shall not be deemed or construed to waive, limit or postpone) any of the obligations under the Loan Agreement, the other Loan Documents or otherwise.

Any discussions (whether written or oral) that have occurred or may occur among the respective parties to the Loan Agreement and the other Loan Documents are not intended, and shall not be deemed or construed, to constitute, a waiver, limitation or postponement of any of the rights and remedies of the Lender thereunder or under applicable law, all of which rights and remedies hereby are expressly reserved.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

Delivered as of the date first written above.

JTI-MACDONALD TM CORP., by its receiver, PRICEWATERHOUSECOOPERS INC.

Per: _____
Name: Mica Arlette
Title: Senior Vice President

For consideration received, the receipt and sufficiency of which is acknowledged, JTI-Macdonald Corp. acknowledges and agrees to the terms of this First Amendment to Forbearance Letter.

JTI-MACDONALD CORP.

_____
Name: [redacted]
Title: [redacted]
Date: JANUARY 26, 2018
I have authority to bind the corporation.

_____
Name: [redacted]
Title:
Date: JANUARY 26, 2018
I have authority to bind the corporation.

EXHIBIT “D”

This is **Exhibit "D"**, referred to in the **Affidavit of Robert McMaster**, sworn before me this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

Execution Version

FORBEARANCE LETTER

January 26, 2018

Via Email
JTI-Macdonald Corp.
1601-1 Robert Speck Pkwy
Mississauga, Ontario
L4Z 0A2

Ladies and Gentlemen:

Reference is hereby made to that certain Limited Risk Distribution Agreement dated effective January 1, 2014 (as the same has been and hereafter may be amended or otherwise modified from time to time, the "**LRD**") whereby JT International SA ("**JTI**") and JTI-Macdonald Corp. ("**JTI-M**") agreed that JTI-M would, on an exclusive basis, act as a distributor of certain of JTI's products in Canada.

Reference is also made to such other agreements between JTI and JTI-M, as such agreements have been amended or modified from time to time, whereby JTI and JTI-M agreed that JTI would provide certain goods and services to JTI-M as described in such agreements, including but not limited to the following agreements:

1. Manufacturing Agreement dated January 1, 2016;
2. Manufacturing Agreement dated April 1, 2013;
3. Agreement on Terms and Conditions for Leaf Purchase dated November 25, 2010;
4. IT Services Agreement dated January 1, 2009;
5. Service Agreement dated January 1, 2012;
6. Cost Reimbursement Agreement for Short Term Assignees dated October 3, 2017; and
7. 1978 License Agreement dated January 1, 1978,

(together with the LRD and any other agreements between JTI and JTI-M, the "**Agreements**").

As of the date hereof, JTI believes that the Agreements are subject to immediate termination pursuant to their terms and conditions.

Further, JTI is concerned that JTI-M could become exposed to enforcement steps by judgment creditors resulting in its need to file for creditor protection to preserve value for all stakeholders, including JTI. The continued supply of goods and services under the Agreements

without the amendments contemplated herein exposes JTI to a credit risk it now views as excessive and intolerable in the circumstances.

JTI would be within its rights under the Agreements to immediately terminate the Agreements. However, JTI is prepared to continue to supply goods and services to JTI-M on the terms set out in the Agreements and on the following additional terms and conditions, which reduces JTI's ongoing credit risk:

1. JTI-M hereby acknowledges that, as of the date of this letter, it is indebted to JTI in the net principal amount of approximately CAD$13,297,000, together with accrued and accruing costs and interest (the "**Indebtedness**") with respect to the Agreements. The Indebtedness will be paid in the ordinary course unless otherwise amended by JTI and JTI-M;

2. JTI requires and JTI-M agrees to grant to JTI a security interest in all of its present and after acquired personal property, including, without limitation, a purchase money security interest in inventory, the acquisition of which by JTI-M has been financed by JTI, in the form of (i) a General Security Agreement and (ii) a Movable Hypotec Agreement in the Province of Quebec as security for the Indebtedness and all amounts due and owing from and after today's date under the Agreements (collectively, the "**Security**");

3. Save and except for the LRD (under which LRD the payments shall continue in the ordinary course until otherwise amended by JTI and JTI-M), JTI requires and JTI-M agrees that, if it is reasonably practical in the circumstances, the frequency of payments outlined in the Agreements shall be amended to be calculable, due and payable on a monthly basis, in advance of the provision of any further goods and services under the Agreements, and to enter into reasonable arrangements for the pre-paid amounts to be reconciled against actual costs on a monthly basis.

4. JTI requires and JTI-M agrees that any and all continued supply of goods and services under the Agreements is solely in the discretion of JTI and the Agreements are hereby amended accordingly.

Following the full payment of the Indebtedness to JTI, JTI and JTI-M agree that the Security will continue to secure the payment and performance of any and all obligations owing by JTI-M to JTI under the Agreements.

JTI and JTI-M agree that any amounts owing by JTI to JTI-M may be set-off against any amounts owing by JTI-M to JTI, and each party shall be entitled to set-off such amounts at any time.

JTI-M agrees to execute and deliver such other agreements as may be required to effect the amendments described herein, including the Security, and grants to JTI a power of attorney to execute and deliver all such amending agreements and other agreements on behalf of JTI-M.

JTI-M confirms that the Agreements are valid, binding and enforceable in accordance with their terms and JTI-M acknowledges that it has no defences, counterclaims or rights of set-off (other than may be expressly acknowledged by JTI in writing) or reduction to any claims which might be brought by JTI thereunder, including pursuant to the *Limitations Act*, 2002, and, to the extent applicable, all limitation periods are tolled until the payment of the Indebtedness.

Any discussions (whether written or oral) that have occurred or may occur among the respective parties to the Agreements are not intended, and shall not be deemed or construed, to constitute a waiver, limitation or postponement of any of the rights and remedies of JTI thereunder or under applicable law, all of which rights and remedies hereby are expressly reserved.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

Delivered as of the date first written above.

JT INTERNATIONAL SA

Per [redacted]
Name:
Title:

Per
Name:
Title:

For consideration received, the receipt and sufficiency of which are acknowledged, JTI-Macdonald Corp. acknowledges and agrees to the terms of this Forbearance Letter.

JTI-MACDONALD CORP.

[redacted]

Name
Title:
I have authority to bind the corporation.

[redacted]

Execution Version

FORBEARANCE LETTER

January 26, 2018

Via Email
JTI-Macdonald Corp.
1601-1 Robert Speck Pkwy
Mississauga, Ontario
L4Z 0A2

Ladies and Gentlemen:

Reference is hereby made to that certain Services Agreement dated February 9, 2016 (as the same has been and hereafter may be amended or otherwise modified from time to time, the "**Services Agreement**") whereby JT International Business Services Limited ("**JTI BSL**") and JTI-Macdonald Corp. ("**JTI-M**") agreed that JTI BSL would provide global administrative services to JTI-M as part of the global corporate structure.

As of the date hereof, JTI BSL believes that the Services Agreement is subject to immediate termination pursuant to its terms and provisions.

Further, JTI BSL is concerned that JTI-M could become exposed to enforcement steps by judgment creditors resulting in its need to file for creditor protection to preserve value for all stakeholders, including JTI BSL. The continued supply of goods and services under the Services Agreement without the amendments contemplated herein exposes JTI BSL to a credit risk it now views as excessive and intolerable in the circumstances.

JTI BSL would be within its rights under the Services Agreement to immediately terminate such agreement. However, JTI BSL is prepared to continue to supply goods and services to JTI-M on the terms set out in the Services Agreement and on the following additional terms and conditions, which reduce JTI BSL's ongoing credit risk:

1. JTI-M hereby acknowledges that, as of the date of this letter, it is indebted to JTI BSL in the net principal amount of approximately CAD$90,000, together with accrued and accruing costs and interest (the "**Indebtedness**") with respect to the Services Agreement and other agreements between JTI BSL and JTI-M (collectively, with the Services Agreement, the "**Agreements**");

2. JTI BSL requires and JTI-M agrees to grant to JTI BSL a security interest in all of its present and after acquired personal property, including, without limitation, a purchase money security interest in inventory, the acquisition of which by JTI-M has been financed by JTI BSL, in the form of (i) a General Security Agreement and (ii) a Movable Hypotec Agreement in the Province of Quebec as security for the Indebtedness and all amounts due and owing from and after today's date under the Agreements (collectively, the "**Security**");

3. JTI BSL requires and JTI-M agrees that, if it is reasonably practical in the circumstances, the frequency of payments outlined in the Agreements shall be

amended to be calculable, due and payable on a monthly basis, in advance of the provision of any further goods and services under the Agreements and to enter into reasonable arrangements for the pre-paid amounts to be reconciled against actual costs on a monthly basis;

4. JTI BSL requires and JTI-M hereby agrees to provide a deposit for any amounts that may be outstanding from time to time to JTI BSL in an amount equal to the Indebtedness (the "**Deposit**"), against which Deposit outstanding liabilities may be set-off by JTI BSL, including in the event of any creditor protection proceedings commenced in respect of JTI-M; and

5. JTI BSL requires and JTI-M agrees that any and all continued supply of goods and services under the Agreements is solely in the discretion of JTI BSL and the Agreements are hereby amended accordingly.

Following the full payment of the Indebtedness to JTI BSL, JTI BSL and JTI-M agree that: (i) JTI BSL will return the Deposit to JTI-M; and (ii) the Security will continue to secure the payment and performance of any and all obligations owing by JTI-M to JTI BSL under the Agreements.

For greater certainty, JTI BSL and JTI-M agree that any amounts owing by JTI BSL to JTI-M may be set-off against any amounts owing by JTI-M to JTI BSL, and each party shall be entitled to set-off such amounts at any time.

JTI-M agrees to execute and deliver such other agreements as may be required to effect the amendments described herein, including the Security, and grants to JTI BSL a power of attorney to execute and deliver all such amending agreements and other agreements on behalf of JTI-M.

JTI-M confirms that the Agreements are valid, binding and enforceable in accordance with their terms and JTI-M acknowledges that it has no defences, counterclaims or rights of set-off (other than may be expressly acknowledged by JTI BSL in writing) or reduction to any claims which might be brought by JTI BSL thereunder, including pursuant to the *Limitations Act*, 2002, and, to the extent applicable, all limitation periods are tolled until the payment of the Indebtedness.

Any discussions (whether written or oral) that have occurred or may occur among the respective parties to the Agreements are not intended, and shall not be deemed or construed, to constitute a waiver, limitation or postponement of any of the rights and remedies of JTI BSL thereunder or under applicable law, all of which rights and remedies hereby are expressly reserved.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

Delivered as of the date first written above.

JT INTERNATIONAL BUSINESS SERVICES LIMITED

Per: [redacted]
Name:
Title:

For consideration received, the receipt and sufficiency of which are acknowledged, JTI-Macdonald Corp. acknowledges and agrees to the terms of this Forbearance Letter.

JTI-MACDONALD CORP.

[redacted]

Name: [redacted]
Title: [redacted]
Date: 26/1/18
I have authority to bind the corporation.

[redacted]

Name: [redacted]
Title: [redacted]
Date: 26/1/18
I have authority to bind the corporation.

Execution Version

FORBEARANCE LETTER

January 26, 2018

Via Email
JTI-Macdonald Corp.
1601-1 Robert Speck Pkwy
Mississauga, Ontario
L4Z 0A2

Ladies and Gentlemen:

Reference is hereby made to that certain Service Agreement dated January 1, 2006 (as the same has been and hereafter may be amended or otherwise modified from time to time, the "**Service Agreement**") whereby JT International Holding B.V. (the "**JTIH**") and JTI-Macdonald Corp. ("**JTI-M**") agreed that JTIH would supply global corporate services to JTI-M as part of the global corporate structure.

As of the date hereof, JTIH believes that the Service Agreement is subject to immediate termination pursuant to its terms and provisions.

Further, JTIH is concerned that JTI-M could become exposed to enforcement steps by judgment creditors resulting in its need to file for creditor protection to preserve value for all stakeholders, including JTIH. JTIH is also the parent of the JTI group of companies, where many of its direct and indirect subsidiaries are also suppliers of JTI-M. The continued supply of goods and services under the Service Agreement and any other agreements (written or otherwise) without the amendments contemplated herein exposes JTIH and certain of its subsidiaries to a credit risk it now views as excessive and intolerable in the circumstances.

JTIH would be within its rights under the Service Agreement to immediately terminate such agreement. However, JTIH is prepared to continue to supply goods and services to JTI-M on the terms set out in the Service Agreement and on the following additional terms and conditions, which reduces the ongoing credit risk of JTIH and its subsidiaries:

1. With respect to JTIH:

   (a) JTI-M hereby acknowledges that, as of the date of this letter, it is indebted to JTIH in the net principal amount of approximately CAD$450,000, together with accrued and accruing costs and interest (the "**Supplier's Indebtedness**") with respect to the Service Agreement and other agreements between JTIH and JTI-M (collectively, with the Service Agreement, the "**Agreements**");

   (b) JTIH requires and JTI-M agrees to grant to JTIH a security interest in all of its present and after acquired personal property, including, without limitation, a purchase money security interest in inventory, the acquisition of which by JTI-M has been financed by JTIH, in the form of (i) a General Security Agreement and (ii) a Movable Hypotec Agreement in the

Province of Quebec as security for JTIH's Indebtedness and all amounts due and owing from and after today's date under the Agreements (collectively, the "**Supplier's Security**");

(c) JTIH requires and JTI-M agrees that, if it is reasonably practical in the circumstances, the frequency of payments outlined in the Agreements shall be amended to be calculable, due and payable on a monthly basis, in advance of the provision of any further good and services under the Agreements and to enter into reasonable arrangements for the pre-paid amounts to be reconciled against actual costs on a monthly basis;

(d) JTIH requires and JTI-M hereby agrees to provide a deposit for any amounts that may be outstanding from time to time to JTIH in an amount equal to JTIH's Indebtedness (the "**Deposit**"), against which Deposit outstanding liabilities may be set-off by JTIH, including in the event of any creditor protection proceedings commenced in respect of JTI-M; and

(e) JTIH requires and JTI-M agrees that any and all continued supply of goods and services under the Agreements is solely in the discretion of JTIH and the Agreements are hereby amended accordingly.

2. With respect to JTIH's direct and indirect subsidiaries listed in Schedule "A" hereto (each a "**Related Supplier**" and collectively, the "**Related Suppliers**"):

(a) JTIH requires and JTI-M agrees that, if it is reasonably practical in the respective circumstances, the frequency of payments between JTI-M and the Related Suppliers shall be amended to be calculable, due and payable on a monthly basis, in advance of the provision of any further good and services by the Related Suppliers and to enter into reasonable arrangements for the pre-paid amounts to be reconciled against actual costs on a monthly basis; and

(b) JTIH requires and JTI-M agrees that, in each case, any and all continued supply of goods and services by such Related Supplier is solely in the discretion of such Related Supplier.

Following the full payment of JTIH's Indebtedness to JTIH, JTIH and JTI-M agree that: (i) JTIH will return the Deposit to JTI-M; and (ii) JTIH's Security will continue to secure the payment and performance of any and all obligations owing by JTI-M to JTIH under the Agreements.

For greater certainty, JTIH and JTI-M agree that any amounts owing by JTIH to JTI-M may be set-off against any amounts owing by JTI-M to JTIH, and each party shall be entitled to set-off such amounts at any time.

JTI-M agrees that any amounts owing by the Related Supplier to JTI-M may be set-off against any amounts owing by JTI-M to the Related Supplier, and each party shall be entitled to set-off such amounts at any time.

JTI-M agrees to execute and deliver such other agreements as may be required to effect the amendments described herein, including JTIH's Security, and grants to JTIH a power of attorney to execute and deliver all such amending agreements and other agreements on behalf of JTI-M.

JTI-M confirms that the Agreements are valid, binding and enforceable in accordance with their terms and JTI-M acknowledges that it has no defences, counterclaims or rights of set-off (other than may be expressly acknowledged by JTIH or the Related Suppliers in writing) or reduction to any claims which might be brought by JTIH thereunder, including pursuant to the *Limitations Act*, 2002, and, to the extent applicable, all limitation periods are tolled until the payment of the Indebtedness.

Any discussions (whether written or oral) that have occurred or may occur among the respective parties to the Agreements are not intended, and shall not be deemed or construed, to constitute a waiver, limitation or postponement of any of the rights and remedies of JTIH thereunder or under applicable law, all of which rights and remedies hereby are expressly reserved.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

Delivered as of the date first written above.

JT INTERNATIONAL HOLDING B.V.

Per: January 26, 2018
Name: [redacted]
Title: [redacted]

Per: January 26, 2018
Name: [redacted]
Title: [redacted]

For consideration received, the receipt and sufficiency of which are acknowledged, JTI-Macdonald Corp. acknowledges and agrees to the terms of this Forbearance Letter.

JTI-MACDONALD CORP.

Name: [redacted]
Title:
Date: 26/1/18
I have authority to bind the corporation.

Name: [redacted]
Title:
Date: 26/1/18
I have authority to bind the corporation.

Schedule "A"
Related Suppliers

JT International Germany GmbH
Limited Liability Company "Petro"
Japan Tobacco International U.S.A., Inc.
JTI Duty-Free USA Inc.
Logic Technology Development LLC
JTI Business Services (Asia) Sdn. Bhd.
Limited Liability Company "Cres Neva"
Gallaher Limited
JTI Ireland Limited
JT International Canarias, S.A.U.
JTI Sweden AB

Execution Version

FORBEARANCE LETTER

January 26, 2018

Via Email
JTI-Macdonald Corp.
1601-1 Robert Speck Pkwy
Mississauga, Ontario
L4Z 0A2

Ladies and Gentlemen:

Reference is hereby made to that certain Service Agreement dated January 1, 2007 (as the same has been and hereafter may be amended or otherwise modified from time to time, the "**Service Agreement**" and together with other agreements between JTI Services and JTI-M collectively, the "**Agreements**") whereby JTI Services Switzerland SA ("**JTI Services**") and JTI-Macdonald Corp. ("**JTI-M**") agreed that JTI Services would provide JTI-M with global human resources services as part of the global corporate structure.

As of the date hereof, JTI Services believes that the Service Agreement is subject to immediate termination pursuant to its terms and provisions.

Further, JTI Services is concerned that JTI-M could become exposed to enforcement steps by judgment creditors resulting in its need to file for creditor protection to preserve value for all stakeholders, including JTI Services. The continued supply of goods and services under the Service Agreement without the amendments contemplated herein exposes JTI Services to a credit risk it now views as excessive and intolerable in the circumstances.

JTI Services would be within its rights under the Service Agreement to immediately terminate such agreement. However, JTI Services is prepared to continue to supply goods and services to JTI-M on the terms set out in the Service Agreement and on the following additional terms and conditions, which reduce JTI Services' ongoing credit risk:

1. JTI Services requires and JTI-M agrees that, as of the date hereof, the payment for goods and services under the Agreements shall made on a monthly basis, in advance of the provision of any further goods and services under the Agreements and that JTI Services and JTI-M will enter into reasonable arrangements for the pre-paid amounts to be reconciled against actual costs on a monthly basis; and

2. JTI Services requires and JTI-M agrees that any and all continued supply of goods and services under the Agreements is solely in the discretion of JTI Services and the Agreements are hereby amended accordingly.

JTI Services and JTI-M agree that any amounts owing by JTI Services to JTI-M may be set-off against any amounts owing by JTI-M to JTI Services, and each party shall be entitled to set-off such amounts at any time.

JTI-M agrees to execute and deliver such other agreements as may be required to effect the amendments described herein, and grants to JTI Services a power of attorney to execute and deliver all such amending agreements and other agreements on behalf of JTI-M.

JTI-M confirms that the Agreements are valid, binding and enforceable in accordance with their terms and JTI-M acknowledges that it has no defences, counterclaims or rights of set-off (other than may be expressly acknowledged by JTI Services in writing) or reduction to any claims which might be brought by JTI Services thereunder, including pursuant to the *Limitations Act*, 2002, and, to the extent applicable, all limitation periods are tolled until the payment of the Indebtedness.

Any discussions (whether written or oral) that have occurred or may occur among the respective parties to the Agreements are not intended, and shall not be deemed or construed, to constitute a waiver, limitation or postponement of any of the rights and remedies of JTI Services thereunder or under applicable law, all of which rights and remedies hereby are expressly reserved.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

Delivered as of the date first written above.

JTI SERVICES SWITZERLAND SA

Per: [redacted]
Name:
Title: Global Rewards Vice President

Per: [redacted]
Name:
Title:

For consideration received, the receipt and sufficiency of which are acknowledged, JTI-Macdonald Corp. acknowledges and agrees to the terms of this Forbearance Letter.

JTI-MACDONALD CORP.

[redacted]
Name:
Title:
Date: 26/1/18
I have authority to bind the corporation.

[redacted]
Name:
Title:
Date: 26/1/18
I have authority to bind the corporation.

Execution Version

FORBEARANCE LETTER

January 26, 2018

Via Email
JTI-Macdonald Corp.
1601-1 Robert Speck Pkwy
Mississauga, Ontario
L4Z 0A2

Ladies and Gentlemen:

Reference is hereby made to that certain Services Agreement dated July 1, 2016, 2016 (as the same has been and hereafter may be amended or otherwise modified from time to time, the "**Service Agreement**") whereby JTI (US) Holding Inc. ("**JTI US**") and JTI-Macdonald Corp. ("**JTI-M**") agreed that JTI US would provide global administrative services to JTI-M as part of the global corporate structure.

As of the date hereof, JTI US believes that the Service Agreement is subject to immediate termination pursuant to its terms and provisions.

Further, JTI US is concerned that JTI-M could become exposed to enforcement steps by judgment creditors resulting in its need to file for creditor protection to preserve value for all stakeholders, including JTI US. The continued supply of goods and services under the Service Agreement without the amendments contemplated herein exposes JTI US to a credit risk it now views as excessive and intolerable in the circumstances.

JTI US would be within its rights under the Service Agreement to immediately terminate such agreement. However, JTI US is prepared to continue to supply goods and services to JTI-M on the terms set out in the Service Agreement and on the following additional terms and conditions, which reduce JTI US's ongoing credit risk:

1. JTI US requires and JTI-M agrees that, if it is reasonably practical in the circumstances, the frequency of payments outlined in the Agreements shall be amended to be calculable, due and payable on a monthly basis, in advance of the provision of any further goods and services under the Agreements and to enter into reasonable arrangements for the pre-paid amounts to be reconciled against actual costs on a monthly basis; and

2. JTI US requires and JTI-M agrees that any and all continued supply of goods and services under the Agreements is solely in the discretion of JTI US and the Agreements are hereby amended accordingly.

JTI US and JTI-M agree that any amounts owing by JTI US to JTI-M may be set-off against any amounts owing by JTI-M to JTI US, and each party shall be entitled to set-off such amounts at any time.

JTI-M agrees to execute and deliver such other agreements as may be required to effect the amendments described herein, including the Security, and grants to JTI US a power of attorney to execute and deliver all such amending agreements and other agreements on behalf of JTI-M.

JTI-M confirms that the Agreements are valid, binding and enforceable in accordance with their terms and JTI-M acknowledges that it has no defences, counterclaims or rights of set-off (other than may be expressly acknowledged by JTI US in writing) or reduction to any claims which might be brought by JTI US thereunder, including pursuant to the *Limitations Act*, 2002, and, to the extent applicable, all limitation periods are tolled until the payment of the Indebtedness.

Any discussions (whether written or oral) that have occurred or may occur among the respective parties to the Agreements are not intended, and shall not be deemed or construed, to constitute a waiver, limitation or postponement of any of the rights and remedies of JTI US thereunder or under applicable law, all of which rights and remedies hereby are expressly reserved.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

Delivered as of the date first written above.

JTI (US) HOLDING INC.

Per: [redacted]
Name:
Title: Chairman & President

Per: [redacted]
Name:
Title: Treasurer & CFO

For consideration received, the receipt and sufficiency of which are acknowledged, JTI-Macdonald Corp. acknowledges and agrees to the terms of this Forbearance Letter.

JTI-MACDONALD CORP.

[redacted]
Name:
Title:
Date: JAN 26, 2018
I have authority to bind the corporation.

[redacted]
Name:
Title:
Date: JAN 26, 2018
I have authority to bind the corporation.

EXHIBIT “E”

This is **Exhibit "E"**, referred to in the **Affidavit of Robert McMaster**, sworn before me this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

CASH COLLATERAL AGREEMENT

To: **CITIBANK CANADA ("Citi")**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, JTI-MACDONALD CORP. (the "**Pledgor**") hereby agrees with Citi with respect to all amounts ("**Amounts**") now or hereafter standing to the credit of the Pledgor as a result of any deposits or other credits made before, on or after the date of this agreement to the account described in Schedule "A" to this agreement (the "**Collateral Account**") maintained in the name of the Pledgor at the branch of Citi located at: 123 Front Street West, Toronto, Ontario M5J 2M3.

In this agreement:

(a) "**Liabilities**" means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, of the Pledgor to Citi arising under or in connection with the provision by Citi of central travel account card services under the agreements dated November 18, 2016 between CITIBANK CANADA and JTI-MACDONALD CORP., which require the extension of credit by Citi, including but not limited to the following services: Corporate Card Facility or Corporate Card Line (the central travel account card services, the Corporate Card Facility and the Corporate Card Line shall collectively be referred to as the "Services"), now existing or hereafter arising.

(b) "**Investment Property**" has the meaning given to such term in the PPSA.

(c) "**PPSA**" means the *Personal Property Security Act* (Ontario), as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

(d) "**Proceeds**" has the meaning given to that term in the PPSA.

(e) "**STA**" means the *Securities Transfer Act, 2006* (Ontario), as amended, and "**PPSA**" means the *Personal Property Security Act* (Ontario) and the regulations thereunder, as amended. Terms used herein and not otherwise defined have the meanings given to them in the STA or the PPSA, as applicable.

1. In this agreement, a "**Default**" will occur if the Pledgor fails to pay or satisfy all or any part of the Liabilities on demand in accordance with the agreed upon terms related to the Services or otherwise defaults under or in respect of the Services, or if the Pledgor assigns, transfers, grants a security interest in or otherwise deals with any Amounts, or if a writ of execution or garnishment or any similar or analogous writ, process or proceeding is issued against or in respect of the Pledgor, or if the Pledgor commits or threatens to commit any act of bankruptcy or becomes insolvent, or if any bankruptcy, receivership, liquidation, debt restructuring, corporate reorganization or similar proceedings involving the Pledgor are commenced or applied for by or against the Pledgor, or if a receiver or other person with like powers is appointed in respect of the Pledgor or any of its property or if any encumbrancer takes possession of any of the properties or assets of the Pledgor.

2. Whenever and so long as any Liabilities exist or may arise pursuant to the Services:

   (a) Citi will not be indebted or liable to the Pledgor in respect of any Amounts, which Amounts shall not be due or payable; and

(b) the Pledgor shall have no right to withdraw any moneys from the Collateral Account or to draw any cheques or drafts or other orders for the payment of money to be charged against the Collateral Account, or to assign, transfer, grant a security interest in or otherwise deal with any Amounts, or any part thereof.

On or after a Default, Citi may by written declaration permanently extinguish any obligation Citi may have to ever repay all or any part of the Amounts. If such a declaration is given an equal amount of the Liabilities (which amount shall be designated by Citi) shall be deemed to have been satisfied.

3. On or after Default Citi may apply all or any of the Amounts by way of co-mingling or consolidation of accounts or set off, against and in reduction or extinction of all or any part of the Liabilities, all as Citi may see fit, whether or not those Liabilities are due and payable and whether actual or contingent. It is agreed and understood that at any time the amount of the deposit obligation of Citi owing to the Pledgor, if any, represented by the Amounts or the Collateral Account shall be deemed to be automatically reduced to the extent of any Liabilities outstanding at such time, whether or not Citi has taken any steps to apply all or any of the Amounts in reduction or extinction of such Liabilities.

4. The Pledgor hereby assigns, transfers and sets over and grants a security interest to and in favour of Citi in the Amounts and the Collateral Account, as general and continuing collateral security for the payment and fulfilment of the Liabilities. On or after Default, Citi may apply the Amounts or any part thereof against and in reduction or extinction of all or any part of the Liabilities, all as Citi may see fit.

5. The Pledgor confirms that value has been given by Citi to the Pledgor, that the Pledgor has rights in the Amounts and the Collateral Account (other than after-acquired property) and that the Pledgor and Citi have not agreed to postpone the time for attachment of the security interest created by this agreement to any of the Amounts or the Collateral Accounts. The security interest created by this agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this agreement.

6. Upon Default:

(a) all the Liabilities shall, immediately prior to the happening of the Default, be and become immediately due and payable;

(b) the Pledgor shall immediately be and become directly indebted and liable to Citi as a principal debtor in respect of all liabilities and obligations then existing or thereafter arising under or by virtue of the Services; and

(c) Citi shall be entitled as and when it sees fit and without prior notice to the Pledgor or demand for payment of the Liabilities (except as may be required by any applicable statute), and is hereby irrevocably authorized and empowered, to immediately exercise any or all of its rights and remedies under this agreement.

7. Citi is authorized and shall be entitled to make such debits, credits, correcting entries, and other entries to the Pledgor's accounts and Citi's records relating to the Pledgor as it regards as desirable in order to give effect to Citi's rights hereunder and in particular its rights under paragraphs (3), (4) , (5) and (7) and the Pledgor agrees to be bound by such entries absent manifest error. The Pledgor shall remain liable for any part of the Liabilities remaining unsatisfied following any exercise of any of Citi's rights under this agreement.

8. As further evidence of its rights, Citi may require the Pledgor to lodge with Citi any certificates or other written evidence of the Amounts issued by Citi, but any failure of Citi to require such documents to be lodged shall not prejudice or diminish Citi's rights under this agreement. In addition, Citi may require the Pledgor to establish and maintain with a securities intermediary designated by Citi a securities account to which the Amounts and other financial assets shall be credited, subject to the security interest granted hereby, and to consent to such securities intermediary entering into a control agreement with Citi, and may further require the Pledgor to transfer the Amounts and other financial assets to a securities account maintained by Citi (or for its benefit) and subject to the security interest granted hereby, and to execute and deliver such other security or other agreements as Citi may require, in each case such that Citi's security interest shall be perfected by control pursuant to the STA and PPSA.

9. Citi is authorized to file financing statements, with or without notice to the Pledgor and with or without the Pledgor's signature, or take such other actions as are necessary or desirable, to perfect the security interests granted with respect to the Amounts and the Collateral Account. The Pledgor agrees to sign financing statements promptly on request and appoints Citi in case of need to be its attorney-in-fact with full power of substitution to sign such financing statements in the name, place and stead of Pledgor. Pledgor will, at its own expense upon request from time to time, sign any other instrument or document and take any other action as Pledgor may require to perfect such security interests.

10. Citi may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used includes guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from or from perfecting securities of, cease or refrain from giving credit or making loans or advances to, accept compositions from and otherwise deal with the Pledgor or any other person and with all securities as Citi may see fit, and may apply all moneys at any time received from the Pledgor or any other person or from securities upon such part of the debts or liabilities of the Pledgor or other person to Citi as Citi may see fit and change any such application in whole or in part from time to time as Citi may see fit, the whole without in any way limiting or lessening the rights and powers of Citi to hold and deal with those Amounts now and hereafter on deposit in the Collateral Account in the manner provided for in this agreement.

11. No loss of or in respect of any securities received by Citi from the Pledgor or any other person, whether occasioned by the fault of Citi or otherwise, shall in any way limit or lessen the rights and powers of Citi to hold and deal with the Amounts now and hereafter on deposit in the Collateral Account in the manner provided for in this agreement.

12. Citi shall not be bound to exercise any of its rights or remedies against the Pledgor or any other person or in respect of any securities that it may at any time hold before being entitled to appropriate and apply all or any portion of the Amounts for the purpose and in the manner provided for in this agreement.

13. In the event that at any time or from time to time the moneys on deposit in any Collateral Account are in a currency ("**Deposit Currency**") different from the currency ("**Liabilities Currency**") of any of the Liabilities, then for the purposes of this agreement the rate of exchange between the currencies shall be Citi's current rate of exchange for converting the Deposit Currency to the Liabilities Currency.

14. For greater certainty, "**Amounts**" includes without limitation all interest on deposits and all other accretions and additions to those deposits, and all term deposits, renewals of term deposits, replacements or substitutions therefor and other certificates or evidence of debt, any replacements and substitutions in respect of the foregoing, including any and all Investment Property held pursuant to Section 8 hereof and any and all security entitlements, certificates and/or instruments evidencing or representing such Investment Property, and any Proceeds of the foregoing.

15. The Pledgor represents and warrants as follows:

a) The Pledgor is the legal and beneficial owner of the Collateral Account free and clear of any lien, security interest, option or other charge or encumbrance except for the security interest created by this agreement.

b) The pledge of the Collateral Account pursuant to this agreement creates a valid and perfected first priority security interest in the Collateral Account, securing the payment of the Liabilities.

c) No consent of any other person or entity and no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required (i) for the pledge by the Pledgor of the Collateral Account pursuant to this Agreement or for the execution, delivery or performance of this agreement by the Pledgor, (ii) for the perfection or maintenance of the security interest created hereby (including the first priority nature of such security interest) or (iii) for the exercise by Citi of its rights and remedies hereunder.

d) There are no conditions precedent to the effectiveness of this agreement that have not been satisfied or waived.

e) The Pledgor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

f) The execution, delivery and performance by the Pledgor of this agreement and the transactions contemplated hereby are within the Pledgor's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene the Pledgor's charter or by-laws, (ii) violate any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award, or (iii) conflict with or result in the breach of, or constitute a default under, any material contract binding on or affecting the Pledgor or any of its properties. This agreement has been duly executed and delivered by the Pledgor.

g) This agreement is the legal, valid and binding obligation of the Pledgor, enforceable against the Pledgor in accordance with its terms.

16. Citi's rights and remedies under this agreement are in addition to, not in substitution for, any other rights and remedies Citi may have at any time, including without limitation any rights and remedies arising at common law, in equity, under statute, or pursuant to any contract with or security granted by the Pledgor. In the case of any conflict between this agreement and the terms of any agreement governing the operation of any of the Collateral Account, the terms of this agreement shall prevail.

17. The provisions of paragraphs (3), (4), (5) and (8) are intended to operate independently, and in the event that any of those provisions or any other provision of this agreement shall be held invalid or void, the remaining terms and provisions hereof shall remain in full force and effect.

18. This agreement shall be a continuing agreement and shall have effect whenever and so often as any Liabilities exist.

19. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

20. If the Pledgor at any time amalgamates with another corporation or corporations, the term **"Pledgor"** shall thereafter include each of the amalgamating corporations and the amalgamated

corporation, such that "Amounts" shall include without limitation amounts standing to the credit of the original Pledgor or the amalgamated corporation in the Collateral Account described in Schedule "A" to this agreement or any additional Schedule from time to time added hereto, and "**Liabilities**" shall include without limitation all the "Liabilities" of each of the amalgamating corporations at the time of the amalgamation and of the amalgamated corporation thereafter arising.

21. This agreement shall extend to and be binding on and enure to the benefit of Citi, and the Pledgor and their respective successors and assigns and each of them.

22. The Pledgor acknowledges receipt of a copy of this agreement.

23. The Pledgor agrees to pay on demand all costs incurred by Citi for searches and filings, and all costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) incurred by Citi in the enforcement of this agreement.

IN WITNESS WHEREOF this agreement has been executed at Mississauga, ONTARIO this 18th day of November, 2016.

JTI-MACDONALD CORP.

[redacted]

Name: [redacted]
Title: VP Finance and CFO

By: [redacted]

Name: [redacted]
Title: TREASURER

SCHEDULE "A"
(COLLATERAL ACCOUNT)

TYPE OF ACCOUNT	DDA
ACCOUNT NUMBER	2014893069
DEPOSIT AMOUNT	$900,000
DEPOSIT HOLDER	JTI-MACDONALD CORP

EXHIBIT “F”

This is **Exhibit "F"**, referred to in the

Affidavit of Robert McMaster, sworn before me

this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

CASH COLLATERAL AGREEMENT

To: **CITIBANK, N.A., CANADIAN BRANCH ("Citi")**

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, JTI-MACDONALD CORP (the "**Pledgor**") hereby agrees with Citi with respect to all amounts ("**Amounts**") now or hereafter standing to the credit of the Pledgor as a result of any deposits or other credits made before, on or after the date of this agreement to the account described in Schedule "A" to this agreement (the "**Collateral Account**") maintained in the name of the Pledgor at the branch of Citi located at: 123 Front Street West, Toronto, Ontario M5M 1K1.

In this agreement:

(a) "**Liabilities**" means all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, of the Pledgor to Citi arising under or in connection with the provision by Citi of cash management services which require the extension of credit by Citi, including but not limited to the following service: ACH Services (the "Services"), now existing or hereafter arising.

(b) "**Investment Property**" has the meaning given to such term in the PPSA.

(c) "**PPSA**" means the *Personal Property Security Act* (Ontario), as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

(d) "**Proceeds**" has the meaning given to that term in the PPSA.

(e) "**STA**" means the *Securities Transfer Act, 2006* (Ontario), as amended, and "**PPSA**" means the *Personal Property Security Act* (Ontario) and the regulations thereunder, as amended. Terms used herein and not otherwise defined have the meanings given to them in the STA or the PPSA, as applicable.

1. In this agreement, a "**Default**" will occur if the Pledgor fails to pay or satisfy all or any part of the Liabilities on demand in accordance with the agreed upon terms related to the Services or otherwise defaults under or in respect of the Services, or if the Pledgor assigns, transfers, grants a security interest in or otherwise deals with any Amounts, or if a writ of execution or garnishment or any similar or analogous writ, process or proceeding is issued against or in respect of the Pledgor, or if the Pledgor commits or threatens to commit any act of bankruptcy or becomes insolvent, or if any bankruptcy, receivership, liquidation, debt restructuring, corporate reorganization or similar proceedings involving the Pledgor are commenced or applied for by or against the Pledgor, or if a receiver or other person with like powers is appointed in respect of the Pledgor or any of its property or if any encumbrancer takes possession of any of the properties or assets of the Pledgor.

2. Whenever and so long as any Liabilities exist or may arise pursuant to the Services:

   (a) Citi will not be indebted or liable to the Pledgor in respect of any Amounts, which Amounts shall not be due or payable; and

   (b) the Pledgor shall have no right to withdraw any moneys from the Collateral Account or to draw any cheques or drafts or other orders for the payment of money to be charged against the Collateral Account, or to assign, transfer, grant a security interest in or otherwise deal with any Amounts, or any part thereof.

On or after a Default, Citi may by written declaration permanently extinguish any obligation Citi may have to ever repay all or any part of the Amounts. If such a declaration is given an equal amount of the Liabilities (which amount shall be designated by Citi) shall be deemed to have been satisfied.

3. On or after Default Citi may apply all or any of the Amounts by way of co-mingling or consolidation of accounts or set off, against and in reduction or extinction of all or any part of the Liabilities, all as Citi may see fit, whether or not those Liabilities are due and payable and whether actual or contingent. It is agreed and understood that at any time the amount of the deposit obligation of Citi owing to the Pledgor, if any, represented by the Amounts or the Collateral Account shall be deemed to be automatically reduced to the extent of any Liabilities outstanding at such time, whether or not Citi has taken any steps to apply all or any of the Amounts in reduction or extinction of such Liabilities.

4. The Pledgor hereby assigns, transfers and sets over and grants a security interest to and in favour of Citi in the Amounts and the Collateral Account, as general and continuing collateral security for the payment and fulfilment of the Liabilities. On or after Default, Citi may apply the Amounts or any part thereof against and in reduction or extinction of all or any part of the Liabilities, all as Citi may see fit.

5. The Pledgor confirms that value has been given by Citi to the Pledgor, that the Pledgor has rights in the Amounts and the Collateral Account (other than after-acquired property) and that the Pledgor and Citi have not agreed to postpone the time for attachment of the security interest created by this agreement to any of the Amounts or the Collateral Accounts. The security interest created by this agreement will have effect and be deemed to be effective whether or not the Liabilities or any part thereof are owing or in existence before or after or upon the date of this agreement.

6. Upon Default:

(a) all the Liabilities shall, immediately prior to the happening of the Default, be and become immediately due and payable;

(b) the Pledgor shall immediately be and become directly indebted and liable to Citi as a principal debtor in respect of all liabilities and obligations then existing or thereafter arising under or by virtue of the Services; and

(c) Citi shall be entitled as and when it sees fit and without prior notice to the Pledgor or demand for payment of the Liabilities (except as may be required by any applicable statute), and is hereby irrevocably authorized and empowered, to immediately exercise any or all of its rights and remedies under this agreement.

7. Citi is authorized and shall be entitled to make such debits, credits, correcting entries, and other entries to the Pledgor's accounts and Citi's records relating to the Pledgor as it regards as desirable in order to give effect to Citi's rights hereunder and in particular its rights under paragraphs (3), (4) , (5) and (7) and the Pledgor agrees to be bound by such entries absent manifest error. The Pledgor shall remain liable for any part of the Liabilities remaining unsatisfied following any exercise of any of Citi's rights under this agreement.

8. As further evidence of its rights, Citi may require the Pledgor to lodge with Citi any certificates or other written evidence of the Amounts issued by Citi, but any failure of Citi to require such documents to be lodged shall not prejudice or diminish Citi's rights under this agreement. In addition, Citi may require the Pledgor to establish and maintain with a securities intermediary designated by Citi a securities account to which the Amounts and other financial assets shall be credited, subject to the security interest granted hereby, and to consent to such securities intermediary entering into a control agreement with Citi,

and may further require the Pledgor to transfer the Amounts and other financial assets to a securities account maintained by Citi (or for its benefit) and subject to the security interest granted hereby, and to execute and deliver such other security or other agreements as Citi may require, in each case such that Citi's security interest shall be perfected by control pursuant to the STA and PPSA.

9. Citi is authorized to file financing statements, with or without notice to the Pledgor and with or without the Pledgor's signature, or take such other actions as are necessary or desirable, to perfect the security interests granted with respect to the Amounts and the Collateral Account. The Pledgor agrees to sign financing statements promptly on request and appoints Citi in case of need to be its attorney-in-fact with full power of substitution to sign such financing statements in the name, place and stead of Pledgor. Pledgor will, at its own expense upon request from time to time, sign any other instrument or document and take any other action as Pledgor may require to perfect such security interests.

10. Citi may grant time, renewals, extensions, indulgences, releases and discharges to, take securities (which word as used includes guarantees) from and give the same and any or all existing securities up to, abstain from taking securities from or from perfecting securities of, cease or refrain from giving credit or making loans or advances to, accept compositions from and otherwise deal with the Pledgor or any other person and with all securities as Citi may see fit, and may apply all moneys at any time received from the Pledgor or any other person or from securities upon such part of the debts or liabilities of the Pledgor or other person to Citi as Citi may see fit and change any such application in whole or in part from time to time as Citi may see fit, the whole without in any way limiting or lessening the rights and powers of Citi to hold and deal with those Amounts now and hereafter on deposit in the Collateral Account in the manner provided for in this agreement.

11. No loss of or in respect of any securities received by Citi from the Pledgor or any other person, whether occasioned by the fault of Citi or otherwise, shall in any way limit or lessen the rights and powers of Citi to hold and deal with the Amounts now and hereafter on deposit in the Collateral Account in the manner provided for in this agreement.

12. Citi shall not be bound to exercise any of its rights or remedies against the Pledgor or any other person or in respect of any securities that it may at any time hold before being entitled to appropriate and apply all or any portion of the Amounts for the purpose and in the manner provided for in this agreement.

13. In the event that at any time or from time to time the moneys on deposit in any Collateral Account are in a currency ("**Deposit Currency**") different from the currency ("**Liabilities Currency**") of any of the Liabilities, then for the purposes of this agreement the rate of exchange between the currencies shall be Citi's current rate of exchange for converting the Deposit Currency to the Liabilities Currency.

14. For greater certainty, "**Amounts**" includes without limitation all interest on deposits and all other accretions and additions to those deposits, and all term deposits, renewals of term deposits, replacements or substitutions therefor and other certificates or evidence of debt, any replacements and substitutions in respect of the foregoing, including any and all Investment Property held pursuant to Section 8 hereof and any and all security entitlements, certificates and/or instruments evidencing or representing such Investment Property, and any Proceeds of the foregoing.

15. The Pledgor represents and warrants as follows:

a) The Pledgor is the legal and beneficial owner of the Collateral Account free and clear of any lien, security interest, option or other charge or encumbrance except for the security interest created by this agreement.

b) The pledge of the Collateral Account pursuant to this agreement creates a valid and perfected first priority security interest in the Collateral Account, securing the payment of the Liabilities.

c) No consent of any other person or entity and no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required (i) for the pledge by the Pledgor of the Collateral Account pursuant to this Agreement or for the execution, delivery or performance of this agreement by the Pledgor, (ii) for the perfection or maintenance of the security interest created hereby (including the first priority nature of such security interest) or (iii) for the exercise by Citi of its rights and remedies hereunder.

d) There are no conditions precedent to the effectiveness of this agreement that have not been satisfied or waived.

e) The Pledgor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

f) The execution, delivery and performance by the Pledgor of this agreement and the transactions contemplated hereby are within the Pledgor's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene the Pledgor's charter or by-laws, (ii) violate any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award, or (iii) conflict with or result in the breach of, or constitute a default under, any material contract binding on or affecting the Pledgor or any of its properties. This agreement has been duly executed and delivered by the Pledgor.

g) This agreement is the legal, valid and binding obligation of the Pledgor, enforceable against the Pledgor in accordance with its terms.

16. Citi's rights and remedies under this agreement are in addition to, not in substitution for, any other rights and remedies Citi may have at any time, including without limitation any rights and remedies arising at common law, in equity, under statute, or pursuant to any contract with or security granted by the Pledgor. In the case of any conflict between this agreement and the terms of any agreement governing the operation of any of the Collateral Account, the terms of this agreement shall prevail.

17. The provisions of paragraphs (3), (4), (5) and (8) are intended to operate independently, and in the event that any of those provisions or any other provision of this agreement shall be held invalid or void, the remaining terms and provisions hereof shall remain in full force and effect.

18. This agreement shall be a continuing agreement and shall have effect whenever and so often as any Liabilities exist.

19. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

20. If the Pledgor at any time amalgamates with another corporation or corporations, the term "**Pledgor**" shall thereafter include each of the amalgamating corporations and the amalgamated corporation, such that "Amounts" shall include without limitation amounts standing to the credit of the original Pledgor or the amalgamated corporation in the Collateral Account described in Schedule "A" to this agreement or any additional Schedule from time to time added hereto, and "**Liabilities**" shall include without limitation all the "Liabilities" of each of the amalgamating corporations at the time of the amalgamation and of the amalgamated corporation thereafter arising.

21. This agreement shall extend to and be binding on and enure to the benefit of Citi, and the Pledgor and their respective successors and assigns and each of them.

22. The Pledgor acknowledges receipt of a copy of this agreement.

23. The Pledgor agrees to pay on demand all costs incurred by Citi for searches and filings, and all costs and expenses (including legal fees and expenses on a full indemnity basis and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) incurred by Citi in the enforcement of this agreement.

IN WITNESS WHEREOF this agreement has been executed at MISSISSAUGA, CANADA.

this 24th day of FEB, 2017.

JTI-MACDONALD CORP

By: [redacted] 24 FEB 2017

Name: [redacted]

Title: TREASURER

By: [redacted] 24 FEB 2017

Name: [redacted]

Title: CORPORATE SECRETARY

SCHEDULE "A"
(COLLATERAL ACCOUNT)

TYPE OF ACCOUNT	DDA
ACCOUNT NUMBER	2014893069
DEPOSIT AMOUNT	$8,000,000
DEPOSIT HOLDER	JTI-MACDONALD CORP

EXHIBIT “G”

This is **Exhibit "G"**, referred to in the

Affidavit of Robert McMaster, sworn before me

this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

Court File No. 04 CL 5530

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF JTI–MACDONALD CORP.

FOURTH REPORT OF THE MONITOR DATED FEBRUARY 16, 2005

BACKGROUND

1. On August 24, 2004, JTI-Macdonald Corp. ("JTI-M" or the "Applicant") filed for and obtained protection from its creditors under the Companies' Creditors Arrangement Act R.S.C. 1985. c. C-36, as amended (the "CCAA") pursuant to the Order of the Honourable Mr. Justice Farley dated August 24, 2004 (the "Initial Order"). Pursuant to the Initial Order, Ernst & Young Inc. ("EYI") was appointed as Monitor (the "Monitor") during this CCAA proceeding.

2. In connection with their litigation against the Applicant, certain of the stakeholders have claimed that certain transactions involving the Applicant and certain of its affiliates on or after the acquisition of the Applicant by the Japan Tobacco group of companies (the "JT Group") were undertaken with intent to defeat, hinder, delay or defraud the creditors of the Applicant. During discussions between the Monitor, the Applicant and its counsel, and counsel to certain of the stakeholders with respect to the development of a roadmap and tentative timetable to deal with claims against JTI-M, it was decided that it would facilitate such discussions if the Monitor were to analyze the Canadian aspects of the transactions undertaken in 1999 and 2000 following the acquisition by Japan Tobacco

Inc. of the world-wide tobacco businesses (except for the U.S. domestic tobacco business) of RJR Nabisco, Inc. and R.J. Reynolds Tobacco Company (collectively, "RJR Nabisco") (the "Integration Transactions") and report the facts of those transactions to this Honourable Court. It was also agreed that the Monitor's analysis would not involve any attempt to verify the underlying intentions of any of the parties involved in the Integration Transactions. In addition, the Monitor will report to this Honourable Court with respect to the validity and registrations of certain security granted by JTI-M to its affiliates.

3. Capitalized terms not defined in the Report are as defined in the Initial Order. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

4. In discussions between the Monitor and counsel to the Attorney General of Canada and the Minister of Revenue of Quebec with respect to the scope of the Monitor's analysis of the Integration Transactions, it was agreed that the Monitor's analysis would be restricted to reporting the facts of the transactions that occurred and the primary documentation underlying those transactions. Accordingly, in analyzing the Integration Transactions the Monitor has relied on unaudited company-prepared financial information, company records and discussions with management of the Applicant and certain of its affiliates (collectively "Management") The Monitor has not performed an audit or other verification of such information.

5. In summarizing the Integration Transactions, the Monitor has reported the comments from Management relating to the rationale for those transactions. Where Management indicates that certain transactions resulted in a reduction of corporate income and capital taxes, the Monitor has engaged its affiliate Ernst & Young LLP ("EYLLP") to comment on whether those transactions are consistent with typical tax planning practice. However, neither the Monitor nor its counsel, ThorntonGroutFinnigan LLP ("TGF"), has conducted any formal examinations of Management or employees or made any attempt to search for documentary evidence that might corroborate or contradict Management's comments.

PRIOR INVOLVEMENT OF ERNST & YOUNG

6. During 1999 and 2000, EYLLP and Ernst & Young LLP ("EY UK"), a limited liability partnership registered in England and Wales that is an affiliate of Ernst & Young LLP and a member firm of Ernst & Young International, were engaged by Japan Tobacco Inc. ("Japan Tobacco") and certain of its affiliates to provide tax consulting services. The Monitor has been advised by EY UK that services provided by EY UK involved analyzing the global tax structure of the JT Group and making recommendations to Japan Tobacco on post-acquisition tax structuring in a number of countries, including Canada. EYLLP's services were subcontracted by EY UK after Japan Tobacco had made the decision to transfer the Non-Core Subsidiaries (as defined below) to a non-Canadian affiliate of Japan Tobacco (as discussed in greater detail in paragraphs 29 to 32 and 37 below) for the sole purposes of recommending a structure for the transfer so it could occur without triggering an additional income tax liability and preparing the ruling request submitted to the Canada Revenue Agency ("CRA") (as described in paragraphs 34 and 37 below) to confirm the validity of that proposed tax structure.

7. To ensure the independence of the Monitor's analysis of the Integration Transactions, the EYLLP personnel selected to assist the Monitor in its analysis are individuals who had no involvement with the limited tax planning services described above, and the Monitor and EYLLP have established an internal firewall to prevent communication between those personnel and the EYLLP personnel who were involved with the previous tax planning services. In addition, EY UK has had no involvement with the Monitor's mandate in this proceeding, including the preparation of this Report.

8. This Report does not, and is not intended to, take any position on the ultimate tax effectiveness of the transactions undertaken with involvement from EY UK and EYLLP. The Monitor (with the assistance of EYLLP) does, however, comment on the extent to which certain of the transactions undertaken by the companies are consistent with typical corporate tax optimization strategies.

MONITOR'S ANALYSIS OF INTEGRATION TRANSACTIONS

Comments on Presentation

9. Due to the complexity of the Integration Transactions and the number of legal entities involved and in order to facilitate the review of this Report by this Honourable Court and by the stakeholders, the Monitor has presented this Report in two separate documents: the main body of the Report, in which the Monitor has provided general descriptions of the major components of the Integration Transactions and Management's stated rationale for those transactions, and a separate book of appendices containing (a) as Appendix 1, the current corporate chart of the Applicant, indicating the current ownership and debt structure of the Applicant and its Canadian affiliates (collectively, including predecessor corporations, the "JT Canada Group"), (b) as Appendix 2, a glossary of the Monitor's abbreviations for the relevant corporations and financial instruments involved in the Integration Transactions, and (c) as Appendices 3-10, detailed descriptions of the individual transactions, including graphical representations and descriptions of the underlying documentation, in approximate chronological order.

Background to Japan Tobacco Purchase and Pre-Purchase/Purchase Transactions (Appendix 3)

10. On March 9, 1999, RJR Nabisco Holdings Corp. announced that RJR Nabisco had entered into a definitive agreement to sell the international tobacco business (that is, the tobacco business operating outside the United States and including U.S. duty free business) of its subsidiary R.J.R. Tobacco International Holdings B.V. and other entities and businesses (collectively "RJRTI") to Japan Tobacco for total proceeds of approximately $8 billion U.S. According to the 1998 Form 10K of RJR Nabisco Holdings Corp., RJRTI's international tobacco business manufactured tobacco products in 23 owned and joint-venture locations outside the United States, including Canada, Andorra, China, the Czech Republic, Finland, Germany, Hong Kong, Indonesia, Kazakhstan, Malaysia, Mexico, Puerto Rico, Poland, Portugal, Romania, Russia, Spain, Switzerland, Tanzania, Tunisia, Turkey, Ukraine and Vietnam. Management has advised the Monitor that RJRTI and its affiliates carried on business in more than 100 countries.

11. Management of the Applicant and of the JT Group have indicated that the sale of RJRTI's international tobacco business was effected through a competitive bid process involving most of the world's major tobacco manufacturers and that neither Japan Tobacco nor most other industry participants perceived Japan Tobacco as the front-runner in that process. Management indicates that, as a result, at the time Japan Tobacco's bid was accepted Japan Tobacco had not undertaken detailed planning with respect to the desired capital structure of the acquisition in the approximately one hundred countries in which RJR Nabisco's international tobacco operations carried on business. Management also indicates that once Japan Tobacco's bid had been accepted it was under considerable time pressure to close the transaction (this complex international transaction closed May 11, 1999, approximately 60 days after the date the master purchase agreement was executed) and was therefore again unable to plan and implement the optimal capital and operating structure prior to closing. Instead, the purchase was effected using a capital structure that allowed, in Japan Tobacco's view, maximum flexibility for subsequent recapitalization.

12. Management has advised that the basic elements of the corporate structure established for the acquisition of RJRTI's Canadian operations were effected by RJR Nabisco and its subsidiaries prior to closing and Management advises that it understands that a primary purpose of that structure was to optimize the tax benefit to RJR Nabisco. In particular, RJR-Macdonald Inc., the primary Canadian operating subsidiary of RJRTI, was continued from the Canada Business Corporations Act into Nova Scotia and transformed into an unlimited liability company ("ULC") under the Nova Scotia Companies Act, becoming RJR-Macdonald Corp. ("RJR-M"). Management indicates that under U.S. tax legislation a subsidiary that is a ULC can be treated as a branch for U.S. income tax purposes rather than a separate legal entity, allowing its parent to claim foreign tax credits for the Canadian tax previously paid by the ULC. Accordingly, Management indicates that this step was effected to allow RJR Nabisco to offset U.S. taxes payable on the gain for U.S. income tax purposes on the sale of its international tobacco operations with foreign tax credits with respect to the Canadian income tax previously paid by RJR-M. The acquisition agreement between Japan Tobacco and RJR Nabisco required Japan Tobacco to maintain this structure for at least two years after the acquisition.

13. Management has indicated that, although the acquisition of RJR Nabisco's international tobacco operations by Japan Tobacco was governed by a master agreement of purchase and sale between Japan Tobacco and RJR Nabisco, they each caused their respective subsidiaries to enter into individual agreements of purchase and sale with respect to the shares of RJR Nabisco's subsidiaries which generally owned the international operations and assets of businesses carried on in specific countries or regions. The value attributed by RJR Nabisco and Japan Tobacco to RJR-M and its subsidiaries was established based on an independent appraisal obtained by RJR Nabisco from Deloitte & Touche LLP ("D&T") that estimated the combined value of RJR-M and its subsidiaries at U.S. $2.24 billion at March 9, 1999.

14. In order to effect the acquisition of RJR-M, Japan Tobacco's indirect subsidiary JT International Holding B.V. ("JTIH-BV") created two new subsidiaries: (a) JT Canada LLC Inc. ("JTLLC"), and (b) JT Nova Scotia Corporation ("JT Nova Scotia"). JTLLC is a limited liability company incorporated under Nova Scotia law in April 1999 with nominal capital and further capitalized on May 11, 1999 by issuing common shares and redeemable preference shares to JTIH-BV for consideration of a mutual agreement to hold the benefit of U.S. $2.24 billion in a bank account in trust for JTLLC. JT Nova Scotia is a direct subsidiary of JTLLC that is a ULC under Nova Scotia law. JT Nova Scotia was incorporated on 9 April 1999 with nominal capital and further capitalized on May 11, 1999 by issuing common shares and preference shares to JTLLC for consideration of the assignment of the benefit of the above-mentioned U.S. $2.24 billion in trust. Details of these transactions are provided in Appendix 3a. Management has advised the Monitor that JTLLC and JT Nova Scotia were capitalized in part with redeemable preference shares in order to allow flexibility in adjusting the capital structure of the Canadian operations after the acquisition.

15. Prior to the closing of the acquisition, Japan Tobacco and JT Nova Scotia entered into an agreement under which Japan Tobacco assigned the right to acquire RJR-M to JT Nova Scotia and JT Nova Scotia, as consideration for that assignment, agreed to purchase the shares of RJR-M from RJR Nabisco's indirect subsidiary RJR Tobacco International Holding III B.V. for consideration of U.S. $2.24 billion. JT Nova Scotia acquired the

shares of RJR-M on May 11, 1999, using the U.S. $2.24 billion held in trust. Details of these transactions are provided in Appendix 3b.

Transfer of Trademarks and Implementation of Secured Debt Structure (Appendix 4)

16. As mentioned above, Management has indicated to the Monitor that, due to timing considerations, Japan Tobacco was unable to establish a capital structure for RJRTI's Canadian operations prior to the acquisition that, in addition to other business purposes, would allow Japan Tobacco to optimize its overall international tax burden. In particular, Management indicates that, because Canada has a high corporate tax rate relative to other major industrialized countries, given adequate time before closing Japan Tobacco would have put in place debt financing to fund part of the purchase price of the Canadian operations rather than the all-equity financing used by Japan Tobacco for the acquisition in order to benefit from the tax-deductibility of the interest paid on the debt component.

17. Management has advised the Monitor that subsequent to the acquisition Japan Tobacco also determined that additional adjustments could be made to the corporate structure and asset ownership of the JT Canada Group for business purposes which would have the effect of further reducing the income and capital taxes of the corporate group. Specifically, after the closing of the purchase from RJR Nabisco, Japan Tobacco decided to cause JTI-M to transfer its trademarks to a newly-created subsidiary that carried on business in Quebec, and to recapitalize the Canadian operations to replace the preferred shares issued prior to closing with debt.

(a) Transfer of Trademarks

18. On September 1, 1999 RJR-M incorporated a new subsidiary, JTI-Macdonald TM Corp. ("JTI-TM"), a Nova Scotia ULC. On October 8, 1999 RJR-M transferred its trademarks (the "Trademarks") to JTI-TM in exchange for common shares of JTI-TM. RJR-M and JTI-TM elected to treat the transaction as a rollover under subsection 85(1) of the Income Tax Act ("ITA") resulting in no tax payable by RJR-M on the transfer. JTI-TM, which carries on business only in Quebec, then entered into a licensing agreement with RJR-M whereby RJR-M was granted a non-exclusive worldwide license to use the Trademarks in

exchange for a royalty payable semi-annually. Details of these transactions are provided in Appendix 4a.

19. Japan Tobacco obtained a valuation from D&T that valued the brand equity of RJR-M at $1.2 billion at March 9, 1999. "Brand equity" is indicated by the D&T report to include "the total value of all attributes and qualities implied by [RJR-M's] brand names." The report further clarifies that the attributes and qualities represent the brands' ability to shift demand from competing brands to RJR-M's brands and are supported by RJR-M's distribution channels, marketing intelligence and the performance characteristics of its products. The Monitor notes that, based on this description and the valuation approach adopted by D&T as described in its report, the value of RJR-M's brand equity may be greater than the value that might have been attributed to the trademarks alone. However, without access to the source data used by D&T and the performance of separate valuation procedures, the Monitor can neither confirm this conclusion nor estimate the amount, if any, by which the value of RJR-M's trademarks might have differed from the value of its brand equity.

20. Management has advised the Monitor that the transfer of the trademarks to JTI-TM and the concurrent licensing of those trademarks back to RJR-M had two primary tax implications. First, in calculating their taxable capital, corporations benefit from an allowance for shares of subsidiaries that reduces their taxable capital. The transfer of the trademarks to a subsidiary allowed RJR-M to reduce its annual capital tax liability by approximately $5 million but did not result in a corresponding increase in capital taxes in JTI-TM because, for capital tax purposes, the value of the trademark asset in JTI-TM is the $1 amount of the elected proceeds under the subsection 85(1) rollover. Second, because JTI-TM carries on business only in Quebec, which has a slightly lower combined federal/provincial corporate tax rate than other provinces, the gradual monetization of the value of the trademarks via payment of royalties from RJR-M to JTI-TM achieved a small reduction in the overall effective income tax rate of the Canadian operations. EYLLP has confirmed that, in complex corporate structures, intangible assets are often transferred and licensed in this manner, resulting in reduced taxes payable by the corporate group as a whole.

(b) Recapitalization of Canadian Operations

21. Prior to the recapitalization of the Canadian operations to include a debt component, JTLLC incorporated a new subsidiary, JT Canada LLC II Inc. ("JTLLC II"), a limited liability company under the laws of Nova Scotia. JTLLC then transferred its shares of JT Nova Scotia to JTLLC II in exchange for common shares and for redeemable preference shares of JTLLC II. Management has expressed its opinion to the Monitor that the corporate structure effected via these transactions is a typical holding company structure where a ULC is involved. Details of these transactions are provided in Appendix 4b.

22. Management has indicated to the Monitor that the amount of interest-bearing debt to be included in the revised capital structure of the Canadian operations was determined taking into consideration (a) the thin capitalization rules in the ITA and (b) the expected income and debt service capacity of JTI-M. EYLLP confirms that the thin capitalization rules under the ITA prohibit the deductibility of interest on non-resident related-party debt generally where the ratio of such debt to shareholders' equity of the taxpayer exceeds a specified ratio (at the time of the recapitalization the specified ratio was 3:1). Management has indicated that, based on the expected shareholders' equity of JTLLC, the top company in the Canadian corporate structure and the one that would ultimately be the debtor of the non-resident debt, at the end of 1999 the maximum amount of non-resident related-party debt under the thin capitalization rules was estimated to be approximately $1.3 billion. However, Management selected the lower debt level of $1.2 billion based on the projected profitability of JTI-M.

23. The recapitalization of the Canadian operations occurred on November 23, 1999 by JT International B.V. ("JTI-BV"), a direct subsidiary of JTIH-BV incorporated under the laws of the Netherlands, borrowing $1.2 billion as an overnight loan from ABN AMRO Bank N.V. ("ABN AMRO"), a third-party financial institution, and making a secured advance of $1.2 billion to JTLLC. JTLLC then made a secured advance of $1.2 billion to JTI-TM and JTI-TM made a secured advance of $1.2 billion to JT Nova Scotia. Details of these transactions are provided in Appendix 4c. JT Nova Scotia then returned capital

of $1.2 billion to JTLLC II via a purchase of redeemable preference shares for cancellation, with JTLLC II similarly returning capital of $1.2 billion to JTLLC and JTLLC similarly returning capital of $1.2 billion to JTIH-BV via a purchase of redeemable preference shares for cancellation on November 23, 1999. JTIH-BV then advanced the funds to JTI-BV, details of which advance were not reviewed by the Monitor, and JTI-BV repaid the overnight loan to ABN AMRO. Details of these transactions are provided in Appendix 4d.

24. On January 1, 2000 the $1.2 billion secured loan owed by JTLLC to JTI-BV was transferred by JTI-BV to JT International S.A. ("JTI-SA"), a wholly-owned subsidiary of JTIH-BV. Details of this transaction were not reviewed by the Monitor.

25. The monies owed by JT Nova Scotia to JTI-TM are evidenced by debentures (the "JTI-TM Term Debentures") that are due November 18, 2024, are redeemable at the option of JTI-M as successor to JT Nova Scotia as a result of an amalgamation (discussed below) and convertible into special preference shares of JTI-M at the option of the holder, and are secured by a Deed of Hypothec dated November 23, 1999 held by the Trust Company of Bank of Montreal ("Trustco") as the attorney for JTI-TM. The JTI-TM Term Debentures bear interest at the rate of 7.76% per annum calculated semi-annually. Blended principal and interest payments of $46.7 million are due on November 18 and May 18 of each calendar year until maturity.

26. The monies owed by JTI-TM to JTLLC are evidenced by debentures (the "JTLLC Term Debentures") that are due May 18, 2032, are redeemable at the option of JTI-TM and convertible into special preference shares of JTI-TM at the option of the holder, and are secured by a Deed of Hypothec dated November 23, 1999 held by Trustco as the attorney for JTLLC and a General Security Agreement dated November 23, 1999. The JTLLC Term Debentures bear interest at the rate of 7.635% per annum calculated semi-annually. Blended principal and interest payments of $49.9 million are due on November 18 and May 18 of each calendar year until maturity. Management indicates that the differences between the interest rates and amortization terms of the JTI-TM Term Debentures and the JTLLC Term Debentures are based on arm's-length terms and particularly the concept

that an entity that borrows and re-loans money will re-loan the money at a higher rate than it pays on its own borrowings.

27. EYLLP indicates that international tax planning for an organization with profitable Canadian operations would typically involve a substantial debt component in Canada, because of Canada's comparatively high corporate income tax rate, and that, accordingly, a recapitalization of the Canadian operations to introduce a debt component would not be unusual.

28. The thin capitalization rules under the ITA are based on a maximum debt-to-equity ratio. EYLLP indicates that CRA is typically willing to allow the deduction of interest on related-party debt, provided the taxpayer is within the thin capitalization rules and the interest rate charged on the related-party debt is reasonably consistent with the interest rate that would typically be charged on a similar loan by a third-party lender. Because unsecured debentures would have greater credit risk, an unsecured third-party debt investor would typically charge a higher interest rate than on a secured instrument, meaning that JT Nova Scotia (and, subsequently, the Applicant) could potentially have had the benefit of a larger corporate income tax deduction on the same face value of debt if the JTI-TM Term Debentures were unsecured. Had JTI-M been capitalized in this manner, however, CRA might have taken the position that, considering the amount of debt, the level of leverage and the litigation risk inherent in the tobacco industry, only a secured third-party lender would have been willing to advance these amounts to JTI-M, and that therefore the terms of unsecured related-party debt at a higher interest rate were de facto not arm's-length terms. As a result, JTI-M might have been denied a deduction for a portion of the interest paid on the unsecured debt.

Issuance of Non-Core Note (Appendix 5)

29. At the date of the acquisition by JT Nova Scotia, RJR-M had two significant subsidiaries that were not part of the Canadian tobacco business of RJRTI (collectively, the "Non-Core Subsidiaries"):

(a) R.J. Reynolds International Finance B.V. ("RJR Finco"), a company incorporated in the Netherlands and whose name was subsequently changed to JT International

Finance B.V. on July 26, 1999. According to Management, the primary activity of RJR Finco, prior to the Japan Tobacco acquisition, was investment in debt and holding equity securities of other companies in RJRI's international tobacco business. Management has advised the Monitor that RJR Finco was originally positioned as a subsidiary of RJR-M so that the operating cash flow of RJR-M could be used to provide funding to RJR Finco, which would then advance those funds to other RJRTI subsidiaries, but that the concept ultimately proved unworkable because of adverse Canadian income tax consequences in RJR-M. EYLLP confirms that, in general, for taxation years beginning in 2000, the Canadian tax treatment of "second-tier financing structures," such as the RJR Finco concept, became significantly less favourable and, depending on the facts, could result in a Canadian parent company in such a structure having deemed interest income for Canadian tax purposes on loans made by a non-resident subsidiary finance company to other affiliates; and

(b) R.J. Reynolds Tutun Sanayi A.S. ("RJR Tutun"), a company incorporated in Turkey. Management has advised the Monitor that RJR Tutun was originally positioned as a subsidiary of RJR-M because RJR Tutun was building a new manufacturing facility and the strong cash flow from the Canadian operations was used to finance that construction. Management has advised the Monitor that the construction was completed prior to the acquisition by Japan Tobacco.

30. The valuation of RJR-M and its subsidiaries obtained by RJRI from D&T and referenced above included RJR Finco and RJR Tutun and valued those entities (including their respective subsidiaries) at U.S. $0.87 billion and U.S. $0.17 billion respectively. The audited financial statements of Finco and Tutun for the year ended December 31, 1998 are summarized in the chart below.

($U.S. millions)

	RJR Finco	RJR Tutun
Balance Sheet (Dec 31/98)		
Cash	$ -	$ 18.5
Inventories	-	60.0
Loans to affiliates (Note 1)	358.1	10.8
Equity investments in affiliate (Note 2)	325.0	-
Property, plant & equipment	-	87.3
Other assets	0.2	0.5
TOTAL ASSETS	$683.3	$177.1
Loans from affiliates (Note 3)	$355.9	$ 9.7
Other liabilities	0.8	61.4
Shareholders' Equity	326.6	106.0
TOTAL LIABILITIES AND EQUITY	$683.3	$177.1
Income Statement		
Revenues	$53.5	$132.1
Expenses	34.2	124.6
Net Income	$19.3	$ 7.5

Note 1 – RJR Finco balance consists of loans due from six affiliated companies, most notably a U.S. $331.1 million loan to R.J. Reynolds International B.V., which was renamed following the acquisition by Japan Tobacco to become JTI-BV

Note 2 – RJR Finco balance consists of 99.99% equity interest in R.J. Reynolds Tobacco GmbH

Note 3 – RJR Finco balance consists of loans due to nine affiliated companies, most notably R.J. Reynolds Tobacco GmbH (U.S. $97.7 million) and R.J. Reynolds Overseas Finance Co. N.V. (U.S. $98.2 million)

31. Management has advised the Monitor that Japan Tobacco decided it would be appropriate to transfer the Non-Core Subsidiaries to a non-Canadian subsidiary of Japan Tobacco for the purpose of (a) in the case of RJR Finco, a Dutch company, aligning it as a subsidiary of JTIH-BV, another Dutch company, so that its assets could be deployed without triggering the kinds of adverse income tax consequences described in paragraph 29(a) above, and (b) in the case of RJR Tutun, reducing the complexity of Japan Tobacco's worldwide tax planning by repositioning RJR Tutun closer to its ultimate parent company rather than several subsidiaries deep in the corporate structure. In order to transfer ownership of the Non-Core Subsidiaries to a non-Canadian affiliate without triggering taxable capital gains in RJR-M, Management developed a structured series of

transactions for the transfer and requested and obtained an advance ruling in August 1999 from the CRA confirming that no income or capital gains would be triggered for tax purposes as a result of the transactions contemplated.

32. The first phase of the transfer of the Non-Core Subsidiaries was effected on November 23, 1999 by JT Nova Scotia returning capital to JTLLC II via the purchase of redeemable preference shares for cancellation in exchange for the issuance of two unsecured demand promissory notes (the "Non-Core Notes") in the combined amount of $1.52 billion. Management indicates that the combined amount of the Non-Core Notes represents the estimated fair market value of the Non-Core Subsidiaries at or about 23 November 1999. JTLLC II and its parent JTLLC then returned capital to their respective parent companies via the purchase for cancellation of redeemable preference shares in exchange for the transfer of the Non-Core Notes with the result that the $1.52 billion principal amount of the Non-Core Notes was ultimately owed by JT Nova Scotia to JTIH-BV. Details of these transactions are provided in Appendix 5. The remaining phase of the transfer was effected following the amalgamation of JT Nova Scotia with RJR-M and is discussed separately below.

Amalgamation of JT Nova Scotia with RJR-M (Appendix 6)

33. On November 27, 1999 JT Nova Scotia amalgamated with RJR-M to form the Applicant. Details of the amalgamation are provided in Appendix 6.

34. Management has advised that, on the amalgamation of RJR-M and JT Nova Scotia, RJR-M's investments in its subsidiaries were required, under generally accepted accounting principles, to be revalued to their fair values, as described in the Monitor's Third Report dated November 19, 2004. The amalgamation also allowed an election to be made for Canadian tax purposes that increased the adjusted cost base ("ACB") of the shares of the Non-Core Subsidiaries to their fair value at the time of the acquisition of RJR-M by the JT Group. The ACB increase was free of Canadian tax. This tax treatment was approved as part of the advance tax ruling mentioned in paragraph 39. EYLLP confirms that this is a typical tax planning technique.

35. An effect of the amalgamation was that the interest expense for the JTI-TM Term Debentures was in the primary legal entity where the operating profits from the Canadian tobacco business were generated.

36. As a result of the amalgamation, the Applicant assumed JT Nova Scotia's $1.2 billion liability to JTI-TM for the JTI-TM Term Debentures and JT Nova Scotia's $1.52 billion liability to JTIH-BV under the Non-Core Notes. The amalgamation agreement provided that the rights of creditors of the predecessor corporations were unimpaired and that existing security agreements applied to the Applicant as if the original debts had been incurred and the original security agreements executed by the Applicant. In addition, on December 2, 1999 the Applicant executed an assumption agreement under which it expressly assumed the obligations of JT Nova Scotia under the JTI-TM Term Debentures and the related security agreements.

Transfer of Non-Core Subsidiaries in Satisfaction of Non-Core Note (Appendix 7)

37. On December 2, 1999, the Applicant transferred the shares of the Non-Core Subsidiaries to JTIH-BV in exchange for the extinguishment of the principal balance of the Non-Core Note. At the time the Non-Core Subsidiaries were transferred, their value had increased by approximately $9.2 million from the time the JTI Group acquired RJR-M, with the result that value exceeded ACB by approximately $9.2 million at December 2, 1999. This increase in value did not result in a gain subject to Canadian tax on the transfer of the Non-Core Subsidiaries on December 2, 1999 as the Non-Core Subsidiaries had sufficient exempt surplus (as defined in the ITA) to offset the $9.2 million gain by way of an election under subsection 93(1) of the ITA. EYLLP confirms that this is a typical tax planning technique. Details of these transactions are provided in Appendix 7.

Issuance of Additional Secured Debentures (Appendix 8)

38. Management has advised the Monitor that, by late 2000, it was apparent that the Applicant's financial performance was substantially better than Japan Tobacco had anticipated, due in large part to cigarette price increases initiated by the other Canadian tobacco manufacturers and adopted by JTI-M. The increased profitability resulted in the ability to service additional debt, which would result in a further reduction of the overall

Canadian tax burden of the JT Canada Group. Based on the projected profitability of JTI-M for 2001 and subsequent years, Management estimated the additional debt that could be supported at $410 million. However, a reduction of the thin capitalization limit from 3:1 to 2:1, effective in fiscal years beginning after 2000, had been announced in the 2000 federal budget and Management indicates that JTLLC already had a debt/equity ratio greater than 2:1 at December 31, 2000. Accordingly, it was not feasible for JTLLC to incur additional non-resident related-party debt. Instead, in December 2000 the Applicant and its affiliates undertook a series of transactions, discussed below, to introduce an additional $410 million of interest-bearing debt into the Canadian corporate structure using an alternative structure. Details of these transactions are provided in Appendices 8a through 8c.

39. On December 4, 2000 JTLLC incorporated a new wholly-owned subsidiary, JT International (BVI) Canada Inc. ("JTI-BVI"), in the British Virgin Islands as the first step in the new recapitalization transactions. JTI-BVI purchased from JTLLC, for consideration consisting of common shares of JTI-BVI, a nominal investment in a publicly-traded Ontario limited partnership to further evidence that it had a permanent establishment in Ontario.

40. On December 12, 2000 the Applicant borrowed $410 million as an unsecured overnight loan from ABN AMRO. The Applicant then returned capital of $410 million to JTLLC II via the purchase for cancellation of redeemable preference shares and JTLLC II similarly returned capital of $410 million to JTLLC.

41. JTLLC then advanced $410 million to JTI-M pursuant to secured demand debentures (the "Demand Debentures") and JTI-M used these monies to repay the overnight loan to ABN AMRO on December 13, 2000. The Demand Debentures are secured by a demand debenture dated December 13, 2000 and a Deed of Hypothec dated December 13, 2000 and Deed of Moveable Hypothec and Pledge of Shares dated December 13, 2000. Each of the hypothecs is held by Trustco as the attorney for JTLLC. The demand debentures are subordinated only to the JTI-TM Term Debentures and bear interest at LIBOR plus

0.5% payable semi-annually on June 13 and December 13. Details of the transactions described in paragraphs 38-40 are provided in Appendix 8a.

42. On December 13, 2000 JTLLC, JTI-TM and JTI-BVI entered into an agreement pursuant to which:

(a) the Demand Debentures were assigned by JTLLC to JTl-TM;

(b) as consideration for the assignment of the Demand Debentures, JTI-TM issued to JTLLC's subsidiary JTI-BVl a $410 million unsecured subordinated demand "specialty debt" bearing interest at LIBOR plus 0.375% payable semi-annually on June 13 and December 13; and

(c) JTI-BVl issued a $410 million unsecured non-interest-bearing demand promissory note to JTLLC.

Details of the agreement are provided in Appendix 8b.

43. A specialty debt is a debt issued under seal and has the unique characteristic that it is considered to be located where the physical document is located or, if the debt is pledged as security, in the location of the secured party. The specialty debt issued by JTl-TM to JTl-BVI is unsecured and the document was originally located in the British Virgin Islands. Management has advised the Monitor that, as a result, the interest earned by JTl-BVI on the debt was essentially subject only to Canadian federal income tax net of the 10% abatement available for taxable income earned in the year in a province.

44. EYLLP has advised the Monitor that the use of a foreign-incorporated entity such as JTI-BVI is normal for the type of tax structuring that was implemented.

45. On December 14, 2000, JTLLC surrendered to JTI-BVI for cancellation the $410 million promissory note owed by JTI-BVI in exchange for additional common shares of JTI-BVI and contributed surplus.

46. Management has advised the Monitor that the $410 million specialty debt held by JTI-BVI was physically located in the British Virgin Islands until January 2003, at which

time it was returned to Canada. The effect of returning the specialty debt to Canada was to increase the overall level of Canadian corporate income tax paid by JTI-BVI on the interest income earned thereon.

47. With respect to the security granted for the Demand Debentures, EYLLP notes that, consistent with its comments in paragraph 28, had the Demand Debentures been unsecured the interest charged could have been higher allowing the Applicant the benefit of either (a) a larger interest deduction on the same face value of debt, or (b) the same absolute interest expense on a smaller debenture face value.

Partial Repayment of $1.2 Billion Secured Loan by JTLLC (Appendix 9)

48. As noted above and as confirmed by EYLLP, for taxation years beginning after 2000 the maximum debt/equity ratio permissible for purposes of the thin capitalization rules under the ITA was reduced from 3:1 to 2:1. Management advises that as at December 31, 2000, JTLLC had total share capital and retained earnings of $594.8 million and owed interest-bearing debt of $1.2 billion to JTI-SA, a ratio of 2.02:1, meaning that it was necessary to reduce its interest-bearing debt owed to JTI-SA during 2001. In addition, Management indicates that a review of the Canadian operations had identified permanent surplus cash of $100 million in JTLLC and its subsidiaries and that Japan Tobacco wished to repatriate this cash for deployment in other operations.

49. The reduction in the balance owed to JTI-SA was effected on March 30, 2001 using a $51.0 million secured demand loan from JTI-M to JTLLC which, in turn, used the proceeds to repay a portion of the principal balance owed to JTI-SA. The secured demand loan bears interest at the lesser of 7.50% and LIBOR plus 0.5%, payable semi-annually on March 30 and September 30. In addition, on November 22, 2001 JTLLC returned capital of $49.0 million to JTIH-BV via a purchase for cancellation of redeemable preference shares using cash on hand in JTLLC. The partial repayment of the balance owed to JTI-SA, although partially offset by the reduction in share capital, was sufficient to reduce JTLLC's debt/equity ratio for purposes of the ITA thin capitalization rules below 2:1 for 2001. Details of these transactions are provided in Appendix 9.

Payment of Dividends and Related Intercompany Loans (Appendix 10)

50. During 2000 through 2003 certain dividends were paid between the Applicant and its affiliates. Management has indicated to the Monitor that the JT Canada Group generally declared and paid annual dividends up through the corporate structure to JTLLC equal to the surplus cash of the Canadian entities within corporate law limits. Management indicates that the intent of this policy was to optimize retained earnings in JTLLC, where the thin capitalization test is applied, and to provide JTLLC with flexibility to reinvest surplus cash in the Canadian operations or repatriate it. The Monitor notes that during 2000 through 2003 a substantial portion of the dividends paid up to JTLLC was reinvested in the Canadian operations via non-interest-bearing demand loans, as described in greater detail below.

51. On December 18, 2000 JTI-M made a $14.0 million unsecured non-interest-bearing demand loan to JTI-TM, which used the funds to pay a $14.0 million dividend to JTI-M. JTI-M then paid a $60.0 million dividend to JTLLC II which paid a $60.0 million dividend to JTLLC. JTLLC then made an unsecured $14.0 million non-interest-bearing demand loan to JTI-TM which used the loan proceeds to repay the demand loan owed to JTI-M. Details of these transactions are provided in Appendix 10a.

52. On December 19, 2001, JTLLC made a $17.5 million non-interest-bearing unsecured loan to JTI-TM. JTI-TM used part of the proceeds of that loan to pay a $15.5 million dividend to JTI-M. JTI-M then paid a $27.725 million dividend to JTLLC II which paid a $27.725 million dividend to JTLLC. After receipt of the dividend, JTLLC made a $30.0 million unsecured non-interest-bearing demand loan to JTI-M. Details of these transactions are provided in Appendix 10b.

53. On December 18, 2002, JTI-M received dividends of $1.1 million and $15.0 million, respectively, from its subsidiaries Export "A" Inc. and JTI-TM. Export "A" Inc. is currently inactive but it provided sponsorship and promotion services to RJR-M and JTI-M from 1989 until 2001 for an annual fee plus recovery of expenses. JTI-M then paid a $19.6 million dividend to JTLLC II which paid a $19.6 million dividend to JTLLC. In addition, JTI-BVI paid an $8.75 million dividend to JTLLC. After receipt of the

dividend, JTLLC made a $28.35 million unsecured non-interest-bearing demand loan to JTI-M. Details of these transactions are provided in Appendix 10c.

54. On December 15, 2003, JTLLC received a $9.6 million dividend from JTI-BVI. After receipt of the dividend, JTLLC made an $11.1 million unsecured non-interest-bearing demand loan to JTI-M. Details of these transactions are provided in Appendix 10d.

VALIDITY OF SECURITY REGISTRATIONS

55. The Monitor retained the services of Burchell MacDougall in Nova Scotia and has obtained an opinion dated February 7, 2005 with respect to the security governed by the laws of Nova Scotia, a copy of which opinion is annexed hereto as Appendix 11 (the "Nova Scotia Opinion"). TGF retained Mendelsohn in Quebec to provide an opinion with respect to the security governed by the laws of the Province of Quebec. The opinion of Mendelsohn is dated January 27, 2005, a copy of which is annexed hereto as Appendix 12 (the "Quebec Opinion").

56. As evidenced by the Nova Scotia Opinion and subject to the qualifications and assumptions therein, the following security constitutes valid and binding obligations of the debtor companies referenced therein and are enforceable in accordance with their respective terms:

(a) General Security Agreement dated November 23, 1999 granted by JTI-TM in favour of JTLLC;

(b) Demand Debenture No. 11 in the principal amount of $1,200,000,000.00 dated November 23, 1999 granted by JT Nova Scotia to JTI-TM;

(c) Demand Debenture No. 12 dated December 2, 1999 in the principal amount of $1,200,000,000.00 granted by JTI-M to JTI-TM; and

(d) Demand Debenture dated December 13, 2000 in the principal amount of $500,000,000.00 granted by JTI-M to JTLLC.

57. As evidenced by the Quebec Opinion and subject to the qualifications and assumptions therein, the following security documents constitute valid security on the assets which form the object thereof located in the Province of Quebec:

(a) Moveable Hypothec and Pledge of Shares dated November 23, 1999 granted by JTLLC to JTI-BV;

(b) Moveable Hypothec (Universality) dated February 12, 2001 granted by JTLLC to JTI-SA;

(c) Moveable Hypothec (Universality) dated March 30, 2001 granted by JTLLC to JTI-M;

(d) Moveable Hypothec and Pledge of Shares dated March 30, 2001 granted by JTLLC to JTI-M;

(e) Deed of Hypothec dated November 23, 1999 granted by JT Nova Scotia to Trustco;

(f) Supplemental Deed of Hypothec dated December 2, 1999 granted by JTI-M to Trustco;

(g) Deed of Movable Hypothec and Pledge of Shares dated December 12, 2000 granted by JTI-M to Trustco;

(h) Deed of Hypothec dated December 13, 2000 granted by JTI-M to Trustco;

(i) Deed of Movable Hypothec and Pledge of Shares dated December 13, 2000 granted by JTI-M to Trustco; and

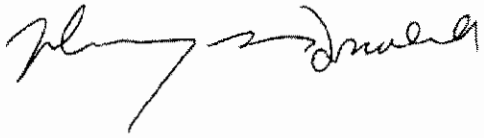
(j) Deed of Hypothec dated November 23, 1999 granted by JTI-TM to Trustco.

58. Based on and subject to the foregoing, and the assumptions and qualifications contained therein TGF has rendered an opinion to the Monitor, a copy of which is annexed hereto as Appendix 13, that the security agreements referenced in the opinion create valid security interests in the right, title and interest of JTI-M in favour of the secured parties

named therein and such security interests have been perfected to the extent capable of perfection by registration in the Province of Ontario under the *Personal Property Security Act* (Ontario).

All of which is respectfully submitted by:

ERNST & YOUNG INC.
In its capacity as Court Appointed
Monitor of JTI-Macdonald Corp.



Per: Murray A. McDonald
President

EXHIBIT “H”

This is **Exhibit "H"**, referred to in the **Affidavit of Robert McMaster**, sworn before me this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

JT NOVA SCOTIA CORPORATION

A company incorporated under the *Companies Act* (Nova Scotia)

CONVERTIBLE DEBENTURE

$ 120,000,000 **N°: 1**

JT NOVA SCOTIA CORPORATION (the "**Corporation**"), for value received, hereby acknowledges itself indebted and promises to pay to the registered holder of this Debenture on the dates and in the manner hereinafter set forth the principal amount of ONE HUNDRED AND TWENTY MILLION DOLLARS ($120,000,000) in lawful money of Canada and to pay interest on the outstanding principal amount hereunder from the date hereof at the rate of 7.76 % per annum calculated semi-annually not in advance and payable (after as well as before maturity, default and judgment, with interest on overdue interest and premium, if any, at the same rate) semi-annually. Equal semi-annual blended instalments of principal and interest in the amount of $4,672,361.85 each, in accordance with the below repayment schedule, shall be payable semi-annually on May 18 and November 18 in each year beginning on May 18, 2000, to and including November 18, 2024 (the "**Maturity Date**"), such instalments to be applied first in payment of interest at the rate hereinbefore provided, calculated as aforesaid, on the principal from time to time unpaid, and the balance to be applied in reduction of the principal sum, and on the Maturity Date the entire unpaid principal amount of this Debenture and all accrued and unpaid interest thereon shall be payable.

As principal and interest become due on this Debenture (except in case of redemption in which case payment will be made as provided hereinafter and in Schedule A hereto, which Schedule A forms an integral part of this Debenture and is deemed to be incorporated herein as if set forth herein at length), the Corporation will send a cheque for the same payable to the then registered holder of this Debenture and addressed to him at his most recent address appearing on the register. The principal amount outstanding and payable on any redemption or partial redemption of this Debenture and the interest and premium, if any, thereon shall be payable in lawful money of Canada at the principal office of the Corporation in the City of Montreal, or at such other place as the Corporation may notify in writing the registered holder of this Debenture, upon surrender or, in the case of partial redemption, on presentation of this Debenture.

This Debenture is one of the convertible debentures of the Corporation in the original aggregate principal amount of $1,200,000,000 in lawful money of Canada referred to and subscribed for in, and issued pursuant to, the Subscription Agreement, as defined in Schedule A, to which reference is made and which the Corporation will make available for consultation on request of the Debentureholder. This Debenture and the other such convertible debentures are secured on the assets to the Corporation by security as specified in the Subscription Agreement.

This Debenture is subject to redemption, in whole or in part, at the option of the Corporation in accordance with the terms and conditions set forth in Schedule A.

This Debenture is convertible, in whole or in part, at the option of the registered holder of this Debenture into Special Preference Shares, as defined in Schedule A, of the share capital of the Corporation in accordance with the terms and conditions set forth in Schedule A.

No transfer of this Debenture shall be binding on the Corporation unless it is made and recorded in the register in accordance with the provisions of Schedule A. This Debenture and any issuance and transfer of the Special Preference Shares of the Corporation resulting from the conversion of this Debenture, in whole or in part, shall be subject to the provisions of the Charter, as defined in Schedule A, and the provisions of Schedule A.

Each of the Debentures, as defined in Schedule A, and the Subscription Agreement may be supplemented or amended, or any provision thereof waived, by written agreement between the Corporation and the registered holders of all the Debentures then outstanding.

Repayment Schedule

Principal and Interest payment date	Interest Payable	Principal Repayment	Total Payment	Remaining Principal Amount
18-May-00	4,515,682.19	156,679.66	4,672,361.85	119,837,938.85
18-Nov-00	4,649,712.03	22,649.82	4,672,361.85	119,815,289.03
18-May-01	4,648,833.21	23,528.63	4,672,361.85	119,791,760.40
18-Nov-01	4,647,920.30	24,441.54	4,672,361.85	119,767,318.86
18-May-02	4,646,971.97	25,389.87	4,672,361.85	119,741,928.98
18-Nov-02	4,645,986.84	26,375.00	4,672,361.85	119,715,553.98
18-May-03	4,644,963.49	27,398.35	4,672,361.85	119,688,155.63
18-Nov-03	4,643,900.44	28,461.41	4,672,361.85	119,659,694.22
18-May-04	4,642,796.14	29,565.71	4,672,361.85	119,630,128.51
18-Nov-04	4,641,648.99	30,712.86	4,672,361.85	119,599,415.65
18-May-05	4,640,457.33	31,904.52	4,672,361.85	119,567,511.13
18-Nov-05	4,639,219.43	33,142.41	4,672,361.85	119,534,368.71
18-May-06	4,637,933.51	34,428.34	4,672,361.85	119,499,940.37
18-Nov-06	4,636,597.69	35,764.16	4,672,361.85	119,464,176.21
18-May-07	4,635,210.04	37,151.81	4,672,361.85	119,427,024.41
18-Nov-07	4,633,768.55	38,593.30	4,672,361.85	119,388,431.11
18-May-08	4,632,271.13	40,090.72	4,672,361.85	119,348,340.39
18-Nov-08	4,630,715.61	41,646.24	4,672,361.85	119,306,694.15
18-May-09	4,629,099.73	43,262.11	4,672,361.85	119,263,432.03
18-Nov-09	4,627,421.16	44,940.68	4,672,361.85	119,218,491.35
18-May-10	4,625,677.46	46,684.38	4,672,361.85	119,171,806.97
18-Nov-10	4,623,866.11	48,495.74	4,672,361.85	119,123,311.23
18-May-11	4,621,984.48	50,377.37	4,672,361.85	119,072,933.86
18-Nov-11	4,620,029.83	52,332.01	4,672,361.85	119,020,601.85
18-May-12	4,617,999.35	54,362.49	4,672,361.85	118,966,239.36
18-Nov-12	4,615,890.09	56,471.76	4,672,361.85	118,909,767.60
18-May-13	4,613,698.98	58,662.86	4,672,361.85	118,851,104.73

18-Nov-13	4,611,422.86	60,938.98	4,672,361.85	118,790,165.75
18-May-14	4,609,058.43	63,303.42	4,672,361.85	118,726,862.33
18-Nov-14	4,606,602.26	65,759.59	4,672,361.85	118,661,102.75
18-May-15	4,604,050.79	68,311.06	4,672,361.85	118,592,791.69
18-Nov-15	4,601,400.32	70,961.53	4,672,361.85	118,521,830.16
18-May-16	4,598,647.01	73,714.84	4,672,361.85	118,448,115.32
18-Nov-16	4,595,786.87	76,574.97	4,672,361.85	118,371,540.35
18-May-17	4,592,815.77	79,546.08	4,672,361.85	118,291,994.27
18-Nov-17	4,589,729.38	82,632.47	4,672,361.85	118,209,361.80
18-May-18	4,586,523.24	85,838.61	4,672,361.85	118,123,523.19
18-Nov-18	4,583,192.70	89,169.15	4,672,361.85	118,034,354.05
18-May-19	4,579,732.94	92,628.91	4,672,361.85	117,941,725.14
18-Nov-19	4,576,138.94	96,222.91	4,672,361.85	117,845,502.23
18-May-20	4,572,405.49	99,956.36	4,672,361.85	117,745,545.87
18-Nov-20	4,568,527.18	103,834.67	4,672,361.85	117,641,711.20
18-May-21	4,564,498.39	107,863.45	4,672,361.85	117,533,847.75
18-Nov-21	4,560,313.29	112,048.55	4,672,361.85	117,421,799.19
18-May-22	4,555,965.81	116,396.04	4,672,361.85	117,305,403.16
18-Nov-22	4,551,449.64	120,912.20	4,672,361.85	117,184,490.95
18-May-23	4,546,758.25	125,603.60	4,672,361.85	117,058,887.36
18-Nov-23	4,541,884.83	130,477.02	4,672,361.85	116,928,410.34
18-May-24	4,536,822.32	135,539.53	4,672,361.85	116,792,870.81
18-Nov-24	4,531,563.39	116,792,870.81	121,324,434.20	0.00

IN WITNESS WHEREOF, the Corporation has caused this Debenture to be signed by its duly authorized representative the 23rd day of November 1999.

JT NOVA SCOTIA CORPORATION

Per: _____

Nam[redacted]

Title: President and Secretary

Conversion

Date	Conversion Price	Principal Amount Converted	Initials

Redemption

Date		Principal Amount Redeemed	Initials
MAY 18, 2000		$5,381.49	

TRANSFER FORM

FOR VALUE RECEIVED, the undersigned hereby assigns and transfers to

.....

this convertible Debenture of JT NOVA SCOTIA CORPORATION

DATE:_____, _____

.....
(*name of transferor)*

Per: _____
Authorized Officer

Address of transferee:
_____
_____
_____

CONVERSION FORM

TO: •(the "**Corporation**")

The undersigned, the registered holder of the convertible Debenture of the Corporation, bearing number 1 and dated November 23, 1999, hereby exercises the right of conversion effective _____ _____, _____ in respect of the principal amount of $_____ into fully paid Special Preference Shares of the share capital of the Corporation in accordance with the terms and conditions relating thereto, and to this end, the undersigned hereby requires that the said shares resulting from the conversion be registered in its name and delivered to it.

In the case of a conversion of only part of the outstanding principal amount of the Debenture, the undersigned hereby authorizes the President, any Vice-President or the Secretary of the Corporation to make in the table provided therefor on the face of the Debenture being converted, the appropriate entries resulting from such conversion which, once they are initialled by such representative of the Corporation and manifest errors excepted, shall attest their content as regards the Corporation, the undersigned and any transferee of the Debenture.

Given at _____, on _____.

_____

(signature of registered debentureholder)

SCHEDULE A

JT NOVA SCOTIA CORPORATION

This Schedule shall form an integral part of any certificate representing convertible debentures in the original aggregate principal amount of $1,200,000,000 issued by JT NOVA SCOTIA CORPORATION pursuant to the Subscription Agreement.

ARTICLE 1

INTERPRETATION

1.1 The following definitions shall apply to the Debentures, unless the context indicates otherwise:

1.1.1 "**Charter**" shall mean the charter of the Corporation, including any memorandum and articles of association of the Corporation, as the same may be modified, supplemented, replaced or restated from time to time;

1.1.2 "**Conversion Date**" shall mean, in respect of any conversion, the date indicated in a Conversion Form, duly completed and signed by a Debentureholder, as the effective date of such conversion or, if later, the date the President, a Vice-President or Secretary of the Corporation receives, at the Corporation's principal place of business in the City of Montreal, the Debenture, as provided in Article 4 hereof;

1.1.3 "**Conversion Form**" shall mean a form, letter or notice substantially on the terms of the sample annexed to the certificate representing a Debenture;

1.1.4 "**Conversion Price Per Share**" shall have the meaning attributed thereto in Section 4.1;

1.1.5 "**Corporation**" shall mean JT NOVA SCOTIA CORPORATION, and its successors and assigns, and shall include any company resulting from the amalgamation of JT NOVA SCOTIA CORPORATION with any other person or persons.

1.1.6 "**Debentures**" shall mean the convertible debentures of the Corporation in original aggregate principal amount of ONE BILLION TWO HUNDRED MILLION DOLLARS ($1,200,000,000) in lawful money of Canada dated November 23, 1999 referred to and subscribed for in, and issued by the Corporation pursuant to, the Subscription Agreement; this term shall also include all amendments subsequently made to the Debentures by written agreement between the Corporation and all the Debentureholders;

1.1.7 "**Debentureholder**" shall mean at any time the registered holder at such time of the Debentures then outstanding;

1.1.8 "**Event of Default**" shall have the meaning attributed thereto in Section 7.1;

1.1.9 "**Maturity Date**" shall mean November 18, 2024.

1.1.10 "**Special Preference Shares**" shall mean the Special Preference Shares with a par value of one dollar ($1.00) each in the capital stock of the Corporation.

1.1.11 "**Subscription Agreement**" shall mean the agreement for the subscription of the Debentures dated as of November 23, 1999 between JT NOVA SCOTIA CORPORATION and JTI-MACDONALD TM CORP., which Subscription Agreement provides among other things for the issuance of convertible debentures in favour of JTI-MACDONALD TM CORP., as set forth in Article 3 of the said Subscription Agreement, as the same may be amended, supplemented, replaced or restated from time to time.

1.2 If the day on which measures are to be taken pursuant to the Debentures is not a business day, then the measures shall be taken on the following business day.

1.3 All amounts referred to herein are expressed in lawful money of Canada.

ARTICLE 2

CERTIFICATES AND TERMS AND CONDITIONS OF TRANSFER

2.1 The Debenture certificates to be issued by the Corporation shall be signed by the President of the Corporation or another officer authorized therefor by the Board of Directors of the Corporation.

2.2 As long as any of the Debentures are outstanding, the Corporation shall maintain a register in which there shall be recorded the name and mailing address of the holder of each Debenture and the details of the certificate held by it. No transfer of any Debenture, whether *inter vivos* or *mortis causa*, shall be binding upon the Corporation unless a) all the Debentures are concurrently transferred to the same Person, b) the transfers of all the Debentures are made in accordance with the provisions of the Charter of the Corporation relating to the transfer of shares in the capital stock of the Corporation and c) each such transfer is concurrently recorded in the register, which register shall be available for consultation by any Debentureholder, free of charge, at the Corporation's principal place of business in the City of Montreal during regular business hours. The registered Debentureholder may request the Corporation to record a transfer of all but not less than all of the Debentures in the register by presenting to the Corporation, at the place where the register is kept, a transfer form in respect of each Debenture, duly completed and signed by the registered Debentureholder substantially in the form attached to the

Debenture. As regards the Corporation, the person in whose name a Debenture is registered shall be deemed and considered to be the owner thereof for all purposes.

2.3 If this Debenture is deteriorated, lost, destroyed or stolen, the Corporation shall, subject to the following, issue, sign and deliver a new Debenture bearing the same date, for the same principal amount and in the same form as the deteriorated, lost, destroyed or stolen Debenture, the whole in exchange for, and as a replacement of, the deteriorated Debenture, which deteriorated Debenture shall be cancelled, or as a replacement of the lost, destroyed or stolen Debenture. The Debentureholder shall assume the costs of issuance and shall also, as a condition precedent to the issuance of the new Debenture, provide the Corporation with evidence of the deterioration, loss, destruction or theft of the said Debenture, which evidence shall be reasonably acceptable to the Corporation, subject to the fact that the Debentureholder may be held liable for the payment of the reasonable expenses incurred by the Corporation in that regard.

2.4 Each scheduled payment of a principal amount and/or interest which the Corporation is required to pay to the Debentureholder shall be made on its due date, without notice or grace period, and shall be sent by the Corporation, or on its behalf, by cheque drawn to the order of the registered Debentureholder to the Debentureholder's most recent address recorded in the register provided for in Section 2.2.

ARTICLE 3

REDEMPTION OF DEBENTURE

3.1 The Corporation shall have the right at its option and upon giving notice of redemption as herein provided to redeem at any time the whole or from time to time any part of the principal amount of the Debentures for the time being outstanding upon payment, at the principal office of the Corporation in the City of Montreal or at such other place as the Corporation may notify in writing the registered holder of the Debentures, of the redemption price applicable thereto. In the event a part only of the principal amount of the Debentures is to be redeemed, the Corporation may redeem a pro rata part of each outstanding Debenture or such amount of any one or more outstanding Debentures as the Corporation, in its sole discretion, may elect.

3.2 A Debenture shall be so redeemable for a redemption price equal to the higher of the Canada Yield Price and the principal amount of the Debenture then to be redeemed, together in each case with all accrued and unpaid interest thereon to the date fixed for redemption. As used herein, "Canada Yield Price" means the price at which the Debenture, if issued on the business day immediately preceding the day on which the Corporation gives notice of redemption to the holders of the Debentures pursuant to Sections 3.1 and 3.4, would generate an effective yield to maturity equal to the Government of Canada Yield plus .25%. The Canada Yield Price will be as determined by two members of the Investment Dealers' Association of Canada, selected by the Corporation for such purpose. If less than all the principal amount of the Debenture is to then be redeemed, the Canada Yield Price will be based on the principal amount then to

be redeemed. "Government of Canada Yield" on any date means the yield to maturity on such date, assuming semi-annual compounding, which a non-callable Government of Canada bond, as determined by the same two members of the Investment Dealers' Association of Canada, would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining average life of the Debenture.

3.3 In the event the whole outstanding principal amount of a Debenture is to be redeemed, the Debentureholder shall only be entitled to receive payment of the redemption price if it shall surrender the Debenture to the Corporation at the place where the redemption price is payable. In the event part only of the outstanding principal amount of a Debenture is to be redeemed, the Debentureholder of such Debenture shall only be entitled to receive payment of the redemption price if it shall present such Debenture to the Corporation at the place where the redemption price is payable and, upon such presentation of such Debenture and upon receiving the moneys payable to it by reason of such redemption, the Corporation shall without charge make the appropriate entries with respect to such partial redemption in the table provided therefor on the face of such Debenture, which entries shall be initialled by the President, any Vice-President or the Secretary of the Corporation and the Corporation shall deliver to the Debentureholder such Debenture with such entries so initialled. Each such entry, once initialled by any of the said representatives and manifest errors excepted, shall attest its content as regards the Corporation, the Debentureholder and any transferee of such Debenture.

3.4 Notice of redemption of the Debentures shall be given by the Corporation to the Debentureholders not less than thirty (30) days prior to the date fixed for redemption and in the manner provided in Article 8 hereof. Every such notice shall specify the redemption date, the redemption price, the place for payment and, unless all the outstanding principal amount of the Debentures is to be redeemed, the principal amount of each Debenture to be redeemed as elected by the Corporation.

3.5 Upon notice of redemption being given as aforesaid, the principal amount or that part of the principal amount of the Debentures so called for redemption shall be and become due and payable at the appropriate redemption price on the redemption date specified in such notice and with the same effect as if it were the date of maturity specified in the Debentures, anything therein or herein to the contrary notwithstanding, and from and after such redemption date interest upon the principal amount of the Debentures so becoming due and payable shall cease, subject to the provisions of Section 3.6.

3.6 In case the registered holder of any Debenture so called for redemption in whole or in part shall fail so to surrender or present such Debenture as aforesaid, or shall not accept payment of the redemption moneys payable in respect thereof, such redemption moneys may be deposited by the Corporation in trust for such holder with any Canadian chartered bank at such rate of interest (if any) as the such bank may allow, and any such deposit shall for all purposes be deemed a payment to the Debentureholder of the sum so deposited, and to the extent of the monies so deposited such Debenture shall thereafter not be considered as outstanding hereunder and all the obligation and liability of the Corporation in respect thereof shall thereupon expire and be at an end, and the

Debentureholder shall have no other right except, upon surrender or presentation, as the case may be, of such Debenture, to receive payment of the moneys so deposited.

3.7 Any redemption of part only of the outstanding principal amount of any Debenture shall not affect the amount or dates of scheduled repayments of principal and interest, shall not effect novation of all or any of the principal amount of the Debentures remaining unpaid on or after such redemption and all hypothecs and other security securing, among other things, such principal amount remaining unpaid are hereby reserved.

ARTICLE 4

RIGHT OF CONVERSION

4.1 Each Debentureholder shall have the right at its option and upon giving notice of conversion on a Conversion Form as herein provided to request the conversion at any time of the whole or from time to time any part of the principal amount of any Debenture from time to time outstanding into such number of fully paid Special Preference Shares, which shall be equal to the number obtained by dividing the principal amount of the Debenture requested to be converted by the Conversion Price Per Share.

The expression "**Conversion Price Per Share**" shall mean a conversion price of ONE DOLLAR ($1.00) in lawful money of Canada for each Special Preference Share.

4.2 The Debentureholder shall exercise the right of conversion provided for in Section 4.1 by giving notice of conversion as herein provided and by presenting the Debenture in respect of which such notice is given to the Corporation, at its principal office in the City of Montreal, together with a Conversion Form duly signed and completed by the Debentureholder, which Conversion Form shall indicate the number and the principal amount of the Debenture which the Debentureholder wishes to convert and the effective date of the conversion. Presentment by the Debentureholder to the Corporation of the Debenture to be converted in whole or in part, as the case may be, in accordance with this Article together with the duly signed and completed Conversion Form shall, subject to the Subscription Agreement, be deemed to constitute a contract between such Debentureholder and the Corporation pursuant whereto (i) such Debentureholder subscribes for the number of Special Preference Shares which such Debentureholder is entitled to receive; and (ii) such Debentureholder releases the Corporation from all liability with respect to the principal amount of the Debenture then to be converted; and (iii) the Corporation agrees that the reduction up to the converted principal amount of such Debenture shall constitute full payment of the subscription price of the Special Preference Shares to be issued upon such conversion. In the event part only of the principal amount of a Debenture is to be converted, on or after the Conversion Date the Corporation shall without charge make the appropriate entries with respect to such partial conversion in the table provided therefor on the face of such Debenture, which entries shall be initialled by the President, any Vice-President or the Secretary of the Corporation and the Corporation shall deliver to the Debentureholder such Debenture with such

entries so initialled. Each such entry, once initialled by any of the said representatives and manifest errors excepted, shall attest its content as regards the Corporation, such Debentureholder and any transferee of such Debenture.

4.3 Notice of conversion of a Debenture shall be given by the Debentureholder to the Corporation by way of a Conversion Form not less than thirty (30) days prior to the date requested for conversion and in the manner provided in Article 8 hereof. Every such notice shall specify the requested conversion date and the number and the principal amount of the Debenture to be converted.

4.4 As soon as practicable after the Conversion Date, the Corporation shall, subject to the provisions of the Subscription Agreement, issue and deliver, or have issued and delivered, to the Debentureholder, or in accordance with the Debentureholder's written instructions, one or more certificates registered in the Debentureholder's name, which certificate(s) shall represent the number of Special Preference Shares, based on the principal amount of the Debenture requested to be converted in the Conversion Form, which the Debentureholder is entitled to receive pursuant to the conversion of the said principal amount of the Debenture; moreover, the Corporation shall ensure that delivery of the certificate(s) is made together with payment of interest accrued and unpaid on the principal amount which has been converted up to the Conversion Date as well as all other amounts which may be payable upon a conversion as provided for in Section 4.5 hereinbelow. The conversion into Special Preference Shares shall be deemed to have occurred immediately prior to the close of business on the Conversion Date and, as of that moment (i) the rights of the Debentureholder of the converted Debenture, in the capacity of Debentureholder, shall cease to exist in respect of the principal amount of the Debenture which has been converted; and (ii) the Debentureholder shall be deemed to have become a registered holder of the Special Preference Shares which are represented by the certificate or certificates.

4.5 Notwithstanding any other provision hereof, the Corporation shall not issue any share fractions upon the conversion of any Debenture; instead of share fractions, it shall make a cash payment.

4.6 The Corporation shall pay all reasonable expenses incurred by a Debentureholder which relate to the issuance of the Special Preference Shares resulting from the conversion provided for in Section 4.1 and following.

4.7 Any conversion of part only of the principal amount of any Debenture shall not affect the amount or dates of scheduled repayments of principal and interest, shall not effect novation of all or any of the principal amount of any Debenture remaining unpaid on or after such conversion and all hypothecs and other security securing, among other things, such principal amount remaining unpaid are hereby reserved.

4.8 Section 3.3 of the Subscription Agreement is deemed to be incorporated into and form part of this Debenture.

ARTICLE 5

ADJUSTMENTS FOR PURPOSES OF THE RIGHT OF CONVERSION

5.1 If, at any time prior to any Conversion Date, there occurs any of the following events:

5.1.1 an amalgamation, merger or other corporate restructuring, or the sale of all or a substantial part of the Corporation's assets; or

5.1.2 any other change affecting the shares of any class of shares, including the then outstanding Special Preference Shares, which change is likely to adversely affect and modify the characteristics of the Special Preference Shares,

(the events and transactions referred to in subsections 5.1.1 to 5.1.2 being hereinafter collectively referred to as the "**Transaction**"), then thereafter each Debentureholder shall have the right to convert its Debenture pursuant to Article 4 hereof into shares, securities, cash or other assets of the same kind and for the same amount as the Debentureholder would have been entitled to receive if it had exercised its right of conversion prior to the Transaction.

ARTICLE 6

REPRESENTATIONS, WARRANTIES, COVENANTS, ETC.

6.1 The representations and warranties made and given by the Corporation in Section 4 of the Subscription Agreement are hereby reiterated by the Corporation in favour of each Debentureholder, which Debentureholder may rely on the same.

6.2 The covenants, undertakings and indemnities of the Corporation in Sections 6, 7, 8, 9, 10, 14 and 15 of the Subscription Agreement are hereby reiterated by the Corporation in favour of and for the benefit of each Debentureholder, which Debentureholder may rely on and enforce the same.

ARTICLE 7

DEFAULT AND ENFORCEMENT

7.1 Each of the Events of Default as defined in the Subscription Agreement shall constitute an Event of Default hereunder.

7.2 If an Event of Default occurs, each Debentureholder shall have the option, in addition to all its other rights and recourses, to send a written notice to the Corporation, in the manner provided for in Article 8, requiring the redemption of the full outstanding principal amount of all the Debentures and all accrued and unpaid interest thereon and a

premium, and the Corporation shall forthwith pay these amounts to the Debentureholder, which amounts shall be calculated in the manner provided for in Article 3, as of the date of the notice of default sent by the Debentureholder pursuant to this Article, *mutatis mutandis*, and, when such payment shall have been made, it shall be deemed to release the Corporation from all its obligations pursuant hereto.

7.3 If an Event of Default occurs, the Debentureholder may send a written notice to the Corporation specifying the default and declaring the principal of, all accrued and unpaid interest on, and all other amounts owing in respect of, the Debentures to thereupon be forthwith due and payable and may exercise any right it has in respect of the Debentures hereunder or by law, including under any security for the payment of the Debentures, which such security shall be and become enforceable upon the occurrence of an Event of Default. The exercise by the Debentureholder of any right or recourse pursuant to a default or to the failure to perform an undertaking or obligation set forth herein shall not imply a waiver of any right or recourse which is then available to a Debentureholder nor shall it affect or exclude such right or recourse.

ARTICLE 8

NOTICES

8.1 Every notice or other communication required pursuant hereto shall be given in writing and sent by telecopier (provided that a copy is subsequently sent by messenger and that its receipt is confirmed) or delivered by hand:

8.1.1 to the Debentureholder:

2455, rue Ontario est
Montreal, Quebec
H2K 1W3

Attention: Vice-President and Treasurer

Telecopier number: (514) 598-9655

8.1.2 to the Corporation:

2455, rue Ontario est
Montreal, Quebec
H2K 1W3

Attention: Vice-President and Treasurer

Telecopier number: (514) 598-9655

or, as regards each party, to any other address or telecopier number which the party may indicate by means of a written notice sent to the other party.

8.2 Every notice or communication contemplated in Section 8.1 shall be deemed to have been received on the business day after it was sent.

ARTICLE 9

GOVERNING LAW; AMENDMENT

9.1 The Debentures shall be governed and interpreted in accordance with the laws of Quebec and the laws of Canada applicable thereto.

9.2 Each Debenture and the Subscription Agreement may be supplemented or amended, or any provision thereof waived, by written agreement between the Corporation and the Debentureholder.

ARTICLE 10

LANGUAGE

10.1 The parties hereto have requested that this agreement and all documents ancillary thereto be drafted in English. Les parties aux présentes ont exigé que cette convention ainsi que tout document s'y rapportant soient rédigés en anglais.

EXHIBIT “I”

This is **Exhibit "I"**, referred to in the **Affidavit of Robert McMaster**, sworn before me this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

CONVERTIBLE DEBENTURE SUBSCRIPTION AGREEMENT entered into in Montreal, Province of Quebec, on November 23, 1999.

BETWEEN: **JT NOVA SCOTIA CORPORATION,** a company incorporated under the laws of the Province of Nova Scotia

(hereinafter called the "**Corporation**")

AND: **JTI-MACDONALD TM CORP.** a company incorporated under the laws of the Province of Nova Scotia

(hereinafter called the "**Subscriber**")

WHEREAS the authorized share capital of the Corporation consists of ONE MILLION (1,000,000) common shares without nominal or par value, EIGHT BILLION FOUR HUNDRED AND EIGHTY-SEVEN MILLION SIX HUNDRED AND SIXTY ONE THOUSAND FIVE HUNDRED AND TWENTY-EIGHT (8,487,661,528) preference shares without nominal or par value and TWO BILLION (2,000,000,000) Special Preference Shares with a par value of ONE dollar ($1.00) each, of which 1,000,000 common shares and 1,726,476,330 preference shares have been issued and are currently outstanding;

WHEREAS the Corporation wishes to issue, and the Subscriber wishes to subscribe for and purchase, Convertible Debentures in the aggregate principal amount of ONE BILLION TWO HUNDRED MILLION DOLLARS ($1,200,000,000) in lawful money of Canada on the terms and conditions set forth herein;

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. DEFINITIONS

Where used herein or in any schedules or documents related hereto, the following terms shall have the following meaning respectively:

1.1 "**Act**" mean the *Companies Act* (Nova Scotia) and the regulations enacted thereunder, as amended from time to time.

1.2 "**Assets**" of a Person means all present and future property, rights and assets of such Person.

1.3 "**Charter**" means the charter of the Corporation, including the memorandum and articles of association of the Corporation, as the same may be modified, supplemented, replaced or restated from time to time.

1.4 "**Closing**" means the execution of this Subscription Agreement and any related documents at the offices of McMaster Gervais G.P., located at 1000 de la Gauchetière Street West, Suite 900, Montreal, Quebec, or any other location in Quebec agreed to by the parties.

1.5 "**Closing Date**" means November 23, 1999 or such other date as may be mutually agreed upon by the parties hereto.

1.6 "**Contaminant**" means any pollutants, dangerous substances, liquid waste, industrial waste, hauled liquid waste, toxic substances, hazardous wastes, hazardous materials, hazardous substances or contaminants as defined or dealt with in any Environmental Law.

1.7 "**Convertible Debentures**" means the Convertible Debentures in the aggregate principal amount of $1,200,000,000 on the terms and conditions provided in the form of Convertible Debenture attached hereto as Schedule I issued by the Corporation to the Subscriber, the whole pursuant to Section 3 hereof.

1.8 "**Corporation**" means JT NOVA SCOTIA CORPORATION, and its successors and assigns, including any company continuing from the amalgamation of the said JT NOVA SCOTIA CORPORATION with any other person or persons.

1.9 "**Default**" means any event or circumstance which constitutes an Event of Default or which, with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

1.10 "**Environmental Activity**" means any activity, event or circumstances in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release, escape, leaching, dispersal or migration into the natural environment, including the movement through or in the air, land surface or subsurface strata, surface water or groundwater.

1.11 "**Environmental Law**" means any and all applicable Laws relating to pollution or protection of the environment or any Environmental Activity.

1.12 "**Event of Default**" has the meaning ascribed thereto in Section 13.1.

1.13 "**GAAP**" means generally accepted accounting principles as in effect from time to time in Canada, consistently applied, except that references to GAAP in Section 9.2 shall mean generally accepted accounting principles as in effect from time to time in the United States of America, consistently applied.

1.14 "**Governmental Authority**" means any nation or government, any state, province, municipal or other political subdivision thereof and any entity exercising executive,

legislative, judicial, regulatory or administrative functions of, or pertaining to, government.

1.15 "**Law**" means all applicable provisions of statutes, ordinances, decrees, orders in council, rules, regulations, treaties and all applicable determinations, rulings, orders and decrees of Governmental Authorities.

1.16 "**Lien**" means a mortgage, hypothec, prior claim, legal hypothec, pledge, lien, charge or encumbrance, whether fixed or floating, on, or any security interest in, any property, whether immovable or real, movable or personal, or mixed, tangible or intangible or a pledge or hypothecation thereof or any conditional sale agreement or other title retention agreement or equipment trust relating thereto or any lease relating to property which would be required to be accounted for as a capital lease on a balance sheet.

1.17 "**Person**" means any legal or natural person, corporation, company, firm, limited liability corporation, joint venture, partnership, whether general, limited or undeclared, trust, association, unincorporated organization, Governmental Authority or other entity of whatever nature.

1.18 "**Permitted Encumbrances**" means

1.18.1 reservations in any original grants from the Crown of any land or interest therein, statutory exceptions to title and reservations of mineral rights (including coal, oil and natural gas) in any grants from the Crown or from any other predecessors in title;

1.18.2 servitudes of rights of way or for purposes of public utility, or for encroachments, rights of view or otherwise, including, without in any way limiting the generality of the foregoing, the sewers, drains, gas and water mains, steam transport, electric light and power or telephone and telegraph conduits, poles and cables, pipelines or zoning restrictions affecting the use of the Corporation's immovable properties which will not materially or adversely impair the use for which any one of the Corporation's immovable properties is intended nor substantially diminish any Liens thereon;

1.18.3 any statutory Lien for taxes, assessments or other governmental charges or levies not yet due or, if due, the validity of which is being contested diligently and in good faith by or on behalf of the Corporation, provided the action to enforce the same has not proceeded to final non-appealable judgment and adequate provision has been made for the payment thereof in accordance with GAAP;

1.18.4 any statutory Lien of any judgment rendered or claim filed against the Corporation which the Corporation or others on its behalf shall be contesting diligently and in good faith, provided the action to enforce the same has not

proceeded to final non-appealable judgment and adequate provision has been made for the payment thereof in accordance with GAAP;

1.18.5 any statutory Lien of any craftsman, workman, builder, contractor, supplier of materials, architect, engineer or subcontractor of any other similar Lien related to the construction or the renovation of any property, provided that such Lien secures an obligation whose term has not expired or that the Corporation is not in default to perform same or, if its term has expired or the Corporation is in default to perform same, provided that the Corporation commences action within a delay of less than fifteen (15) days of its registration or publication to cause its cancellation or radiation unless the validity of such Lien is being contested diligently and in good faith by or on behalf of the Corporation and the action to enforce the same has not proceeded to final non-appealable judgment and adequate provision has been made for the payment thereof in accordance with GAAP;

1.18.6 the pledges or deposits made pursuant to Laws relating to workmen's compensation or similar Laws, or deposits made in good faith in connection with offers, tenders, leases or contracts (excluding, however, the borrowing of money or the repayment of money borrowed), deposits of cash or securities in order to secure appeal bonds or bonds required in respect of judicial proceedings;

1.18.7 undetermined or inchoate Liens, arising or potentially arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Law or of which written notice has not been duly given in accordance with applicable Law, in each case which relate to obligations not due or delinquent;

1.18.8 the rights reserved to or vested in municipalities or governmental or other public authorities or agencies by statutory provisions or by the terms of leases, licences, franchises, grants or permits, which affect any land, to terminate any such leases, licences, franchises, grants or permits or to require annual or other payments as a condition to the continuance thereof;

1.18.9 securities to public utilities or to any municipalities or governmental or other public authorities when required by the utility, municipality, governmental or other public authority in connection with the supply of services or utilities to the Corporation;

1.18.10 any Lien granted to a vendor to secure all or any part of the purchase price of movable property, provided that (a) any such Lien shall extend solely to the property so acquired; and (b) the principal amount of the obligations secured by each such Lien does not exceed the cost of the property secured thereby;

1.18.11 leases or subleases granted by the Corporation to others incidental to, and not interfering with, the ordinary conduct of the business of the Corporation, provided that such Liens do not, in the aggregate, materially detract from the value of the property;

1.18.12 any conditional sales agreement or other title retention agreement (including any capital lease) with respect to Assets acquired by the Corporation;

1.18.13 any Lien created by the Security Documents;

1.18.14 any other Liens provided the aggregate principal amount of, or secured by, all such Liens does not exceed C$25,000,000.

1.19 "**Release**" means discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning.

1.20 "**Security Documents**" means the collective reference to the security described in Section 10 and each other agreement or writing pursuant to which the Corporation grants a hypothec or other security interest or Lien as security for the Convertible Debentures in any Assets.

1.21 "**Special Preference Shares**" means Special Preference Shares with a par value of one dollar ($1.00) each in the capital stock of the Corporation.

1.22 "**Subscriber**" means JTI-MACDONALD TM CORP., and its successors and assigns, and includes any company resulting from the amalgamation of JTI-MACDONALD TM CORP. with any other Person or Persons.

1.23 "**Subscription Agreement**", "**this Agreement**" and "**hereto**" means this Convertible Debenture Subscription Agreement as well as all schedules and other documents delivered pursuant to a requirement of this Convertible Debenture Subscription Agreement, in each case as supplemented, amended, replaced or restated from time to time; "**hereof**" and other similar terms means this Agreement and not a section, subsection, a paragraph, a subparagraph or another given subdivision thereof; "**section**", "**subsection**", "**paragraph**", "**subparagraph**" and any other subdivision of this Agreement means the subdivision in question of this Agreement.

1.24 "**Subscription Proceeds**" means the subscription price for the Convertible Debentures, pursuant to Section 3 hereof.

1.25 "**Subsidiary**" of a Person means a company or corporation controlled by that Person.

1.26 "**Tax**" means all taxes, assessments, levies, imposts, stamp taxes, duties, charges to tax, fees, deductions and withholdings imposed, levied, collected, withheld or assessed as of the date of this Agreement or at any time in the future, and all penalty, interest and other

payments on or in respect thereof but does not include any tax on the overall net income, capital or net worth of the Subscriber.

1.27 "**Voting Shares**" means the capital stock of any class or classes of a corporation which carry voting rights under any circumstances provided that, for the purposes hereof, shares which only carry the right to vote conditionally on the happening of an event shall be considered Voting Shares only upon the happening of such event and then only while they retain the right to vote.

1.28 "**Written**" or "**in writing**" shall include printing, typewriting, or any electronic means of communication capable of being visibly reproduced at the point of reception including telegraph, telecopier and electronic data interchange.

1.29 All dollar amounts referred to in this Agreement are in Canadian funds.

2. SCHEDULES

The following Schedule is attached to and incorporated in this Agreement by reference and is deemed to be a part hereof:

Schedule I – Form of Convertible Debenture

3. SUBSCRIPTION FOR CONVERTIBLE DEBENTURES AND DISBURSEMENT OF FUNDS

3.1 Subscription – Subject to the terms hereof and relying on the representations and warranties of the Corporation contained herein, the Subscriber hereby subscribes for Convertible Debentures issued pursuant to the terms and conditions provided herein and in Schedule I hereto, in the aggregate principal amount of $1,200,000,000, for an aggregate subscription price of $1,200,000,000 and hereby disburses the principal amount of ONE BILLION TWO HUNDRED MILLION DOLLARS ($1,200,000,000) to the Corporation in payment of the subscription price. The Subscriber requests that the Corporation issue ten (10) Convertible Debentures, each in the principal amount of $120,000,000.

3.2 Acceptance of subscription – The Corporation hereby accepts the subscription provided in Section 3.1, acknowledges having received from the Subscriber, on the date hereof, complete and final payment of the Subscription Proceeds and confirms the issuance, concurrently with the execution hereof, of the related ten (10) Convertible Debentures in favour of the Subscriber, each in the principal amount of $120,000,000 and numbered 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 respectively.

3.3 Conversion – The conversion of the principal amount of any Convertible Debenture in whole or in part into Special Preference Shares of the Corporation the whole pursuant to

the terms and conditions provided in the form of Convertible Debenture attached hereto as Schedule I, is subject to obtaining any required consent, authorization, order, or approval necessary for the issuance of said shares, from any stock exchange, any securities commission or any other securities regulatory authority, or administrative or Governmental Authority. The Corporation hereby undertakes to make reasonable commercial efforts to obtain such consents, authorizations, orders or approvals. If, despite such efforts, such consents, authorizations, orders or approvals are not obtained, any exercise or request for a conversion shall be deemed null and void and no holder of a Convertible Debenture shall have any rights to obtain, and the Corporation shall have no obligation to issue, any shares pursuant to such conversion request.

4. REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

The Corporation hereby represents and warrants to the Subscriber, as of the date of this Agreement, as follows and acknowledges that the Subscriber is relying upon such representations and warranties in connection with his subscription:

4.1 The Corporation is a company duly incorporated and organized and validly existing under the laws of the Province of Nova Scotia and in good standing under the laws of the Province of Nova Scotia and the Province of Quebec; the Corporation is duly qualified to do business in the jurisdictions in which the nature of the business transacted by it or the character of the material properties owned or leased by it requires such qualifications; the Corporation has the power and authority to own its properties and to carry on its business as currently conducted; and the Corporation has the power and authority to enter into and perform its obligations under this Agreement, the Convertible Debentures and the Security Documents;

4.2 The execution, delivery and the performance by the Corporation of this Agreement, the Convertible Debentures and the Security Documents, (i) have been duly authorized by all necessary corporate action, (ii) do not contravene any provision of its memorandum or articles of association or any law, decree, order, rule or regulation of the Province of Quebec or Nova Scotia, or other jurisdiction in which its material assets are located to the extent that such contravention could reasonably be expected to have a material adverse effect, (iii) will not constitute, or result in a breach of, or a default under, or be in conflict with, any deed, indenture, mortgage, franchise, licence, judgment, agreement or instrument to which the Corporation is a party or by which the Corporation is bound to the extent that such breach, default or conflict would reasonably be expected to have a material adverse effect; and (iv) will not result in the creation of any Lien on any property or assets of the Corporation, other than as expressly provided in the Security Documents;

4.3 No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body is required for the due execution, delivery and performance by the Corporation of this Agreement, the Convertible Debentures and the Security Documents, except for such authorizations or approvals or other action or notice or filings as have been validly obtained, given or filed;

4.4 This Agreement is, and each of the Convertible Debentures and the Security Documents when executed will be, the legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with their respective terms, except to the extent such enforcement may be restricted by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally and subject to the discretion of a court in regard to the remedy of specific performance;

4.5 There is no litigation, action or other legal proceeding pending or known to be threatened against the Corporation or any of its properties where the amount in dispute exceeds C$10,000,000;

4.6 The Corporation is not in default under this Agreement or any Security Documents or under any other agreement for monies borrowed, raised or guaranteed to which the Corporation is a party or by which it is bound;

4.7 The Corporation is the owner of, and has good and marketable title to, all its Assets and the same are free and clear of all Liens, other than Permitted Encumbrances; the Corporation possesses all the trademarks, trade names, copyrights, patents, licences or similar rights, reasonably necessary for the conduct of its business; the Corporation is not the owner, licencee or user of any trademarks, copyrights, patents, licences or similar rights other than those disclosed in writing to the Subscriber;

4.8 A policy of insurance or policies of insurance in compliance with the requirements of Section 8 are in effect;

4.9 The Corporation is not in violation of any applicable Law, including Environmental Law, which violation could reasonably be expected to result in a material adverse effect on the ability of the Corporation to repay the Convertible Debentures; the Corporation has received and holds all permits, licences or other approvals required of it under applicable Laws to conduct its business;

4.10 The Corporation has filed all tax returns which are required to be filed and has paid all Taxes, interest and penalties, if any, which have become due pursuant to such returns or pursuant to any assessment received by it;

4.11 The Corporation has deducted and withheld amounts from its employees for all periods in full and complete compliance with all tax, social security, unemployment and other provisions of applicable laws, and have paid or remitted such deductions or withholdings when due to the relevant Governmental Authorities;

4.12 The Corporation possess all franchises, certificates, licences, permits and other authorizations or exemptions from regulatory authorities and other Governmental Authorities, that are necessary for the ownership, maintenance and operation of its Assets and the conduct of its business;

4.13 The Corporation is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

4.14 The Corporation has taken all commercially reasonable steps so that all software and hardware used by the Corporation or sold as part of any product sold by the Corporation will be Year 2000 compliant by no later than November 30, 1999 in that it will provide the following functions: (i) handle date information before, during and after January 1, 2000, including accepting date input, providing date output and performing calculations on dates or portions of dates; (ii) function accurately and without interruption before, during and after January 1, 2000, without any change in operations associated with the advent of the new century; (iii) respond to two-digit year-date input in a way that resolves the ambiguity as to century in a disclosed, defined and predetermined manner; and (iv) store and provide output of date information in ways that are unambiguous as to century and which account for leap years;

4.15 Each of the Security Documents creates a valid and enforceable hypothec or security interest in all the present and future property, rights and assets of the Corporation, ranking in priority to all other hypothecs or security interests or other Liens against such property, rights and assets, other than Permitted Encumbrances;

4.16 The only place of business of the Corporation is at 2455, rue Ontario est, Montreal, Quebec, H2K 1W3;

4.17 The authorized share capital of the Corporation consists of 1,000,000 common shares without nominal or par value, 8,487,661,528 preference shares without nominal or par value and two billion Special Preference Shares with a par value of one dollar ($1.00) each, of which 1,000,000 common shares and 1,726,476,330 preference shares are validly issued and outstanding as fully paid and non-assessable. The Corporation intends to forthwith purchase for cancellation 1,194,798,762 preference shares so that thereafter 531,677,573 preference shares will be outstanding. Except for the Subscriber, no person, firm, corporation or any party whatsoever has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any of the unissued shares in the capital of the Corporation.

4.18 The corporate records and minute books of the Corporation contain complete and accurate copies of the memorandum and articles of association of the Corporation and minutes of all meetings of the directors and shareholders of the Corporation held since the incorporation of the Corporation. Such meetings were duly called and held, and the share certificate books, register of shareholders, register of transfers and register of directors of the Corporation are complete and accurate.

4.19 The Corporation has provided copies of its unaudited balance sheet as of September 25, 1999. Such balance sheet reflects the Corporation's financial condition as of such date in accordance with GAAP.

5. REPRESENTATIONS AND WARRANTIES OF SUBSCRIBER

The Subscriber represents and warrants to the Corporation, as of the date hereof, and acknowledges that the Corporation is relying upon such representations and warranties in connection with the issuance of the Convertible Debentures:

5.1 The Subscriber is a company duly constituted and validly subsisting under the laws of Nova Scotia and has the corporate power to enter into this Agreement and to perform its obligations hereunder.

5.2 The execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the part of the Subscriber, and this Agreement constitutes a valid and binding obligation of the Subscriber enforceable in accordance with its terms, subject to the following qualifications:

5.2.1 specific performance, injunctive relief and other equitable remedies are discretionary and, in particular, may not be available where damages are considered by a court of competent jurisdiction to be an adequate remedy; and

5.2.2 enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other laws generally affecting enforceability of creditors' rights.

6. AFFIRMATIVE COVENANTS OF THE CORPORATION

For as long as all of the Convertible Debentures are not fully reimbursed (or converted), the Corporation covenants and agrees with the Subscriber and each registered holder of the Convertible Debentures that:

6.1 Maintenance of Assets - The Corporation shall maintain and keep its Assets in good repair, working order and condition (other than ordinary wear and tear), and shall protect and preserve such properties (including trademarks, patents and other intellectual property rights).

6.2 Payment of Taxes and Claims - The Corporation shall file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on it or any of its properties, assets, income or franchises, to the extent such taxes, assessments, charges or levies have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on Assets of the Corporation.

6.3 Corporate Existence, etc. - The Corporation shall at all times preserve and keep in full force and effect its corporate existence and all material contracts, licences, rights and franchises of the Corporation.

6.4 Security - The Corporation shall fully and effectively maintain and keep maintained the security created by the Security Documents as valid and effective first ranking security, subject only to Permitted Encumbrances and shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such additional and further acts, deeds, instruments and assurances as are necessary, or as the Subscriber or other registered holder of the Convertible Debentures may reasonably require, to document, consumate and comply with this Section.

6.5 Other Agreements - The Corporation shall observe, comply with and perform in all material respects all terms and conditions of all material leases and other material agreements, of or binding on it.

6.6 Compliance with Laws – The Corporation shall comply in all material respects with all Laws, including Environmental Laws, and maintain in effect all licences, permits and approvals required by all Laws; it shall immediately notify the Subscriber or other registered holder of the Convertible Debentures in writing of any notice it receives of (a) any violation by it of any Environmental Law, (b) any administrative or judicial complaint or order filed against it alleging violations of any Environmental Law, or (c) any liability for clean-up costs associated with the Release of a Contaminant into the environment or any damages caused by such Release.

6.7 Permit Inspections: The Corporation shall permit the Subscriber or other registered holder of the Convertible Debentures by its representatives and agents, after reasonable notice, to visit or inspect any Assets of the Corporation, including, without limitation, corporate books, computer files and tapes and financial records, to examine and make copies of its books of accounts and other financial records and to discuss its affairs, finances and accounts with, and to be advised as to the same by, its senior officers at such reasonable times during normal business hours and intervals as the Subscriber or other registered holder of the Convertible Debentures may designate but subject always to the security requirements of the Corporation in effect from time to time.

7. NEGATIVE COVENANTS OF THE CORPORATION

For as long as all of the Convertible Debentures are not fully reimbursed (or converted), the Corporation covenants and agrees with the Subscriber and each registered holder of the Convertible Debentures that:

7.1 Debt of Corporation - The Corporation shall not create, incur, assume or suffer to exist any indebtedness for borrowed money except for under the Convertible Debentures and except for other indebtedness for borrowed money not exceeding in the aggregate C$25,000,000.

7.2 Disposal of Assets Generally – After December 15,1999, the Corporation shall not sell, exchange, lease, release or abandon or otherwise dispose of any of its Assets to any Person other than sales of inventory in the ordinary course of business and other than any bona fide sales, transfers or dispositions of equipment or materials at fair market value.

7.3 Share Capital After December 15, 1999, the Corporation shall not permit any Subsidiary of the Corporation in which the Corporation directly owns shares to issue any additional shares in its capital stock except to the Corporation and except if such shares are validly and effectively granted as security for the Corporation's obligations under this Agreement and the Convertible Debentures; nor shall the Corporation permit any such Subsidiary to effect any consolidation, conversion or any other change of or in respect to any of the outstanding shares in its capital stock.

7.4 Liens - The Corporation shall not directly or indirectly, create, incur, assume or permit to exist (upon the happening of a contingency or otherwise) any Lien on or with respect to any Asset (including, without limitation, any document or instrument in respect of goods or accounts receivable) of the Corporation, whether now owned or held or hereafter acquired, or any income or profits therefrom, other than Permitted Encumbrances, or assign or otherwise convey any right to receive income or profits.

7.5 Merger, Consolidation, etc. - The Corporation shall not amalgamate, consolidate or merge, with any other Person or convey, transfer or lease substantially all of its Assets in a single transaction or series of transactions to any Person or enter into any other transaction (whether by reorganization, consolidation, arrangement or otherwise) whereby a substantial part of its business and property would become the property of another Person, except that the Corporation may amalgamate with RJR-MACDONALD CORP.

7.6 Location - The Corporation shall not change its chief executive office and principal place of business from the Province of Quebec nor its registered office from the Province of Nova Scotia, nor open a new place of business, unless it has given the Subscriber or other registered holder of the Convertible Debentures thirty (30) days prior written notice thereof.

8. INSURANCE BY CORPORATION

8.1 Insurance - The Corporation shall effect and maintain insurance on its Assets for the full replacement cost thereof against loss or damage by fire, theft, flood, explosion, sprinklers, collision and such other risks as are customarily insured against by Persons engaged in businesses similar to that of such Corporation in similar locations with such companies, in such amounts and under policies in such form as shall be satisfactory to the Subscriber, acting reasonably, and such other insurance as the Subscriber may reasonably require. Evidence satisfactory to the Subscriber of such insurance and all renewals and replacements thereof shall be delivered to the Subscriber forthwith on request, together

with evidence of payment of all premiums therefor. Each insurance policy shall contain an endorsement, in form and substance acceptable to the Subscriber, showing loss under such insurance policy payable to the Subscriber. Such endorsement, or an independent instrument furnished to the Subscriber, shall contain a standard mortgage clause, shall provide that the insurance company shall give the Subscriber at least thirty (30) days written notice before any such policy of insurance is altered or cancelled and that no act, whether willful or negligent, or default of a Corporation or any other Person shall affect the right of the Subscriber to recover under such policy of insurance in case of loss or damage. The Corporation hereby directs all insurers under such policies of insurance to pay all proceeds payable thereunder directly to the Subscriber.

8.2 Public Liability - The Corporation shall maintain, at its expense, such public liability and third party property damage insurance as is customary for Persons engaged in businesses similar to that of such Corporation with such companies and in such amounts, with such deductibles and under policies in such form as shall be satisfactory to the Subscriber, acting reasonably. Evidence of such insurance and all renewals and replacements thereof shall be delivered to the Subscriber on request, together with evidence of payment of all premiums therefor. Each such policy shall contain an endorsement showing the Subscriber as additional insured thereunder and providing that the insurance company shall give the Subscriber at least thirty (30) days written notice before any such policy shall be altered or cancelled.

8.3 Other – The Corporation shall maintain, at its expense, such other insurance as the Subscriber may from time to time reasonably require, with such insurers, against such wishes and on such other terms as are reasonably satisfactory to the Subscriber, and shall deliver evidence of such insurance and payment of premiums to the Subscriber on request.

8.4 Application of Proceeds: So long as no Event of Default shall have occurred, the Subscriber will, on request of the Corporation, make insurance proceeds received by the Subscriber available to the Corporation for repair or replacement of lost or damaged property.

8.5 For the purposes of this Section 8, "**Subscriber**" shall mean at any time the registered holder of the Convertible Debentures at such time.

9. UNDERTAKING BY THE CORPORATION

The Corporation hereby undertakes to provide the following documents to the registered holder of the Convertible Debentures until the Convertible Debentures have been entirely reimbursed (or converted):

9.1 Quarterly Statements – within 45 days after the end of each fiscal quarter of the Corporation (other than the last fiscal quarter of each fiscal year), copies in duplicate of the financial statements of the Corporation, including

9.1.1 the balance sheet of the Corporation as at the end of such quarter; and

9.1.2 the statements of income, changes in retained earnings and changes in financial position of the Corporation for such quarter and (in the case of the second and third fiscal quarters) for the portion of the fiscal year ending with such quarter;

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year and comparison to budget for the year to date, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, together with a certificate of a senior financial officer of the Corporation stating that:

9.1.3 such statements fairly present in all material respects the Corporation's financial position and results of its operations and changes in cash position as of the end of such period in accordance with GAAP;

9.1.4 no Event of Default and no Default has occurred and is continuing or, if an Event of Default or Default has occurred and is continuing, a statement of the nature thereof and the action the Corporation proposed to take with respect thereto.

9.2 Annual Statements – within 120 days after the end of each fiscal year of the Corporation, copies in duplicate of the annual financial statements of the Corporation, including:

9.2.1 the balance sheet of the Corporation as at the end of such year; and

9.2.2 the statements of income changes, in retained earnings and changes in financial position of the Corporation for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, together with a comparison to budget for the year; and together with a certificate of a senior financial officer of the Corporation stating that:

9.2.3 such statements fairly present in all material respects the Corporation's financial position and results of its operations and changes in cash position as of the end of such year in accordance with GAAP;

9.2.4 no Event of Default and no Default has occurred and is continuing or, if an Event of Default or Default has occurred and is continuing, a statement of the nature thereof and the action the Corporation proposes to take with respect thereto.

9.3 Notice of Default, Event of Default or Material Adverse Change – promptly, and in any event within five days after an officer of the Corporation becomes aware of the existence of any Default or Event of Default or of any material adverse change in the business or

financial situation of the Corporation or that any Person has given any notice or taken any action with respect to a claimed default hereunder, a written notice specifying the nature and period of existence thereof and what action the Corporation is taking or proposes to take with respect thereto.

9.4 Notices from Governmental Authority – promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Corporation from any Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a material adverse effect on the business or financial position of the Corporation or its ability to repay the Convertible Debentures.

9.5 Actions, Proceedings, Disputes – promptly after an officer of the Corporation becomes aware of the commencement thereof, written notice of any action or proceeding relating to the Corporation or any of its properties, in any court or before any Governmental Authority or arbitration board or tribunal as well as prompt notice of any dispute or claim against the Corporation, in each case which, if adversely determined, could reasonably be expected to have a material adverse effect on the business or financial position of the Corporation or its ability to repay the Convertible Debentures, and thereafter timely reports as to the status of such action, proceedings and disputes and, within five (5) days of any judgment having been rendered against the Corporation, written notice of such judgment; and

9.6 Other Requested Information – promptly, upon request by the registered holder of the Convertible Debentures, such other data, information and documents relating to the business, operations, affairs, financial condition, assets or properties of the Corporation as from time to time may reasonably be requested by the then registered holder of the Convertible Debentures.

10. SECURITY BY CORPORATION

10.1 The payment and performance when due of all present and future indebtedness, liabilities and other obligations of the Corporation under and pursuant to the Convertible Debentures shall be secured by security interests in all the present and future Assets of the Corporation, by way of one or more agreements or instruments creating hypothecs on or other security interests in such Assets, each in form and substance satisfactory to the Subscriber.

10.2 Other Security Requirements - Each agreement or other document creating, evidencing or relating to the Liens referred to in Section 10 shall be in form and substance satisfactory to the Subscriber, shall be duly registered, recorded, filed and all other action shall have been taken, in each case so the Liens created, granted or evidenced therein shall constitute valid and enforceable first ranking Liens, subject only to Permitted Encumbrances, on all the Assets stated to be subject thereto in each jurisdiction reasonably required by the Subscriber.

11. CONDITIONS PRECEDENT TO THE PERFORMANCE BY THE CORPORATION OF ITS OBLIGATIONS UNDER THIS AGREEMENT

The Corporation shall not be obliged to issue the Convertible Debentures as provided for herein unless, on the Closing Date each of the following conditions shall have been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Corporation and may be waived in writing, in whole or in part by the Corporation at any time:

11.1 The representations and warranties set forth at Section 5 shall be true and correct on and as of the Closing Date as if such representations and warranties were made at and as of such date;

11.2 All documentation relating to the due authorization and completion of the transactions hereunder and all actions and proceedings taken on or prior to the Closing Date in connection with the performance by the Subscriber of his obligations under this Agreement shall be satisfactory to the Corporation and its legal counsel, acting reasonably, and the Corporation shall have received copies of all such documentation or other evidence as it may reasonably request in order to establish the consummation of the transactions contemplated hereby and the taking of all proceedings in connection therewith in compliance with these conditions, in form and substance satisfactory to the Corporation and to its counsel, acting reasonably; and

11.3 All consents, approvals, orders and authorizations of any person, board, governmental, securities or other regulatory authorities in Canada or elsewhere required in connection with the completion of any of the transactions contemplated by this Agreement, the execution of this Agreement or the performance of any of the terms and conditions hereof shall have been obtained.

12. CONDITIONS PRECEDENT TO THE PERFORMANCE BY THE SUBSCRIBER OF ITS OBLIGATIONS UNDER THIS AGREEMENT

The Subscriber shall not be obliged to complete the subscription of the Convertible Debentures, as provided for herein unless, on the Closing Date, each of the following conditions shall have been satisfied, it being understood, that the said conditions are included for the exclusive benefit of the Subscriber and may be waived, in whole or in part, by it at any time:

12.1 The representations and warranties set forth at Section 4 shall be true and correct on and as of the Closing Date as if such representations and warranties were made at and as of such date;

12.2 The directors of the Corporation shall have consented in writing to this Agreement and to the issuance of the Convertible Debentures;

12.3 All documentation relating to the due authorization and completion of the transactions hereunder and all actions and proceedings taken on or prior to the Closing Date in connection with the performance by the Corporation of its obligations under this

Agreement shall be satisfactory to the Subscriber and its counsel, acting reasonably, and the Subscriber shall have received copies of all such documentation or other evidence as him may reasonably request in order to establish the consummation of the transactions contemplated hereby and the taking of all corporate proceedings in connection therewith in compliance with these conditions, in form and substance satisfactory to the Subscriber and to its counsel, acting reasonably; and

12.4 Except for the consents, approvals, orders and authorizations described in Section 3.3 hereof, all consents, approvals, orders and authorizations of any person, governmental, securities or other regulatory authorities in Canada or elsewhere required in connection with the completion of any of the transactions contemplated by this Agreement, the execution of this Agreement or the performance of any of the terms and conditions hereof shall have been obtained.

12.5 Without limiting the generality of the foregoing, the Subscriber shall have received in form and substance satisfactory to it:

12.5.1 this Agreement duly executed by the Corporation and the Subscriber and the Convertible Debentures duly executed by the Corporation;

12.5.2 certified copies of the certificate, memorandum and articles of incorporation of the Corporation, and all amendments thereto, and of all documents and resolutions evidencing necessary corporate action of the Corporation;

12.5.3 an incumbency certificate for the Corporation;

12.5.4 a certificate of a senior officer of the Corporation to the effect that all representations and warranties of the Corporation set forth in Section 4 are true in all material respects;

12.5.5 the Security Documents;

12.5.6 the balance sheet of the Corporation as of September 25, 1999;

12.5.7 certificates of insurance and copies of insurance policies in accordance with the requirements of Section 8 all to the satisfaction of the Subscriber;

12.5.8 evidence satisfactory to the Subscriber that no event has occurred and is continuing, or would result from such advance, which constitutes or would constitute an Event of Default or a Default;

12.5.9 such other certificates, information and documentation as the Subscriber may reasonably request.

13. DEFAULT

The Corporation shall be in default of its obligations pursuant to this Agreement and the Convertible Debentures upon the occurrence, without the prior written approval or waiver by the then registered holder of all the Convertible Debentures, of any one of the following events (each an "**Event of Default**"):

13.1 Failure to pay principal - the Corporation fails to pay when due any principal on any Convertible Debenture and such default shall continue for a period of three (3) days following the respective due date; or

13.2 Failure to pay other amounts –the Corporation fails to pay any interest or other amount (other than a payment referred to in Section 13.1) owing to the Subscriber when due, and such default shall continue for a period of ten (10) days following written notice thereof from the Subscriber or other registered holder of the Convertible Debentures to the Corporation; or

13.3 Breaches of covenants –the Corporation fails to carry out, observe, perform or comply with any covenant or condition contained in this Agreement, the Convertible Debentures or any Security Document and such default is not remedied within thirty (30) days after the Corporation receives written notice of such default from the Subscriber or other registered holder of the Convertible Debentures; or

13.4 Representations, etc. - any representation, warranty or certification made in writing or deemed made by or on behalf of the Corporation or by any officer of the Corporation in or pursuant to this Agreement or any Security Documents or in any other writing furnished to the Subscriber or other registered holder of the Convertible Debentures shall prove at any time to have been false or incorrect in any material respect as of the date made or deemed to have been made; or

13.5 Indebtedness Cross Default – the Corporation is in default (as principal or as guarantor or other surety) in the payment of any principal of, premium or make-whole amount or interest on any of its indebtedness, the aggregate outstanding amount of which indebtedness is in excess of $10,000,000 (or the equivalent thereof in any other currency) and such default shall continue beyond the applicable period of grace, if any, provided with respect thereto in any agreement or instrument evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which would permit the holder or holders of such indebtedness to cause, with the giving of notice, if required, any such indebtedness to become due prior to its stated maturity, the aggregate outstanding amount of which indebtedness is in excess of $10,000,000 (or the equivalent thereof in another currency); or

13.6 Insolvency – the Corporation (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition or other proceeding for relief or reorganization or arrangement or any petition in bankruptcy, for liquidation or winding-up or to take

advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar Law of any jurisdiction relating to bankruptcy, insolvency or relief of debtors, (iii) makes a proposal to or an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated or wound-up, or (vi) takes corporate action for the purpose of authorizing or commencing any of the foregoing; or

13.7 Receivers, etc. - a court or Governmental Authority of competent jurisdiction enters an order appointing a custodian, receiver, administrator, trustee or other officer with similar powers with respect to the Corporation or with respect to any substantial part of the property of the Corporation, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any Law relating to bankruptcy, insolvency or relief of debtors of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Corporation, or any such petition shall be filed against the Corporation and such petition shall not be dismissed within 30 days; or

13.8 Security – any property or rights of the Corporation is not, or ceases to be, secured by a first ranking Lien in accordance with Section 10, other than Permitted Encumbrances; or an event of default occurs under any Security Document which is not cured during the cure period, if any, allowed therein in respect of such default; or

13.9 Seizures, etc. – a writ, execution, attachment or other similar process is issued against all or any material part of the property of the Corporation which is not released, bonded or discharged within twenty (20) days of its issue, or any holder of a Lien takes possession of all or any material part of the property of the Corporation.

14. INDEMNITY BY CORPORATION

The Corporation does hereby indemnify and hold the registered holder from time to time of the Convertible Debentures, and its directors, agents and officers, (each an "**Indemnified Party**") harmless from and against any and all damages, losses, settlement payments, obligations, liabilities, claims, actions or causes of action, and costs and expenses incurred, suffered, sustained or required to be paid by an Indemnified Party by reason of, relating to, arising out of or resulting from any one or more of the following:

14.1 The Release or the threat of a Release of any Contaminant in violation of Environmental Laws from, or the presence of any Contaminant affecting, the Assets in violation of Environmental Laws, whether or not the same originates or emanates from any such Assets or any contiguous real property;

14.2 Any costs of removal or remedial action incurred by any Governmental Authority or any costs incurred by any other Person or damages from injury to, destruction of, or loss of

natural resources, including costs of assessing such injury, destruction or loss incurred in relation with the Assets or the operations and activities of the Corporation, as a result of the violation of Environmental Laws by the Corporation;

14.3 Liability for personal injury or property damage arising under any statutory or common or civil law tort or delict theory, including, without limitation, damages assessed for the maintenance of a public or private nuisance or for the carrying on of an Environmental Activity at, near, or with respect to the Assets; and

14.4 Any other environmental matter affecting the Assets or the operations and activities of the Corporation within the jurisdiction of any Governmental Authority;

14.5 Any non-fulfilment of any covenant or agreement on the part of the Corporation under this Agreement or any incorrectness in or breach of any representation or warranty of the Corporation contained herein or in any certificate or other document furnished by the Corporation pursuant hereto;

other than, in respect to an Indemnified Party, any such claims which shall arise or be incurred as a result of the fault, negligence or wilful misconduct of such Indemnified Party. In litigation or the preparation therefor, each Indemnified Party shall be entitled to select its own counsel, which shall be subject to approval by the Corporation, acting reasonably, and, in addition to such indemnity, the Corporation shall pay promptly the reasonable fees and expenses of such counsel. Each Indemnified Party shall keep the Corporation advised on a regular basis in regard to any such litigation or the preparation therefor and no settlement shall be made in connection therewith unless the Corporation has been previously advised of the settlement and has had a chance to make representations to the Indemnified Party in respect thereof. This indemnification obligation shall survive the execution hereof and the repayment in full of the Convertible Debentures.

15. FEES AND OTHER EXPENSES

The Corporation shall be responsible for the legal fees and expenses incurred by the Subscriber in connection with the negotiation and completion of the transactions contemplated herein and in all other related documents, upon receipt of reasonable evidence of such fees having been incurred by the Subscriber. The Corporation shall reimburse the Subscriber for the amount of such fees or, at the discretion of the Subscriber, shall pay such fees directly to the Subscriber's legal counsel.

16. NOTICES

All notices, consents or other communications to any party under this Agreement shall be in writing and shall be deemed to be sufficiently given if delivered by overnight courier, in which case, the notice shall be deemed to have been received three (3) business days after the sending thereof, or if delivered by hand to a representative of such party, in which case the notice

shall be deemed to have been received on the date of delivery thereof, or if sent by telecopier to such party, in which case the notice shall be deemed to have been received on the business day (in the locality of the addressee) following the sending thereof (provided a copy is sent by courier and its receipt is ensured). The addresses for notice are as follows and may be changed by notice in accordance with the foregoing provisions:

a) if sent to the Corporation, at:

2455 rue Ontario est
Montreal, Quebec
H2K 1W3
Attention: Vice-President and Treasurer
Telecopieur : (514) 598-9655

b) if sent to the Subscriber, at:

2455 rue Ontario est
Montreal, Quebec
H2K 1W3
Attention: Vice-President and Treasurer
Telecopieur : (514) 598-9655

17. TIME OF THE ESSENCE

Time shall be of the essence of this Agreement.

18. FURTHER ASSURANCES

Each of the parties shall promptly do, make, execute, deliver or cause to be done, made, executed or delivered, all such further acts, documents and things as any other party hereto may reasonably request from time to time for the purpose of giving effect to this Agreement and shall use all reasonable efforts and take all reasonable steps to implement to their full extent the provisions of this Agreement.

19. PROPER LAW OF CONTRACT

This Agreement shall be construed and enforced in accordance with the laws in force in the Province of Quebec.

20. SEVERABILITY

In the event that any provision of this Agreement shall be invalid, illegal or unenforceable in any respect, it shall be considered separate and severable from the remaining

provisions of this Agreement and the validity, legality or enforceability, if any, of the remaining provisions contained in this Agreement shall not, in any way, be affected or impaired thereto.

21. BENEFIT AND BINDING NATURE OF THE AGREEMENT

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns including any registered holder of the Convertible Debentures, but shall not be assignable by any of the parties hereto without the written consent of the other parties hereto. Nothing herein prohibits the assignment of the Convertible Debentures and the rights attached thereto subject to the applicable provisions, if any, of the Charter and of the Convertible Debentures.

22. SURVIVAL

Notwithstanding anything to the contrary herein, the provisions of Section 14 and all provisions for indemnity herein shall survive and enure to the benefit of and be binding upon the parties hereto subsequent to the date of termination of this Agreement.

23. COUNTERPARTS

This Agreement may be executed by the parties hereto in one or more counterparts but shall not be a binding agreement until executed by all the parties hereto.

24. LANGUAGE

The parties hereto agree that this Agreement and any related documents be drawn up in the English language only. Les parties aux présentes conviennent que cette convention et que tout document accessoire soit rédigé en langue anglaise seulement.

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

JT NOVA SCOTIA CORPORATION

Per: [redacted]

Title: President and Secretary

JTI-MACDONALD TM CORP.

Per: [redacted]

Title: President and Secretary

SCHEDULE I

FORM OF CONVERTIBLE DEBENTURE

JT NOVA SCOTIA CORPORATION

A company incorporated under the *Companies Act* (Nova Scotia)

CONVERTIBLE DEBENTURE

$ 120,000,000 **N°: •**

JT NOVA SCOTIA CORPORATION (the "**Corporation**"), for value received, hereby acknowledges itself indebted and promises to pay to the registered holder of this Debenture on the dates and in the manner hereinafter set forth the principal amount of ONE HUNDRED AND TWENTY MILLION DOLLARS ($120,000,000) in lawful money of Canada and to pay interest on the outstanding principal amount hereunder from the date hereof at the rate of 7.76 % per annum calculated semi-annually not in advance and payable (after as well as before maturity, default and judgment, with interest on overdue interest and premium, if any, at the same rate) semi-annually. Equal semi-annual blended instalments of principal and interest in the amount of $4,672,361.85 each, in accordance with the below repayment schedule, shall be payable semi-annually on May 18 and November 18 in each year beginning on May 18, 2000, to and including November 18, 2024 (the "**Maturity Date**"), such instalments to be applied first in payment of interest at the rate hereinbefore provided, calculated as aforesaid, on the principal from time to time unpaid, and the balance to be applied in reduction of the principal sum, and on the Maturity Date the entire unpaid principal amount of this Debenture and all accrued and unpaid interest thereon shall be payable.

As principal and interest become due on this Debenture (except in case of redemption in which case payment will be made as provided hereinafter and in Schedule A hereto, which Schedule A forms an integral part of this Debenture and is deemed to be incorporated herein as if set forth herein at length), the Corporation will send a cheque for the same payable to the then registered holder of this Debenture and addressed to him at his most recent address appearing on the register. The principal amount outstanding and payable on any redemption or partial redemption of this Debenture and the interest and premium, if any, thereon shall be payable in lawful money of Canada at the principal office of the Corporation in the City of Montreal, or at such other place as the Corporation may notify in writing the registered holder of this Debenture, upon surrender or, in the case of partial redemption, on presentation of this Debenture.

This Debenture is one of the convertible debentures of the Corporation in the original aggregate principal amount of $1,200,000,000 in lawful money of Canada referred to and subscribed for in, and issued pursuant to, the Subscription Agreement, as defined in Schedule A, to which reference is made and which the Corporation will make available for consultation on request of the Debentureholder. This Debenture and the other such convertible debentures are secured on the assets to the Corporation by security as specified in the Subscription Agreement.

This Debenture is subject to redemption, in whole or in part, at the option of the Corporation in accordance with the terms and conditions set forth in Schedule A.

This Debenture is convertible, in whole or in part, at the option of the registered holder of this Debenture into Special Preference Shares, as defined in Schedule A, of the share capital of the Corporation in accordance with the terms and conditions set forth in Schedule A.

No transfer of this Debenture shall be binding on the Corporation unless it is made and recorded in the register in accordance with the provisions of Schedule A. This Debenture and any issuance and transfer of the Special Preference Shares of the Corporation resulting from the conversion of this Debenture, in whole or in part, shall be subject to the provisions of the Charter, as defined in Schedule A, and the provisions of Schedule A.

Each of the Debentures, as defined in Schedule A, and the Subscription Agreement may be supplemented or amended, or any provision thereof waived, by written agreement between the Corporation and the registered holders of all the Debentures then outstanding.

Repayment Schedule

Principal and Interest payment date	Interest Payable	Principal Repayment	Total Payment	Remaining Principal Amount
18-May-00	4,515,682.19	156,679.66	4,672,361.85	119,837,938.85
18-Nov-00	4,649,712.03	22,649.82	4,672,361.85	119,815,289.03
18-May-01	4,648,833.21	23,528.63	4,672,361.85	119,791,760.40
18-Nov-01	4,647,920.30	24,441.54	4,672,361.85	119,767,318.86
18-May-02	4,646,971.97	25,389.87	4,672,361.85	119,741,928.98
18-Nov-02	4,645,986.84	26,375.00	4,672,361.85	119,715,553.98
18-May-03	4,644,963.49	27,398.35	4,672,361.85	119,688,155.63
18-Nov-03	4,643,900.44	28,461.41	4,672,361.85	119,659,694.22
18-May-04	4,642,796.14	29,565.71	4,672,361.85	119,630,128.51
18-Nov-04	4,641,648.99	30,712.86	4,672,361.85	119,599,415.65
18-May-05	4,640,457.33	31,904.52	4,672,361.85	119,567,511.13
18-Nov-05	4,639,219.43	33,142.41	4,672,361.85	119,534,368.71
18-May-06	4,637,933.51	34,428.34	4,672,361.85	119,499,940.37
18-Nov-06	4,636,597.69	35,764.16	4,672,361.85	119,464,176.21
18-May-07	4,635,210.04	37,151.81	4,672,361.85	119,427,024.41
18-Nov-07	4,633,768.55	38,593.30	4,672,361.85	119,388,431.11
18-May-08	4,632,271.13	40,090.72	4,672,361.85	119,348,340.39
18-Nov-08	4,630,715.61	41,646.24	4,672,361.85	119,306,694.15
18-May-09	4,629,099.73	43,262.11	4,672,361.85	119,263,432.03
18-Nov-09	4,627,421.16	44,940.68	4,672,361.85	119,218,491.35
18-May-10	4,625,677.46	46,684.38	4,672,361.85	119,171,806.97
18-Nov-10	4,623,866.11	48,495.74	4,672,361.85	119,123,311.23
18-May-11	4,621,984.48	50,377.37	4,672,361.85	119,072,933.86
18-Nov-11	4,620,029.83	52,332.01	4,672,361.85	119,020,601.85

18-May-12	4,617,999.35	54,362.49	4,672,361.85	118,966,239.36
18-Nov-12	4,615,890.09	56,471.76	4,672,361.85	118,909,767.60
18-May-13	4,613,698.98	58,662.86	4,672,361.85	118,851,104.73
18-Nov-13	4,611,422.86	60,938.98	4,672,361.85	118,790,165.75
18-May-14	4,609,058.43	63,303.42	4,672,361.85	118,726,862.33
18-Nov-14	4,606,602.26	65,759.59	4,672,361.85	118,661,102.75
18-May-15	4,604,050.79	68,311.06	4,672,361.85	118,592,791.69
18-Nov-15	4,601,400.32	70,961.53	4,672,361.85	118,521,830.16
18-May-16	4,598,647.01	73,714.84	4,672,361.85	118,448,115.32
18-Nov-16	4,595,786.87	76,574.97	4,672,361.85	118,371,540.35
18-May-17	4,592,815.77	79,546.08	4,672,361.85	118,291,994.27
18-Nov-17	4,589,729.38	82,632.47	4,672,361.85	118,209,361.80
18-May-18	4,586,523.24	85,838.61	4,672,361.85	118,123,523.19
18-Nov-18	4,583,192.70	89,169.15	4,672,361.85	118,034,354.05
18-May-19	4,579,732.94	92,628.91	4,672,361.85	117,941,725.14
18-Nov-19	4,576,138.94	96,222.91	4,672,361.85	117,845,502.23
18-May-20	4,572,405.49	99,956.36	4,672,361.85	117,745,545.87
18-Nov-20	4,568,527.18	103,834.67	4,672,361.85	117,641,711.20
18-May-21	4,564,498.39	107,863.45	4,672,361.85	117,533,847.75
18-Nov-21	4,560,313.29	112,048.55	4,672,361.85	117,421,799.19
18-May-22	4,555,965.81	116,396.04	4,672,361.85	117,305,403.16
18-Nov-22	4,551,449.64	120,912.20	4,672,361.85	117,184,490.95
18-May-23	4,546,758.25	125,603.60	4,672,361.85	117,058,887.36
18-Nov-23	4,541,884.83	130,477.02	4,672,361.85	116,928,410.34
18-May-24	4,536,822.32	135,539.53	4,672,361.85	116,792,870.81
18-Nov-24	4,531,563.39	116,792,870.81	121,324,434.20	0.00

IN WITNESS WHEREOF, the Corporation has caused this Debenture to be signed by its duly authorized representative the 23rd day of November 1999.

JT NOVA SCOTIA CORPORATION

Per: _____

Name: [redacted]

Title: President and Secretary

Conversion

Date	Conversion Price	Principal Amount Converted	Initials

Redemption

Date		Principal Amount Redeemed	Initials

TRANSFER FORM

FOR VALUE RECEIVED, the undersigned hereby assigns and transfers to

.....

this convertible Debenture of JT NOVA SCOTIA CORPORATION

DATE:_____, _____

.....
(name of transferor)

Per: _____
Authorized Officer

Address of transferee:

_____
_____
_____

CONVERSION FORM

TO: •(the "**Corporation**")

The undersigned, the registered holder of the convertible Debenture of the Corporation, bearing number • and dated November 23, 1999, hereby exercises the right of conversion effective _____ _____, _____ in respect of the principal amount of $_____ into fully paid Special Preference Shares of the share capital of the Corporation in accordance with the terms and conditions relating thereto, and to this end, the undersigned hereby requires that the said shares resulting from the conversion be registered in its name and delivered to it.

In the case of a conversion of only part of the outstanding principal amount of the Debenture, the undersigned hereby authorizes the President, any Vice-President or the Secretary of the Corporation to make in the table provided therefor on the face of the Debenture being converted, the appropriate entries resulting from such conversion which, once they are initialled by such representative of the Corporation and manifest errors excepted, shall attest their content as regards the Corporation, the undersigned and any transferee of the Debenture.

Given at _____, on _____.

_____

(signature of registered debentureholder)

SCHEDULE A

JT NOVA SCOTIA CORPORATION

This Schedule shall form an integral part of any certificate representing convertible debentures in the original aggregate principal amount of $1,200,000,000 issued by JT NOVA SCOTIA CORPORATION pursuant to the Subscription Agreement.

ARTICLE 1

INTERPRETATION

1.1 The following definitions shall apply to the Debentures, unless the context indicates otherwise:

1.1.1 "**Charter**" shall mean the charter of the Corporation, including any memorandum and articles of association of the Corporation, as the same may be modified, supplemented, replaced or restated from time to time;

1.1.2 "**Conversion Date**" shall mean, in respect of any conversion, the date indicated in a Conversion Form, duly completed and signed by a Debentureholder, as the effective date of such conversion or, if later, the date the President, a Vice-President or Secretary of the Corporation receives, at the Corporation's principal place of business in the City of Montreal, the Debenture, as provided in Article 4 hereof;

1.1.3 "**Conversion Form**" shall mean a form, letter or notice substantially on the terms of the sample annexed to the certificate representing a Debenture;

1.1.4 "**Conversion Price Per Share**" shall have the meaning attributed thereto in Section 4.1;

1.1.5 "**Corporation**" shall mean JT NOVA SCOTIA CORPORATION, and its successors and assigns, and shall include any company resulting from the amalgamation of JT NOVA SCOTIA CORPORATION with any other person or persons.

1.1.6 "**Debentures**" shall mean the convertible debentures of the Corporation in original aggregate principal amount of ONE BILLION TWO HUNDRED MILLION DOLLARS ($1,200,000,000) in lawful money of Canada dated November 23, 1999 referred to and subscribed for in, and issued by the Corporation pursuant to, the Subscription Agreement; this term shall also include all amendments subsequently made to the Debentures by written agreement between the Corporation and all the Debentureholders;

1.1.7 "**Debentureholder**" shall mean at any time the registered holder at such time of the Debentures then outstanding;

1.1.8 "**Event of Default**" shall have the meaning attributed thereto in Section 7.1;

1.1.9 "**Maturity Date**" shall mean November 18, 2024.

1.1.10 "**Special Preference Shares**" shall mean the Special Preference Shares with a par value of one dollar ($1.00) each in the capital stock of the Corporation.

1.1.11 "**Subscription Agreement**" shall mean the agreement for the subscription of the Debentures dated as of November 23, 1999 between JT NOVA SCOTIA CORPORATION and JTI-MACDONALD TM CORP., which Subscription Agreement provides among other things for the issuance of convertible debentures in favour of JTI-MACDONALD TM CORP., as set forth in Article 3 of the said Subscription Agreement, as the same may be amended, supplemented, replaced or restated from time to time.

1.2 If the day on which measures are to be taken pursuant to the Debentures is not a business day, then the measures shall be taken on the following business day.

1.3 All amounts referred to herein are expressed in lawful money of Canada.

ARTICLE 2

CERTIFICATES AND TERMS AND CONDITIONS OF TRANSFER

2.1 The Debenture certificates to be issued by the Corporation shall be signed by the President of the Corporation or another officer authorized therefor by the Board of Directors of the Corporation.

2.2 As long as any of the Debentures are outstanding, the Corporation shall maintain a register in which there shall be recorded the name and mailing address of the holder of each Debenture and the details of the certificate held by it. No transfer of any Debenture, whether *inter vivos* or *mortis causa*, shall be binding upon the Corporation unless a) all the Debentures are concurrently transferred to the same Person, b) the transfers of all the Debentures are made in accordance with the provisions of the Charter of the Corporation relating to the transfer of shares in the capital stock of the Corporation and c) each such transfer is concurrently recorded in the register, which register shall be available for consultation by any Debentureholder, free of charge, at the Corporation's principal place of business in the City of Montreal during regular business hours. The registered Debentureholder may request the Corporation to record a transfer of all but not less than all of the Debentures in the register by presenting to the Corporation, at the place where the register is kept, a transfer form in respect of each Debenture, duly completed and signed by the registered Debentureholder substantially in the form attached to the

Debenture. As regards the Corporation, the person in whose name a Debenture is registered shall be deemed and considered to be the owner thereof for all purposes.

2.3 If this Debenture is deteriorated, lost, destroyed or stolen, the Corporation shall, subject to the following, issue, sign and deliver a new Debenture bearing the same date, for the same principal amount and in the same form as the deteriorated, lost, destroyed or stolen Debenture, the whole in exchange for, and as a replacement of, the deteriorated Debenture, which deteriorated Debenture shall be cancelled, or as a replacement of the lost, destroyed or stolen Debenture. The Debentureholder shall assume the costs of issuance and shall also, as a condition precedent to the issuance of the new Debenture, provide the Corporation with evidence of the deterioration, loss, destruction or theft of the said Debenture, which evidence shall be reasonably acceptable to the Corporation, subject to the fact that the Debentureholder may be held liable for the payment of the reasonable expenses incurred by the Corporation in that regard.

2.4 Each scheduled payment of a principal amount and/or interest which the Corporation is required to pay to the Debentureholder shall be made on its due date, without notice or grace period, and shall be sent by the Corporation, or on its behalf, by cheque drawn to the order of the registered Debentureholder to the Debentureholder's most recent address recorded in the register provided for in Section 2.2.

ARTICLE 3

REDEMPTION OF DEBENTURE

3.1 The Corporation shall have the right at its option and upon giving notice of redemption as herein provided to redeem at any time the whole or from time to time any part of the principal amount of the Debentures for the time being outstanding upon payment, at the principal office of the Corporation in the City of Montreal or at such other place as the Corporation may notify in writing the registered holder of the Debentures, of the redemption price applicable thereto. In the event a part only of the principal amount of the Debentures is to be redeemed, the Corporation may redeem a pro rata part of each outstanding Debenture or such amount of any one or more outstanding Debentures as the Corporation, in its sole discretion, may elect.

3.2 A Debenture shall be so redeemable for a redemption price equal to the higher of the Canada Yield Price and the principal amount of the Debenture then to be redeemed, together in each case with all accrued and unpaid interest thereon to the date fixed for redemption. As used herein, "Canada Yield Price" means the price at which the Debenture, if issued on the business day immediately preceding the day on which the Corporation gives notice of redemption to the holders of the Debentures pursuant to Sections 3.1 and 3.4, would generate an effective yield to maturity equal to the Government of Canada Yield plus .25%. The Canada Yield Price will be as determined by two members of the Investment Dealers' Association of Canada, selected by the Corporation for such purpose. If less than all the principal amount of the Debenture is to then be redeemed, the Canada Yield Price will be based on the principal amount then to

be redeemed. "Government of Canada Yield" on any date means the yield to maturity on such date, assuming semi-annual compounding, which a non-callable Government of Canada bond, as determined by the same two members of the Investment Dealers' Association of Canada, would carry if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity equal to the remaining average life of the Debenture.

3.3 In the event the whole outstanding principal amount of a Debenture is to be redeemed, the Debentureholder shall only be entitled to receive payment of the redemption price if it shall surrender the Debenture to the Corporation at the place where the redemption price is payable. In the event part only of the outstanding principal amount of a Debenture is to be redeemed, the Debentureholder of such Debenture shall only be entitled to receive payment of the redemption price if it shall present such Debenture to the Corporation at the place where the redemption price is payable and, upon such presentation of such Debenture and upon receiving the moneys payable to it by reason of such redemption, the Corporation shall without charge make the appropriate entries with respect to such partial redemption in the table provided therefor on the face of such Debenture, which entries shall be initialled by the President, any Vice-President or the Secretary of the Corporation and the Corporation shall deliver to the Debentureholder such Debenture with such entries so initialled. Each such entry, once initialled by any of the said representatives and manifest errors excepted, shall attest its content as regards the Corporation, the Debentureholder and any transferee of such Debenture.

3.4 Notice of redemption of the Debentures shall be given by the Corporation to the Debentureholders not less than thirty (30) days prior to the date fixed for redemption and in the manner provided in Article 8 hereof. Every such notice shall specify the redemption date, the redemption price, the place for payment and, unless all the outstanding principal amount of the Debentures is to be redeemed, the principal amount of each Debenture to be redeemed as elected by the Corporation.

3.5 Upon notice of redemption being given as aforesaid, the principal amount or that part of the principal amount of the Debentures so called for redemption shall be and become due and payable at the appropriate redemption price on the redemption date specified in such notice and with the same effect as if it were the date of maturity specified in the Debentures, anything therein or herein to the contrary notwithstanding, and from and after such redemption date interest upon the principal amount of the Debentures so becoming due and payable shall cease, subject to the provisions of Section 3.6.

3.6 In case the registered holder of any Debenture so called for redemption in whole or in part shall fail so to surrender or present such Debenture as aforesaid, or shall not accept payment of the redemption moneys payable in respect thereof, such redemption moneys may be deposited by the Corporation in trust for such holder with any Canadian chartered bank at such rate of interest (if any) as the such bank may allow, and any such deposit shall for all purposes be deemed a payment to the Debentureholder of the sum so deposited, and to the extent of the monies so deposited such Debenture shall thereafter not be considered as outstanding hereunder and all the obligation and liability of the Corporation in respect thereof shall thereupon expire and be at an end, and the

Debentureholder shall have no other right except, upon surrender or presentation, as the case may be, of such Debenture, to receive payment of the moneys so deposited.

3.7 Any redemption of part only of the outstanding principal amount of any Debenture shall not affect the amount or dates of scheduled repayments of principal and interest, shall not effect novation of all or any of the principal amount of the Debentures remaining unpaid on or after such redemption and all hypothecs and other security securing, among other things, such principal amount remaining unpaid are hereby reserved.

ARTICLE 4

RIGHT OF CONVERSION

4.1 Each Debentureholder shall have the right at its option and upon giving notice of conversion on a Conversion Form as herein provided to request the conversion at any time of the whole or from time to time any part of the principal amount of any Debenture from time to time outstanding into such number of fully paid Special Preference Shares, which shall be equal to the number obtained by dividing the principal amount of the Debenture requested to be converted by the Conversion Price Per Share.

The expression "**Conversion Price Per Share**" shall mean a conversion price of ONE DOLLAR ($1.00) in lawful money of Canada for each Special Preference Share.

4.2 The Debentureholder shall exercise the right of conversion provided for in Section 4.1 by giving notice of conversion as herein provided and by presenting the Debenture in respect of which such notice is given to the Corporation, at its principal office in the City of Montreal, together with a Conversion Form duly signed and completed by the Debentureholder, which Conversion Form shall indicate the number and the principal amount of the Debenture which the Debentureholder wishes to convert and the effective date of the conversion. Presentment by the Debentureholder to the Corporation of the Debenture to be converted in whole or in part, as the case may be, in accordance with this Article together with the duly signed and completed Conversion Form shall, subject to the Subscription Agreement, be deemed to constitute a contract between such Debentureholder and the Corporation pursuant whereto (i) such Debentureholder subscribes for the number of Special Preference Shares which such Debentureholder is entitled to receive; and (ii) such Debentureholder releases the Corporation from all liability with respect to the principal amount of the Debenture then to be converted; and (iii) the Corporation agrees that the reduction up to the converted principal amount of such Debenture shall constitute full payment of the subscription price of the Special Preference Shares to be issued upon such conversion. In the event part only of the principal amount of a Debenture is to be converted, on or after the Conversion Date the Corporation shall without charge make the appropriate entries with respect to such partial conversion in the table provided therefor on the face of such Debenture, which entries shall be initialled by the President, any Vice-President or the Secretary of the Corporation and the Corporation shall deliver to the Debentureholder such Debenture with such

entries so initialled. Each such entry, once initialled by any of the said representatives and manifest errors excepted, shall attest its content as regards the Corporation, such Debentureholder and any transferee of such Debenture.

4.3 Notice of conversion of a Debenture shall be given by the Debentureholder to the Corporation by way of a Conversion Form not less than thirty (30) days prior to the date requested for conversion and in the manner provided in Article 8 hereof. Every such notice shall specify the requested conversion date and the number and the principal amount of the Debenture to be converted.

4.4 As soon as practicable after the Conversion Date, the Corporation shall, subject to the provisions of the Subscription Agreement, issue and deliver, or have issued and delivered, to the Debentureholder, or in accordance with the Debentureholder's written instructions, one or more certificates registered in the Debentureholder's name, which certificate(s) shall represent the number of Special Preference Shares, based on the principal amount of the Debenture requested to be converted in the Conversion Form, which the Debentureholder is entitled to receive pursuant to the conversion of the said principal amount of the Debenture; moreover, the Corporation shall ensure that delivery of the certificate(s) is made together with payment of interest accrued and unpaid on the principal amount which has been converted up to the Conversion Date as well as all other amounts which may be payable upon a conversion as provided for in Section 4.5 hereinbelow. The conversion into Special Preference Shares shall be deemed to have occurred immediately prior to the close of business on the Conversion Date and, as of that moment (i) the rights of the Debentureholder of the converted Debenture, in the capacity of Debentureholder, shall cease to exist in respect of the principal amount of the Debenture which has been converted; and (ii) the Debentureholder shall be deemed to have become a registered holder of the Special Preference Shares which are represented by the certificate or certificates.

4.5 Notwithstanding any other provision hereof, the Corporation shall not issue any share fractions upon the conversion of any Debenture; instead of share fractions, it shall make a cash payment.

4.6 The Corporation shall pay all reasonable expenses incurred by a Debentureholder which relate to the issuance of the Special Preference Shares resulting from the conversion provided for in Section 4.1 and following.

4.7 Any conversion of part only of the principal amount of any Debenture shall not affect the amount or dates of scheduled repayments of principal and interest, shall not effect novation of all or any of the principal amount of any Debenture remaining unpaid on or after such conversion and all hypothecs and other security securing, among other things, such principal amount remaining unpaid are hereby reserved.

4.8 Section 3.3 of the Subscription Agreement is deemed to be incorporated into and form part of this Debenture.

ARTICLE 5

ADJUSTMENTS FOR PURPOSES OF THE RIGHT OF CONVERSION

5.1 If, at any time prior to any Conversion Date, there occurs any of the following events:

5.1.1 an amalgamation, merger or other corporate restructuring, or the sale of all or a substantial part of the Corporation's assets; or

5.1.2 any other change affecting the shares of any class of shares, including the then outstanding Special Preference Shares, which change is likely to adversely affect and modify the characteristics of the Special Preference Shares,

(the events and transactions referred to in subsections 5.1.1 to 5.1.2 being hereinafter collectively referred to as the "**Transaction**"), then thereafter each Debentureholder shall have the right to convert its Debenture pursuant to Article 4 hereof into shares, securities, cash or other assets of the same kind and for the same amount as the Debentureholder would have been entitled to receive if it had exercised its right of conversion prior to the Transaction.

ARTICLE 6

REPRESENTATIONS, WARRANTIES, COVENANTS, ETC.

6.1 The representations and warranties made and given by the Corporation in Section 4 of the Subscription Agreement are hereby reiterated by the Corporation in favour of each Debentureholder, which Debentureholder may rely on the same.

6.2 The covenants, undertakings and indemnities of the Corporation in Sections 6, 7, 8, 9, 10, 14 and 15 of the Subscription Agreement are hereby reiterated by the Corporation in favour of and for the benefit of each Debentureholder, which Debentureholder may rely on and enforce the same.

ARTICLE 7

DEFAULT AND ENFORCEMENT

7.1 Each of the Events of Default as defined in the Subscription Agreement shall constitute an Event of Default hereunder.

7.2 If an Event of Default occurs, each Debentureholder shall have the option, in addition to all its other rights and recourses, to send a written notice to the Corporation, in the manner provided for in Article 8, requiring the redemption of the full outstanding principal amount of all the Debentures and all accrued and unpaid interest thereon and a

premium, and the Corporation shall forthwith pay these amounts to the Debentureholder, which amounts shall be calculated in the manner provided for in Article 3, as of the date of the notice of default sent by the Debentureholder pursuant to this Article, *mutatis mutandis*, and, when such payment shall have been made, it shall be deemed to release the Corporation from all its obligations pursuant hereto.

7.3 If an Event of Default occurs, the Debentureholder may send a written notice to the Corporation specifying the default and declaring the principal of, all accrued and unpaid interest on, and all other amounts owing in respect of, the Debentures to thereupon be forthwith due and payable and may exercise any right it has in respect of the Debentures hereunder or by law, including under any security for the payment of the Debentures, which such security shall be and become enforceable upon the occurrence of an Event of Default. The exercise by the Debentureholder of any right or recourse pursuant to a default or to the failure to perform an undertaking or obligation set forth herein shall not imply a waiver of any right or recourse which is then available to a Debentureholder nor shall it affect or exclude such right or recourse.

ARTICLE 8

NOTICES

8.1 Every notice or other communication required pursuant hereto shall be given in writing and sent by telecopier (provided that a copy is subsequently sent by messenger and that its receipt is confirmed) or delivered by hand:

8.1.1 to the Debentureholder:

2455, rue Ontario est
Montreal, Quebec
H2K 1W3

Attention: Vice-President and Treasurer

Telecopier number: (514) 598-9655

8.1.2 to the Corporation:

2455, rue Ontario est
Montreal, Quebec
H2K 1W3

Attention: Vice-President and Treasurer

Telecopier number: (514) 598-9655

or, as regards each party, to any other address or telecopier number which the party may indicate by means of a written notice sent to the other party.

8.2 Every notice or communication contemplated in Section 8.1 shall be deemed to have been received on the business day after it was sent.

ARTICLE 9

GOVERNING LAW; AMENDMENT

9.1 The Debentures shall be governed and interpreted in accordance with the laws of Quebec and the laws of Canada applicable thereto.

9.2 Each Debenture and the Subscription Agreement may be supplemented or amended, or any provision thereof waived, by written agreement between the Corporation and the Debentureholder.

ARTICLE 10

LANGUAGE

10.1 The parties hereto have requested that this agreement and all documents ancillary thereto be drafted in English. Les parties aux présentes ont exigé que cette convention ainsi que tout document s'y rapportant soient rédigés en anglais.

THIS AMENDING AGREEMENT dated as of the 23rd day of December 2014.

BETWEEN:

JTI-MACDONALD CORP., a company incorporated under the laws of the Province of Nova Scotia

(hereinafter called the "**Corporation**")

OF THE FIRST PART

AND:

JTI-MACDONALD TM CORP., a company incorporated under the laws of the Province of Nova Scotia

(hereinafter called the "**Debentureholder**")

OF THE SECOND PART

WHEREAS JT Nova Scotia Corporation (the "**Predecessor Corporation**") and the Debentureholder entered into a certain Convertible Debenture Subscription Agreement dated November 23, 1999 providing for the subscription by the Debentureholder, and the issue by the Predecessor Corporation, of convertible debentures in the original aggregate principal amount of $1,200,000,000 in lawful money of Canada (the "**1999 Subscription Agreement**"), and the Predecessor Corporation issued to the Debentureholder ten (10) convertible debentures nos. 1 to 10, inclusively, each in the original principal amount of $120,000,000 in lawful money of Canada, dated November 23, 1999 (collectively, the "**1999 Convertible Debentures**").

AND WHEREAS on November 27, 1999 the Predecessor Corporation amalgamated with RJR-Macdonald Corp. under the *Companies Act* (Nova Scotia), the Corporation being the company continuing from such amalgamation, and the Corporation expressly assumed, among other things, all indebtedness, liabilities and other obligations of the Predecessor Corporation under and pursuant to the 1999 Convertible Debentures and 1999 Subscription Agreement.

AND WHEREAS on December 12, 2000, the Corporation and the Debentureholder amended the 1999 Subscription Agreement (the "**2000 Subscription Agreement Amendment**");

AND WHEREAS each of the Corporation and the Debentureholder wish to further amend the terms of the 1999 Subscription Agreement in accordance with the terms set forth below;

AND WHEREAS contemporaneously to the amendment of the 1999 Subscription Agreement, the Corporation and the Debentureholder have amended the 1999 Convertible Debentures.

NOW, THEREFORE, THE CORPORATION AND THE DEBENTUREHOLDER AGREE AS FOLLOWS:

1. All terms defined in the 1999 Subscription Agreement, as amended by the 2000 Subscription Agreement Amendment, shall have the same meaning herein as in the 1999 Subscription Agreement, unless the context otherwise requires.

2. The 1999 Subscription Agreement is amended as follows:

2.1 Section 13.9 of the 1999 Subscription Agreement is hereby deleted and replaced with the following:

> "13.9 **Judgments and Seizures** – any judgment, whether or not final, in excess of $250,000,000 is issued against the Corporation or if a writ, execution, attachment or other similar process is issued against all or any material part of the property of the Corporation which is not released, bonded or discharged within twenty (20) days of its issue, or any holder of a Lien takes possession of all or any material part of the property of the Corporation.

3. This Amending Agreement amends the 1999 Subscription Agreement in the manner and on the conditions set forth herein. All other terms and conditions of the 1999 Subscription Agreement, save and except for those amended by the 2000 Subscription Agreement Amendment, shall remain in full force and effect.

4. The parties expressly agree that nothing contained in this Amending Agreement shall (a) operate as a novation of the Convertible Debentures or other indebtedness of the Corporation under or pursuant to the 1999 Subscription Agreement or (b) release, discharge or diminish in any way any security held by or for the benefit of the Debentureholder or any other Person which may from time to time be or become the registered holder of any or all of the Convertible Debentures or any other indebtedness of the Corporation under or pursuant to the 1999 Subscription Agreement or the Convertible Debentures.

5. This Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec.

6. This Amending Agreement shall be binding on, and shall enure to the benefit of, the Corporation, the Debentureholder and any other Person which may from time to time be or become the registered holder of any or all of the Convertible Debentures.

7. The Corporation and the Debentureholder declare that it is their express wish that this Amending Agreement and any related documents be drawn up and executed in English. JTI¬MACDONALD CORP. et JTI-MACDONALD TM CORP. déclarent qu'il est leur volonté expresse que cette convention et tous leas documents s'y rattachant soient rédigés et signés en anglais.

IN WITNESS WHEREOF, the parties hereto have caused this Amending Agreement to be executed by their respective representatives thereunto duly authorized as of the day and year first above written.

JTI-MACDONALD CORP.

Per: [redacted]
Name:
Title: Chairman, President and C.E.O.

JTI-MACDONALD TM CORP.

Per: [redacted]
Name
Title: Treasurer

EXHIBIT “J”

This is **Exhibit "J"**, referred to in the **Affidavit of Robert McMaster**, sworn before me this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

JTI-MACDONALD CORP.

(Amalgamated under the laws of Nova Scotia)

DEMAND DEBENTURE

N°: 12

1. The following words and phrases, wherever used in this Debenture or in any deeds supplemental hereto, shall, unless there be something in the context inconsistent therewith, have the following meanings:

(a) "Convertible Debentures" means the convertible debentures of JT NOVA SCOTIA CORPORATION, one of the predecessor companies of the Debtor, each dated November 23, 1999, in the aggregate principal amount of One Billion, Two Hundred Million Canadian Dollars ($1,200,000,000) issued by JT NOVA SCOTIA CORPORATION pursuant to the Subscription Agreement, as the said convertible debentures may be amended, supplemented, replaced or restated from time to time which convertible debentures constitute obligations of the Debtor;

(b) "Debtor" means JTI-MACDONALD CORP., a body corporate, resulting from the amalgamation pursuant to the laws of the Province of Nova Scotia, of JT NOVA SCOTIA CORPORATION and RJR-MACDONALD CORP. on November 27, 1999, with its Registered Office at 5151 George Street, Halifax, Nova Scotia;

(c) "Obligations Secured" means the punctual payment when due of the principal of the Convertible Debentures, all interest thereon and all premiums, if any, together with the payment of all other sums due or to become due by the Debtor under or pursuant to the Convertible Debentures, the Subscription Agreement and this Debenture and the due performance and observance by the Debtor of all obligations provided for under or pursuant to the Convertible Debentures, the Subscription Agreement and this Debenture; and

(d) "Subscription Agreement" means the convertible debenture subscription agreement dated November 23, 1999 between JT NOVA SCOTIA CORPORATION and JTI-MACDONALD TM CORP. providing, among other things, for the subscription for and issuance of the Convertible Debentures, as the same may be amended, supplemented, replaced or restated from time to time which convertible debenture subscription agreement constitutes an obligation of the Debtor.

2. The Debtor, for value received, hereby acknowledges itself indebted and promises to pay to or to the order of JTI-Macdonald TM Corp. ("Creditor"), on demand, at the principal office of the Creditor in the City of Montreal or such other place as the Creditor may notify the Debtor in writing ("Office"), the principal sum of One Billion, Two Hundred Million Dollars ($1,200,000,000.00) of lawful money of Canada.

3. This Debenture is issued as general and continuing collateral security for the due payment and performance by the Debtor of the Obligations Secured. The following mortgages, charges and other security interests created herein or for whose creation provision is herewith made, shall be effective whether the monies secured hereby or any portion thereof is advanced before or after or at the time of the issuance of this Debenture.

4. The Debtor will, from the date hereof and during the continuance of this Debenture, pay to the Creditor at the Office, interest on the principal sum or the balance thereof, from time to time outstanding as well after as before maturity, on demand, at the rate of 25 % per annum calculated semi-annually not in advance and payable (after as well as before maturity, default and judgment, with interest on overdue interest and premium, if any, at the same rate) semi-annually.

5. As security for the due payment of the Obligations Secured and the due payment and performance of debts, liabilities and obligations of the Debtor herein set forth, the Debtor hereby:

(a) mortgages and charges (subject to the exception as to leaseholds hereinafter contained), as and by way of a first fixed and specific mortgage and charge to and in favour of the Creditor, and grants a security interest in, all real and immovable property (including, by way of sub-lease, leasehold lands) now or hereafter owned or acquired by the Debtor and all buildings, erections, improvements, fixtures and plant now or hereafter situate thereon and all appurtenances to any of the foregoing; and

(b) mortgages and charges to the Creditor as and by way of a first fixed and specific mortgage and charge, and grants to the Creditor a security interest in, all of its present and future machinery, equipment and other tangible personal property (but exclusive of inventory) now owned or hereafter acquired by the Debtor or in which the Debtor may have an interest; and

(c) mortgages and charges to the Creditor, and grants to the Creditor a security interest in, all of its present and future inventory, including, without limiting the generality of the foregoing, all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service; and

(d) mortgages and charges to the Creditor, and grants to the Creditor a security interest in, all of the Debtor's present and future rights in any trade mark, copyright, industrial design, patent, patent rights, invention, trade secret, know-how, plant breeders' right, topography of integrated circuits and in any other intellectual property right (registered or not) including, if any, improvements and modifications thereto as well as rights in any action pertaining to the protection, in Canada or abroad, of any such intellectual property rights; and

(e) charges as and by way of a first floating charge, and grants to the Creditor a security interest in, its business and undertaking and all of its property and assets for the time being, both real and personal, movable and immovable of whatsoever kind and nature, both present and future (other than such thereof as are from time to time effectively and validly subjected to the other mortgages, charges, assignments and security interests hereby created), including its goodwill, chattel paper, instruments, documents of title, investments, money, securities (save and except for shares in the capital stock of JTI-Macdonald TM Corp. now or hereafter owned by the Debtor) and uncalled capital; and

(f) mortgages, charges and assigns to the Creditor and grants to the Creditor a security interest in, the proceeds arising from any of the assets referred to in this Section 5.

All of the property and assets of the Debtor referred to in sub-paragraphs (a) to (f) inclusive of this Section 5 are hereinafter collectively referred to as the "Collateral". In this Debenture, "chattel paper", "instruments", "documents of title", "money" and "securities" have the meanings ascribed thereto by the *Personal Property Security Act* (Nova Scotia) ("PPSA").

6. The mortgage, charge and security interest on tangible personal property shall not prevent the Debtor from selling inventory in the ordinary course of business and the floating charge and security interests hereby created shall in no way hinder or prevent the Debtor, until the security hereby constituted becomes enforceable from selling or otherwise dealing with the subject matter of such floating charge in the ordinary course of its business, provided such action is not in breach of any of the covenants contained in this Debenture or in any other agreement to which the Debtor and the Creditor are parties.

7. The last day of the term of any lease, whether written or oral, or any agreement therefor, now held or hereafter acquired by the Debtor, is hereby and shall be excepted out of the mortgages, charges and security interests hereby created, but upon enforcing this security, the Debtor shall stand possessed of the reversion of one day remaining in respect of any such term, and shall hold it in trust to assign and dispose thereof as the Creditor shall direct. There shall also be excluded from the security interests granted by this Debenture any property of the Debtor that constitutes consumer goods within the meaning of the PPSA.

8. The Debtor hereby covenants and agrees with the Creditor that it will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all and every such other acts, deeds, documents, mortgages, transfers, assignments and assurances in law as the Creditor may reasonably require for the better assuring, mortgaging, transferring, assigning and confirming unto the Creditor, all and singular the undertakings hereby the subject of the mortgages, charges and security interests stated herein, or intended so to be, or which the Debtor may hereafter become bound to mortgage, transfer, assign and charge in favour of the Creditor, and for the better accomplishing and effectuating of the intentions of this Debenture.

9. The Debtor and the Creditor covenant and agree that they have not agreed to postpone the time for attachment of the security interests granted hereby with respect to the Collateral presently existing and that such security interests shall attach to the Collateral acquired after the date hereof as soon as the Debtor has rights in such assets.

10. The Debtor covenants and agrees with the Creditor that until all the Obligations Secured are paid in full and this Debenture is discharged it will comply with the representations, warranties and covenants in any and all other agreements, both present and future, entered into between the Debtor and the Creditor.

11. If the Debtor well and truly pays all of the Obligations Secured, the Creditor, upon the request and at the expense of the Debtor, shall discharge this Debenture.

12. Without prejudice to the Creditor's right to demand payment of all the indebtedness and liability hereby secured at any time or times, this Debenture shall immediately become due and payable to the full extent of the principal amount and of all monies and accrued interest then due and owing to the Creditor, and the security constituted by this Debenture shall become enforceable in each and every of the following events:

(a) if the Debtor defaults in the payment of any of the Obligations Secured;

(b) if the Debtor makes default in the observance or performance of any written agreement or undertaking heretofore or hereafter given by the Debtor to the Creditor or any of the terms or conditions herein contained on its part to be observed or performed;

(c) if the Debtor becomes insolvent or bankrupt within the meaning of the applicable bankruptcy law or makes an assignment or proposal in bankruptcy or otherwise acknowledges its insolvency, or if a bankruptcy petition is filed or presented against the Debtor or if an order is made or a resolution passed for the winding-up of the Debtor, or any encumbrancer shall take possession of the Collateral or any part thereof,

(d) if proceedings with respect to the Debtor are commenced under the *Companies' Creditors Arrangement Act* or if the Debtor seeks relief or consents to the filing of a petition against it under any law which involves any compromise of any creditors' rights against the Debtor; or

(e) if the Creditor deems any of the Collateral in danger of misuse, confiscation, seizure or itself insecure.

13. Whenever the security hereby constituted becomes enforceable, the Creditor may enforce its rights by:

(a) entry;

(b) proceedings in any court of competent jurisdiction for the appointment of a receiver;

(c) the appointment by instrument in writing of any person or persons, whether an officer or officers or any employee or employees of the Creditor or not, to be a receiver or receivers of all or any part of the Collateral, and may remove any receiver or receivers so appointed and it may appoint another or others in his or their stead; or

(d) any other action, suit, remedy or proceeding authorized or permitted hereby or by law or equity.

Any such receiver, whether appointed by the court or by instrument in writing, shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor and in no event the agent of the Creditor, and the Creditor shall not be in any way responsible for misconduct, negligence or nonfeasance on the part of any such receiver. Any such receiver or receivers so appointed shall have power to:

(i) take possession of and use, occupy and possess the Collateral or any part thereof, without hindrance or interruption by the Debtor;

(ii) carry on or concur in carrying on the business of the Debtor;

(iii) borrow money for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor;

(iv) further mortgage and charge the Collateral in priority to the mortgages, charges and security interests of this Debenture as security for money so borrowed; and

(v) to sell, lease or otherwise dispose of all or any part of the Collateral.

Except as may be otherwise directed by the Creditor, all monies from time to time received by such receiver shall be applied by him as follows:

Firstly, in discharge of all rents, taxes, rates, insurance premiums and other liabilities which in the Creditor's opinion should be discharged to preserve the Collateral;

Secondly, in keeping in good standing all charges and liens on such property having priority over the security hereby constituted;

Thirdly, in payment of all costs in respect of the receivership, including legal fees on a solicitor client basis;

Fourthly, in payment to the Creditor of the Obligations Secured;

AND the residue, if any, of such monies shall be paid to the Debtor or as otherwise required by law.

The rights and powers conferred by this paragraph are in addition to and not in substitution for any rights or powers the Creditor may from time to time have as holder of this Debenture including without limiting the generality of the foregoing, the rights and remedies provided for under the PPSA, and every such receiver may, in the discretion of the Creditor, be vested with all or any of the rights and powers of the Creditor. The term "receiver" as used in this Section 13 includes a receiver and manager.

14. If the security hereby constituted shall become enforceable, the Creditor may, either before or after any entry, lease, sell and dispose of the Collateral, either as a whole or in separate parcels and any such sale hereunder may be made by public auction or by tender or by private sale at such time or times as the Creditor may determine, and such sale may be either for cash or part cash and part credit, and with or without advertisement, and with or without a reserve bid as the Creditor may deem proper, and the Creditor may also rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred hereunder and adjourn any such sale from time to time and may execute and deliver to the purchaser or purchasers the said property or any part thereof good and sufficient deeds, conveyances or transfers for the same, the Creditor being hereby constituted the irrevocable attorney of the Debtor for the purpose of making such sale and executing such deeds, conveyances and transfers, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Debtor and all other persons claiming the said property or any part thereof, by, from, through or under the Debtor.

15. The Debtor agrees to pay to the Creditor forthwith upon demand all costs, charges, expenses and fees (including legal fees on a solicitor and client basis) of or incurred by the Creditor in connection with the preparation, perfection and enforcement of this Debenture, or incurred in connection with the Collateral or any part thereof, or the recovery or enforcement of payment of any of the monies owing hereunder, including all such costs, charges, expenses and fees (including, without limiting the generality of the foregoing, the fees and expenses of any receiver and legal fees on a solicitor and client basis) of or incurred in connection with taking possession, protecting, preserving, collecting or realizing upon any part of the Collateral, together with interest thereon at the rate as herein provided from the date of incurring such costs, charges, expenses and fees. All such sums, including interest, shall be secured by the security interests contained herein.

16. This security is in addition to and not in substitution for any other security now or hereafter held by the Creditor, and no payment to the Creditor shall constitute payment on account of any of the principal, interest or other monies from time to time owing hereunder unless specifically so appropriated by the Creditor by notation of such payment on this Debenture.

17. Any notice or demand upon the Debtor shall be valid if given by delivering same or by postage prepaid letter addressed to the principal office of the Debtor in the City of Montreal, and shall be deemed to have been served or given upon delivery if delivered, or two (2) business days after such letter is posted, if mailed.

18. The Creditor, without exonerating in whole or in part the Debtor, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Debtor and all other persons and securities as the Creditor may see fit.

19. The Creditor may assign, transfer and deliver to any transferee any of the indebtedness or liabilities secured by this Debenture or any security or any documents or instruments held by the Creditor in respect thereof, provided that no such assignment, transfer or delivery shall release the Debtor from any of the indebtedness and liabilities secured by this Debenture; and thereafter the Creditor shall be fully discharged from all responsibility with respect to the indebtedness and liabilities secured by this Debenture and the security, documents and instruments so assigned, transferred or delivered. Such transferee shall be vested with all powers and rights of the Creditor under such security, documents or instruments but the Creditor shall retain all rights and powers with respect to any such security, documents or instruments not so assigned or transferred or delivered. The Debtor shall not assign any of its rights or obligations hereunder without the prior written consent of the Creditor.

20. This Debenture shall be governed by and construed in accordance with the laws of the Province of Nova Scotia.

21. The Debtor hereby acknowledges receiving a copy of this Debenture.

IN WITNESS WHEREOF the Debtor has executed this Debenture by its proper officers duly authorized in that behalf on the 2nd day of December, 1999.

SIGNED, SEALED AND DELIVERED)
in the presence of:)

JT I-MACDONALD CORP.

Per: [redacted]
Treasurer

PROVINCE OF QUEBEC

ON THIS 2nd day of December, 1999, before me, the subscriber, personally came and appeared Tammy Shulman , a subscribing witness to the foregoing Debenture, who having been by me duly sworn, made oath and said that JTI-MACDONALD CORP., caused the same to be executed in its name and on its behalf by its proper officers duly authorized in that behalf, in his/her presence.

Marjolaine Cloutier notary

A Commissioner of Oaths in and for all the judicial districts in the Province of Quebec

FORM OF REGISTRATION

(No writing hereon except by the Debtor)

Date of Registry	**In Whose Name Registered**	**Signature of Secretary or Treasurer of the Debtor**
December 2, 1999	JTI-MACDONALD TM CORP.	Bradley Rice.

EXHIBIT “K”

This is **Exhibit "K"**, referred to in the

Affidavit of Robert McMaster, sworn before me

this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

Execution Version

FORBEARANCE LETTER

August 3, 2017

Via Email

JTI-Macdonald Corp.
1601-1 Robert Speck Pkwy
Mississauga, Ontario
L4Z 0A2

Ladies and Gentlemen:

Reference is hereby made to that certain Convertible Debenture Subscription Agreement dated November 23, 1999 (as the same has been and hereafter may be amended or otherwise modified from time to time, the "**Loan Agreement**", and together with all other documents related thereto, the "**Loan Documents**"), providing for the subscription by JTI-Macdonald TM Corp. (the "**Lender**"), and the issue by JT Nova Scotia Corporation, a predecessor corporation of JTI-Macdonald Corp. (as continued following an amalgamation with RJR-Macdonald Corp, the "**Borrower**"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement.

As of the date hereof, an Event of Default has occurred pursuant to section 13.9 of the Loan Agreement, which is continuing and has not been waived (the "**Existing Default**"). By reason of the occurrence and the continuation of the Existing Default, as well as any other Event(s) of Default that may exist as of the date hereof, the Lender, among other things, including the right to demand immediate payment of any and all debt owing to the Lender pursuant to the Loan Agreement, may exercise at any time and from time to time any and all rights and remedies available to it under the Loan Agreement, the other Loan Documents and applicable law.

In particular, the Lender is concerned that the Borrower could become exposed to enforcement steps by judgment creditors resulting in its need to file for creditor protection to preserve value for all stakeholders, including the Lender. If such steps were to occur prior to the contemplated payment accommodation, the Lender would be exposed to a credit risk it now views as excessive and intolerable to the Lender. To reduce this risk, the Lender is prepared to forbear from immediately enforcing its rights in consideration of the changes to the frequency of the secured interest and royalty payments (without amending the interest or royalty rates) described herein.

Therefore, notwithstanding the Lender's rights and remedies, all of which are hereby expressly reserved and preserved, upon execution by the Lender and the Borrower of: (i) this Forbearance Letter; (ii) the 2017 Trade Mark License Amendment Agreement; and (ii) the 2017 Convertible Debenture Amendment Agreement, substantially in the forms attached hereto as Schedule "A" and Schedule "B", respectively, the Lender agrees to forbear from exercising all

of its rights and remedies under the Loan Agreement, the other Loan Documents and applicable law arising as a result of the Existing Default, on a day-to-day basis for the period (the "**Forbearance Period**") from the date on which such agreements are executed through 5:00 p.m. (EST) on December 31, 2017; **provided that** the Forbearance Period shall terminate on the earliest of: (a) the occurrence or existence of any Event of Default, other than the Existing Default; (b) the delivery of a written opinion, decision or judgment from the Court of Appeal of Quebec in the class actions bearing court file numbers 500-06-000076-980 and 500-06-000070-983 that is not satisfactory to the Lender, in its sole discretion; or (c) the Lender becoming aware of any information, facts, circumstances, conditions, events or consequences of previously disclosed information, facts, circumstances, conditions or events that, in each case, have had or could reasonably be expected to have a material effect on the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Borrower or that would constitute a "material change" (as such term is defined in the Securities Act (Ontario)); **provided further that** interest shall continue to accrue on all obligations owed by the Borrower to the Lender during the Forbearance Period. Upon termination or expiry of the Forbearance Period, the agreement of the Lender to forbear shall automatically and without further action terminate and be of no force and effect and the Lender may immediately, and without further notice or demand to the Borrower, exercise any and all of its rights and remedies under the Loan Agreement, the other Loan Documents and applicable law, including, but not limited to, declaring all obligations to be immediately due and payable, without any further notice, passage of time or forbearance of any kind.

Other than with respect to the forbearance expressly provided for in this letter, the Lender hereby expressly reserve the rights, remedies and claims available to it in its entirety, any of which may be exercised or otherwise pursued at any time in the sole and absolute discretion of the Lender in accordance with the respective terms and provisions of the Loan Agreement, the related documents and applicable law.

This letter: (i) is not intended to establish, and any right, remedy or other action taken or not taken by the Lender shall not be deemed or construed to establish, a custom or course of dealing; and (ii) does not waive, limit or postpone (and shall not be deemed or construed to waive, limit or postpone) any of the obligations under the Loan Agreement, the other Loan Documents or otherwise. Any discussions (whether written or oral) that have occurred or may occur among the respective parties to the Loan Agreement and the other Loan Documents are not intended, and shall not be deemed or construed, to constitute, a waiver, limitation or postponement of any of the rights and remedies of the Lender thereunder or under applicable law, all of which rights and remedies hereby are expressly reserved.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

Delivered as of the date first written above.

JTI-MACDONALD TM CORP., by its receiver, PRICEWATERHOUSECOOPERS INC.

Per: [redacted]
Name:
Title:

For consideration received, JTI-Macdonald Corp acknowledges and agrees to the terms of this Forbearance Letter.

JTI-MACDONALD CORP

[redacted]
N
Title: Treasurer
I have authority to bind the corporation.

SCHEDULE "A"

2017 Trade Mark License Amendment Agreement

SCHEDULE "B"

2017 Convertible Debenture Amendment Agreement

EXHIBIT “L”

This is **Exhibit "L"**, referred to in the **Affidavit of Robert McMaster**, sworn before me this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

Execution Version

FIRST AMENDMENT TO FORBEARANCE LETTER

January 26, 2018

Via Email

JTI-Macdonald Corp.
1601-1 Robert Speck Pkwy
Mississauga, Ontario
L4Z 0A2

Ladies and Gentlemen:

We write further to that certain Forbearance Letter from the Lender to the Borrower dated August 3, 2017, (the "**Forbearance Letter**"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Forbearance Letter.

The Lender remains concerned that the Borrower could become exposed to enforcement steps by judgment creditors resulting in a need to file for creditor protection to preserve value for all stakeholders, including the Lender. The Lender is prepared to continue to forbear from immediately enforcing its rights under the Loan Agreement and the Loan Documents only if its ongoing credit risk is reduced by the payment of a deposit (described herein) in respect of any amounts that may be outstanding from time to time under the Trade Mark License Agreement made as of October 8, 1999 (as amended from time to time, the "**License Agreement**"), against which deposit outstanding liabilities may be set-off by the Lender, including in the event of any creditor protection proceedings commenced in respect of the Borrower.

Therefore, notwithstanding the Lender's rights and remedies under the Loan Agreement and the other Loan Documents, all of which are hereby expressly reserved and preserved, upon the execution by the Lender and the Borrower of this First Amendment to the Forbearance Letter:

(i) the Lender hereby agrees to an extension of the Forbearance Period from December 31, 2017, to March 31, 2018, subject to all of the other terms and conditions contained in the Forbearance Letter, which other terms and conditions shall continue to apply, in addition to the terms and conditions contained herein;

(ii) the Lender requires that the Borrower provides a deposit to the Lender in respect of any amounts that may be outstanding from time to time to the Lender under the License Agreement in an amount equal to 1.5 times the average monthly payment under the License Agreement based on the 2017 fiscal year (the "**Deposit**"), against which Deposit outstanding liabilities at

any time and from time to time may be set-off by the Lender, including in the event of any creditor protection proceedings commenced in respect of the Borrower; and

(iii) The Lender requires and the Borrower agrees that any and all continued supply of goods and services under the License Agreement is solely in the discretion of the Lender and the License Agreement is hereby amended accordingly.

For greater certainty, the Lender and the Borrower agree that any amounts owing by the Lender to the Borrower may be set-off against any amounts owing by the Borrower to the Lender, and each party shall be entitled to set-off such amounts at any time.

By reason of the occurrence and continuation of the Existing Default, as well as any other Event(s) of Default that may exist as of the date hereof, and other than with respect to the forbearance expressly provided for in the Forbearance Letter, as amended by this First Amendment to the Forbearance Letter, the Lender hereby expressly reserve the rights, remedies and claims available to it in their entirety, any of which may be exercised or otherwise pursued at any time in the sole and absolute discretion of the Lender in accordance with the respective terms and provisions of the Loan Agreement, the related documents and applicable law.

The Borrower confirms that Loan Agreement and the other Loan Documents are valid, binding and enforceable in accordance with their terms and the Borrower acknowledges that it has no defences, counterclaims or rights of set-off (other than may be expressly acknowledged by the Lender in writing) or reduction to any claims which might be brought by the Lender thereunder, including pursuant to the *Limitations Act*, 2002, and, to the extent applicable, all limitation periods are tolled for the duration of the Forbearance Period.

The Forbearance Letter, as amended by this letter:

(i) is not intended to establish, and any right, remedy or other action taken or not taken by the Lender shall not be deemed or construed to establish, a custom or course of dealing; and

(ii) does not waive, limit or postpone (and shall not be deemed or construed to waive, limit or postpone) any of the obligations under the Loan Agreement, the other Loan Documents or otherwise.

Any discussions (whether written or oral) that have occurred or may occur among the respective parties to the Loan Agreement and the other Loan Documents are not intended, and shall not be deemed or construed, to constitute, a waiver, limitation or postponement of any of the rights and remedies of the Lender thereunder or under applicable law, all of which rights and remedies hereby are expressly reserved.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

Delivered as of the date first written above.

JTI-MACDONALD TM CORP., by its receiver, PRICEWATERHOUSECOOPERS INC.

Per: [redacted]
Name:
Title: Senior Vice President

For consideration received, the receipt and sufficiency of which is acknowledged, JTI-Macdonald Corp. acknowledges and agrees to the terms of this First Amendment to Forbearance Letter.

JTI-MACDONALD CORP.

[redacted]
Na
Tit
Date: JANUARY 26, 2018
I have authority to bind the corporation.

[redacted]
Name:
Title:
Date: JANUARY 26, 2018
I have authority to bind the corporation.

SECOND AMENDMENT TO FORBEARANCE LETTER

April 10, 2018

Via Email

JTI-Macdonald Corp.
1601-1 Robert Speck Pkwy
Mississauga, Ontario
L4Z 0A2

Ladies and Gentlemen:

We write further to that certain Forbearance Letter from the Lender to the Borrower dated August 3, 2017 (as amended by the First Amendment to Forbearance Letter dated January 26, 2018, and as may be further amended, restated, supplemented, or otherwise modified from time to time, the "**Forbearance Letter**"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Forbearance Letter.

Notwithstanding the Lender's rights and remedies under the Loan Agreement and the other Loan Documents, all of which are hereby expressly reserved and preserved, upon the execution by the Lender and the Borrower of this Second Amendment to Forbearance Letter, the Lender hereby agrees to an extension of the Forbearance Period from March 31, 2018, to June 30, 2018, subject to all of the other terms and conditions contained in the Forbearance Letter, which other terms and conditions shall continue to apply, in addition to the terms and conditions contained herein.

By reason of the occurrence and continuation of the Existing Default, as well as any other Event(s) of Default that may exist as of the date hereof, and other than with respect to the forbearance expressly provided for in the Forbearance Letter, as amended by this letter, the Lender hereby expressly reserve the rights, remedies and claims available to it in their entirety, any of which may be exercised or otherwise pursued at any time in the sole and absolute discretion of the Lender in accordance with the respective terms and provisions of the Loan Agreement, the related documents and applicable law.

The Borrower confirms that the Loan Agreement and the other Loan Documents are valid, binding and enforceable in accordance with their terms and the Borrower acknowledges that it has no defences, counterclaims or rights of set-off (other than may be expressly acknowledged by the Lender in writing) or reduction to any claims which might be brought by the Lender thereunder, including pursuant to the *Limitations Act*, 2002, and, to the extent applicable, all limitation periods are tolled for the duration of the Forbearance Period.

The Forbearance Letter, as amended by this letter:

(i) is not intended to establish, and any right, remedy or other action taken or not taken by the Lender shall not be deemed or construed to establish, a custom or course of dealing; and

(ii) does not waive, limit or postpone (and shall not be deemed or construed to waive, limit or postpone) any of the obligations under the Loan Agreement, the other Loan Documents or otherwise.

Any discussions (whether written or oral) that have occurred or may occur among the respective parties to the Loan Agreement and the other Loan Documents are not intended, and shall not be deemed or construed, to constitute, a waiver, limitation or postponement of any of the rights and remedies of the Lender thereunder or under applicable law, all of which rights and remedies hereby are expressly reserved.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

Delivered as of the date first written above.

JTI-MACDONALD TM CORP., by its receiver, PRICEWATERHOUSECOOPERS INC.

Per: [redacted]
Name:
Title: Senior Vice President

For consideration received, the receipt and sufficiency of which is acknowledged, JTI-Macdonald Corp. acknowledges and agrees to the terms of this Second Amendment to Forbearance Letter.

JTI-MACDONALD CORP.

Name:	Name:
Title:	Title:
Date:	Date:
I have authority to bind the corporation.	I have authority to bind the corporation.

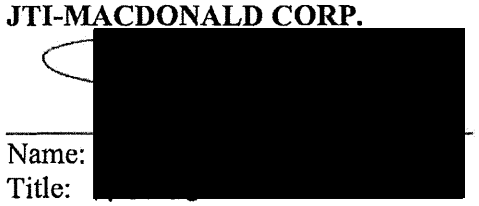
Delivered as of the date first written above.

JTI-MACDONALD TM CORP., by its receiver, PRICEWATERHOUSECOOPERS INC.

Per: _____
Name:
Title:

For consideration received, the receipt and sufficiency of which is acknowledged, JTI-Macdonald Corp. acknowledges and agrees to the terms of this Second Amendment to Forbearance Letter.

JTI-MACDONALD CORP.



Name: [redacted]
Title:
Date: APRIL 12, 2018
I have authority to bind the corporation.

Name: [redacted]
Title:
Date: APRIL 11, 2018
I have authority to bind the corporation.

THIRD AMENDMENT TO FORBEARANCE LETTER

July 31, 2018

Via Email

JTI-Macdonald Corp.
1601-1 Robert Speck Pkwy
Mississauga, Ontario
L4Z 0A2

Ladies and Gentlemen:

We write further to that certain Forbearance Letter from the Lender to the Borrower dated August 3, 2017 (as amended by the First Amendment to Forbearance Letter dated January 26, 2018, the Second Amendment to Forbearance Letter dated April 10, 2018, and as may be further amended, restated, supplemented, or otherwise modified from time to time, the "**Forbearance Letter**"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Forbearance Letter.

Notwithstanding the Lender's rights and remedies under the Loan Agreement and the other Loan Documents, all of which are hereby expressly reserved and preserved, upon the execution by the Lender and the Borrower of this Third Amendment to Forbearance Letter, the Lender hereby agrees to an extension of the Forbearance Period from June 30, 2018, to September 30, 2018, subject to all of the other terms and conditions contained in the Forbearance Letter, which other terms and conditions shall continue to apply, in addition to the terms and conditions contained herein.

By reason of the occurrence and continuation of the Existing Default, as well as any other Event(s) of Default that may exist as of the date hereof, and other than with respect to the forbearance expressly provided for in the Forbearance Letter, as amended by this letter, the Lender hereby expressly reserve the rights, remedies and claims available to it in their entirety, any of which may be exercised or otherwise pursued at any time in the sole and absolute discretion of the Lender in accordance with the respective terms and provisions of the Loan Agreement, the related documents and applicable law.

The Borrower confirms that the Loan Agreement and the other Loan Documents are valid, binding and enforceable in accordance with their terms and the Borrower acknowledges that it has no defences, counterclaims or rights of set-off (other than may be expressly acknowledged by the Lender in writing) or reduction to any claims which might be brought by the Lender thereunder, including pursuant to the *Limitations Act*, 2002, and, to the extent applicable, all limitation periods are tolled for the duration of the Forbearance Period.

The Forbearance Letter, as amended by this letter:

(i) is not intended to establish, and any right, remedy or other action taken or not taken by the Lender shall not be deemed or construed to establish, a custom or course of dealing; and

(ii) does not waive, limit or postpone (and shall not be deemed or construed to waive, limit or postpone) any of the obligations under the Loan Agreement, the other Loan Documents or otherwise.

Any discussions (whether written or oral) that have occurred or may occur among the respective parties to the Loan Agreement and the other Loan Documents are not intended, and shall not be deemed or construed, to constitute, a waiver, limitation or postponement of any of the rights and remedies of the Lender thereunder or under applicable law, all of which rights and remedies hereby are expressly reserved.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

Delivered as as of the date first written above.

JTI-MACDONALD TM CORP., by its receiver, PRICEWATERHOUSECOOPERS INC.

Per: [redacted]
Name:
Title: Senior Vice President

For consideration received, the receipt and sufficiency of which is acknowledged, JTI-Macdonald Corp. acknowledges and agrees to the terms of this Third Amendment to Forbearance Letter.

JTI-MACDONALD CORP.

[redacted]
Name:
Title:
Date: AUGUST 1, 2018
I have authority to bind the corporation.

[redacted]
Name:
Title:
Date: AUGUST 1, 2018
I have authority to bind the corporation.

FOURTH AMENDMENT TO
FORBEARANCE LETTER

September 28, 2018

Via Email

JTI-Macdonald Corp.
1601-1 Robert Speck Pkwy
Mississauga, Ontario
L4Z 0A2

Ladies and Gentlemen:

We write further to that certain Forbearance Letter from the Lender to the Borrower dated August 3, 2017 (as amended by the First Amendment to Forbearance Letter dated January 26, 2018, the Second Amendment to Forbearance Letter dated April 10, 2018, the Third Amendment to Forbearance Letter dated July 31, 2018, and as may be further amended, restated, supplemented, or otherwise modified from time to time, the "**Forbearance Letter**"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Forbearance Letter.

Notwithstanding the Lender's rights and remedies under the Loan Agreement and the other Loan Documents, all of which are hereby expressly reserved and preserved, upon the execution by the Lender and the Borrower of this Fourth Amendment to Forbearance Letter, the Lender hereby agrees to an extension of the Forbearance Period from September 30, 2018, to December 31, 2018, subject to all of the other terms and conditions contained in the Forbearance Letter, which other terms and conditions shall continue to apply, in addition to the terms and conditions contained herein.

By reason of the occurrence and continuation of the Existing Default, as well as any other Event(s) of Default that may exist as of the date hereof, and other than with respect to the forbearance expressly provided for in the Forbearance Letter, as amended by this letter, the Lender hereby expressly reserve the rights, remedies and claims available to it in their entirety, any of which may be exercised or otherwise pursued at any time in the sole and absolute discretion of the Lender in accordance with the respective terms and provisions of the Loan Agreement, the related documents and applicable law.

The Borrower confirms that the Loan Agreement and the other Loan Documents are valid, binding and enforceable in accordance with their terms and the Borrower acknowledges that it has no defences, counterclaims or rights of set-off (other than may be expressly acknowledged by the Lender in writing) or reduction to any claims which might be brought by the Lender thereunder, including pursuant to the *Limitations Act*, 2002, and, to the extent applicable, all limitation periods are tolled for the duration of the Forbearance Period.

The Forbearance Letter, as amended by this letter:

(i) is not intended to establish, and any right, remedy or other action taken or not taken by the Lender shall not be deemed or construed to establish, a custom or course of dealing; and

(ii) does not waive, limit or postpone (and shall not be deemed or construed to waive, limit or postpone) any of the obligations under the Loan Agreement, the other Loan Documents or otherwise.

Any discussions (whether written or oral) that have occurred or may occur among the respective parties to the Loan Agreement and the other Loan Documents are not intended, and shall not be deemed or construed, to constitute, a waiver, limitation or postponement of any of the rights and remedies of the Lender thereunder or under applicable law, all of which rights and remedies hereby are expressly reserved.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

Delivered as of the date first written above.

JTI-MACDONALD TM CORP., by its receiver, PRICEWATERHOUSECOOPERS INC.

Per: [redacted]
Name:
Title: Senior Vice-President

For consideration received, the receipt and sufficiency of which is acknowledged, JTI-Macdonald Corp. acknowledges and agrees to the terms of this Third Amendment to Forbearance Letter.

JTI-MACDONALD CORP.

[redacted]
Name:
Title:
Date: 10 OCTOBER 2018
I have authority to bind the corporation.

[redacted]
Name:
Title:
Date: OCTOBER 10, 2018
I have authority to bind the corporation.

FIFTH AMENDMENT TO FORBEARANCE LETTER

January 8, 2019

Via Email

JTI-Macdonald Corp.
1601-1 Robert Speck Pkwy
Mississauga, Ontario
L4Z 0A2

Ladies and Gentlemen:

We write further to that certain Forbearance Letter from the Lender to the Borrower dated August 3, 2017 (as amended by the First Amendment to Forbearance Letter dated January 26, 2018, the Second Amendment to Forbearance Letter dated April 10, 2018, the Third Amendment to Forbearance Letter dated July 31, 2018, and the Fourth Amendment to Forbearance Letter dated September 28, 2018, and as may be further amended, restated, supplemented, or otherwise modified from time to time, the "**Forbearance Letter**"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Forbearance Letter.

Notwithstanding the Lender's rights and remedies under the Loan Agreement and the other Loan Documents, all of which are hereby expressly reserved and preserved, upon the execution by the Lender and the Borrower of this Fifth Amendment to Forbearance Letter:

(i) the Lender hereby agrees to an extension of the Forbearance Period from December 31, 2018, to February 28, 2019; and

(ii) the Lender requires and the Borrower agrees that the Forbearance Letter, including this Fifth Amendment to Forbearance Letter, shall be governed and interpreted in accordance with the laws of the Province of Ontario (and the laws of Canada applicable therein) and the courts of said Province will have jurisdiction to hear all matters arising thereunder,

subject to all of the other terms and conditions contained in the Forbearance Letter, which other terms and conditions shall continue to apply, in addition to the terms and conditions contained herein.

By reason of the occurrence and continuation of the Existing Default, as well as any other Event(s) of Default that may exist as of the date hereof, and other than with respect to the forbearance expressly provided for in the Forbearance Letter, as amended by this letter, the Lender hereby expressly reserves the rights, remedies and claims available to it in their entirety, any of which may be exercised or otherwise pursued at any time in the sole and absolute discretion of the Lender in accordance with the respective terms and provisions of the Loan Agreement, the related documents and applicable law.

The Borrower confirms that the Loan Agreement and the other Loan Documents are valid, binding and enforceable in accordance with their terms and the Borrower acknowledges that it has no defences, counterclaims or rights of set-off (other than may be expressly acknowledged by the Lender in writing) or reduction to any claims which might be brought by the Lender thereunder, including pursuant to the *Limitations Act*, 2002, and, to the extent applicable, all limitation periods are tolled for the duration of the Forbearance Period.

The Forbearance Letter, as amended by this letter:

(i) is not intended to establish, and any right, remedy or other action taken or not taken by the Lender shall not be deemed or construed to establish, a custom or course of dealing; and

(ii) does not waive, limit or postpone (and shall not be deemed or construed to waive, limit or postpone) any of the obligations under the Loan Agreement, the other Loan Documents or otherwise.

Any discussions (whether written or oral) that have occurred or may occur among the respective parties to the Loan Agreement and the other Loan Documents are not intended, and shall not be deemed or construed, to constitute, a waiver, limitation or postponement of any of the rights and remedies of the Lender thereunder or under applicable law, all of which rights and remedies hereby are expressly reserved.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

Delivered as of the date first written above.

JTI-MACDONALD TM CORP., by its receiver, PRICEWATERHOUSECOOPERS INC.

Per: [redacted]
Name:
Title: Senior Vice President

For consideration received, the receipt and sufficiency of which is acknowledged, JTI-Macdonald Corp. acknowledges and agrees to the terms of this Fifth Amendment to Forbearance Letter.

JTI-MACDONALD CORP.

Name:	Name:
Title:	Title:
Date:	Date:
I have authority to bind the corporation.	I have authority to bind the corporation.

Delivered as of the date first written above.

JTI-MACDONALD TM CORP., by its receiver, PRICEWATERHOUSECOOPERS INC.

Per: _____
Name:
Title:

For consideration received, the receipt and sufficiency of which is acknowledged, JTI-Macdonald Corp. acknowledges and agrees to the terms of this Fifth Amendment to Forbearance Letter.

JTI-MACDONALD CORP.

_____
Name [redacted]
Title:
Date: JANUARY 8, 2019
I have authority to bind the corporation.

_____
Name [redacted]
Title:
Date: JANUARY 8, 2019
I have authority to bind the corporation.

EXHIBIT “M”

This is **Exhibit "M"**, referred to in the **Affidavit of Robert McMaster**, sworn before me this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

TORYS LLP

79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada
P. 416.865.0040 | F. 416.865.7380
www.torys.com

Adam Slavens
aslavens@torys.com
P. 416.865.7333

February 28, 2019

EMAIL

JTI-Macdonald Corp.
1601-1 Robert Speck Pkwy
Mississauga, Ontario
L4Z 0A2

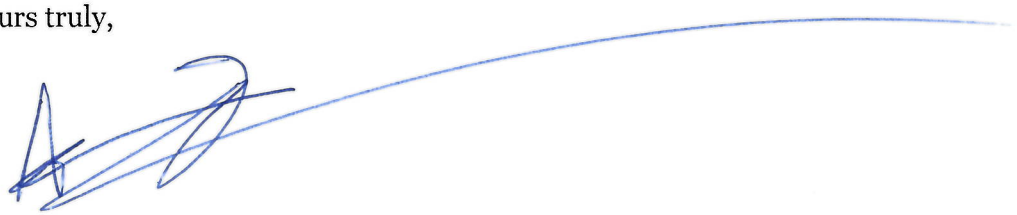
Dear Sirs/Mesdames:

We write as counsel for PricewaterhouseCoopers Inc., in its capacity as receiver of the Lender (the "**Receiver**"), and further to that certain Forbearance Letter from the Lender to the Borrower dated August 3, 2017 (as amended by the First Amendment to Forbearance Letter dated January 26, 2018, the Second Amendment to Forbearance Letter dated April 10, 2018, the Third Amendment to Forbearance Letter dated July 31, 2018, the Fourth Amendment to Forbearance Letter dated September 28, 2018, and the Fifth Amendment to Forbearance Letter dated January 8, 2019, and as may be further amended, restated, supplemented, or otherwise modified from time to time, the "**Forbearance Letter**"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Forbearance Letter.

The Forbearance Period expires today, February 28, 2019. The Borrower has requested an extension of the Forbearance Period. In light of the imminent release of the Court of Appeal of Quebec's decision in the appeal of the two class actions (known as the *Blais* and *Létourneau* class actions) against the Borrower, the Lender is not prepared to enter into an extension of the Forbearance Letter at this time. However, the Lender agrees to a day-to-day extension of the Forbearance Period, subject to all of the other terms and conditions contained in the Forbearance Letter, which other terms and conditions shall continue to apply, in addition to the terms and conditions contained herein; provided, however, that the Lender shall be at liberty to immediately terminate this day-to-day extension of the Forbearance Period in its sole and absolute discretion at any time upon written notice to the Borrower, which notice shall be effective upon the transmission or sending of same by the Lender or Receiver's counsel.

By reason of the occurrence and continuation of the Existing Default, as well as any other Event(s) of Default that may exist as of the date hereof, the Lender hereby expressly reserves the rights, remedies and claims available to it in their entirety, any of which may be exercised or otherwise pursued at any time in the sole and absolute discretion of the Lender in accordance with the respective terms and provisions of the Loan Agreement, the related documents and applicable law.

Yours truly,



Adam Slavens

AS

EXHIBIT “N”

This is **Exhibit "N"**, referred to in the **Affidavit of Robert McMaster**, sworn before me this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

Execution Version

THIS 2017 DEBENTURE AMENDING AGREEMENT dated as of the 3rd day of August, 2017.

BETWEEN:

JTI-MACDONALD CORP., a company existing under the laws of Canada

(hereinafter called the "**Corporation**")

OF THE FIRST PART

AND:

JTI-MACDONALD TM CORP., a company incorporated under the laws of the Province of Nova Scotia

(hereinafter called the "**Debentureholder**")

OF THE SECOND PART

WHEREAS JT Nova Scotia Corporation (the "**Predecessor Corporation**") and the Debentureholder entered into a certain Convertible Debenture Subscription Agreement dated November 23, 1999 providing for the subscription by the Debentureholder, and the issue by the Predecessor Corporation, of convertible debentures in the original aggregate principal amount of $1,200,000,000 in lawful money of Canada (the "**1999 Subscription Agreement**"), and the Predecessor Corporation issued to the Debentureholder ten (10) convertible debentures nos. 1 to 10, inclusively, each in the original principal amount of $120,000,000 in lawful money of Canada, dated November 23, 1999 bearing interest at the annual rate of 7.76% (as amended from time to time, collectively, the "**Debentures**").

AND WHEREAS on November 27, 1999 the Predecessor Corporation amalgamated with RJR-Macdonald Corp. under the *Companies Act* (Nova Scotia), the Corporation being the company continuing from such amalgamation, and the Corporation expressly assumed, among other things, all indebtedness, liabilities and other obligations of the Predecessor Corporation under and pursuant to the 1999 Convertible Debentures and 1999 Subscription Agreement.

AND WHEREAS on December 12, 2000, the Corporation and the Debentureholder amended the 1999 Subscription Agreement (the "**2000 Subscription Agreement Amendment**");

AND WHEREAS on December 30, 2008, the Corporation and the Debentureholder amended the Debentures pursuant to a debenture amendment agreement;

AND WHEREAS on December 16, 2009, the Corporation and the Debentureholder amended the Debentures pursuant to a debenture amendment agreement;

AND WHEREAS on December 14, 2010, the Corporation and the Debentureholder amended the Debentures pursuant to a debenture amendment agreement;

AND WHEREAS on December 20, 2011, the Corporation and the Debentureholder amended the Debentures pursuant to a debenture amendment agreement;

AND WHEREAS on December 23, 2014, the Corporation and the Debentureholder amended the Debentures pursuant to a debenture amendment agreement;

AND WHEREAS on July 9, 2015, PricewaterhouseCoopers Inc. (the "**Receiver**") was privately appointed by a secured creditor of the Debentureholder, JT Canada LLC INC. (the "**Appointing Creditor**"), as receiver and manager of all the properties, assets and undertakings of the Debentureholder;

AND WHEREAS as at July 28, 2017, the Corporation has committed a Default in accordance with Section 13 of the 1999 Subscription Agreement;

AND WHEREAS the Debentureholder is concerned that the Corporation could become exposed to enforcement steps by judgment creditors resulting in its need to file for creditor protection to preserve value for all stakeholders, including the Debentureholder;

AND WHEREAS if such steps were to occur prior to the payment accommodation contemplated herein, the Debentureholder would be exposed to a credit risk it now views as excessive and intolerable to the Debentureholder;

AND WHEREAS concurrent with the execution of this 2017 Debenture Amendment Agreement, the Debentureholder and the Corporation are entering into a forbearance agreement,

AND WHEREAS the Appointing Creditor has instructed the Receiver to execute this Agreement in its capacity as receiver and manager of all the properties, assets and undertakings of the Debentureholder;

AND WHEREAS each of the Corporation and the Debentureholder (through its Receiver) wish to further amend the terms of the Debentures on a commercially reasonable basis consistent with the Debentureholder's rights and interests and the current circumstances of the Corporation.

NOW, THEREFORE, in consideration of the premises, the terms and conditions of this 2017 Debenture Amending Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Corporation and the Debentureholder agree as follows:

ARTICLE I
INTERPRETATION

1.01 **Incorporation of Convertible Debenture.** This 2017 Debenture Amending Agreement is supplemental to and shall henceforth be read in conjunction with the Debentures (as amended from time to time), and this 2017 Debenture Amending Agreement and the

Debentures shall henceforth be read, interpreted, construed and have effect as, and shall constitute, one agreement with the same effect as if the amendments made by this 2017 Debenture Amending Agreement had been contained in the Debentures as of the date of this 2017 Debenture Amending Agreement.

1.02 **Defined Terms.** In this 2017 Debenture Amending Agreement (including the recitals), unless something in the subject matter or context is inconsistent:

(a) terms defined in the description of the parties or the recitals or other expressly incorporated from other agreements have the respective meanings given to them in the description or recitals or as expressly incorporated, as applicable; and

(b) all other capitalized terms have the respective meanings given to them in the Debentures, as amended by the debenture amendment agreements described in the recitals and this 2017 Debenture Amending Agreement.

1.03 **Headings:** The headings of the Articles and Sections of this 2017 Debenture Amending Agreement are inserted for convenience or reference only and shall not affect the construction or interpretation of this 2017 Debenture Amending Agreement.

ARTICLE II
AMENDMENTS

2.01 **Frequency of Interest and Repayments.** The following paragraph shall be added to each of the Debentures as Section 1F immediately following Section 1E:

"From and after August 3, 2017, the Corporation promises to pay interest on the outstanding principal amount hereunder at the rate of 7.75 % per annum calculated semi-annually not in advance and payable (after as well as before maturity, default and judgment, with interest on overdue interest and premium, if any, at the same rate) monthly. From and after August 3, 2017, the Corporation shall make separate interest payments (where applicable) and blended interest and principal payments (where applicable) in accordance with the 2017-2070 Repayment Schedule annexed hereto, as such repayment schedule is amended from time to time, to and including the Maturity Date, with any such separate interest payments to be applied first in payment of interest at the rate hereinbefore provided, calculated as aforesaid, on the principal from time to time unpaid, and any such blended instalment payments to be applied first in payment of interest at the rate hereinbefore provided, calculated as aforesaid, on the principal from time to time unpaid, and the balance to be applied in reduction of the principal sum.

From and after August 3, 2017, "Maturity Date" shall mean May 18, 2070, notwithstanding anything else contained in this Debenture."

2.02 **Addition of Repayment Schedule.** The 2017-2070 Repayment Schedule annexed hereto shall be deemed to be a schedule to each of the Debentures and shall supersede any prior repayment schedule in respect of the indicated period, including but not limited to the repayment schedule set out in the Debentures.

ARTICLE III
REPRESENTATIONS

3.01 **Representations.** Each of the parties hereby represents and warrants that (a) it has full power, authority and legal right to enter into and perform this 2017 Debenture Amending Agreement, and (b) each of this Debenture Amending Agreement and the Debentures are legal, valid and binding obligations, enforceable against it in accordance with its terms.

ARTICLE IV
GENERAL

4.01 **No Novation of Debt or Release of Security.** The parties expressly agree that nothing contained in this 2017 Debenture Amending Agreement shall (a) effect novation of the Debentures or of the debt represented thereby, or (b) release, discharge or diminish in any way any security held by or for the benefit of the Debentureholder or any other Person which may from time to time be or become the registered holder of any or all of the Debentures. Notwithstanding the foregoing, in the event that any court of competent jurisdiction determines that this Amending Agreement effects novation of the Debentures or the debt represented thereby, the Debentureholder expressly reserves, pursuant to and according to Article 1662 of the *Civil Code of Quebec*, all of its rights in any security for the repayment of the Debentures, held or to be held by or for the benefit of the Debentureholder or any other person which may from time to time be or become the registered holder of any or all of the Debentures, which security shall attach to the novated debt and shall secure all present and future obligations of the Corporation related thereto. The Corporation hereby acknowledges and consents to the said reservation.

4.02 **Governing Documents.** The Debentures as amended by this 2017 Debenture Amending Agreement and all other documents delivered pursuant to or referenced in the Debentures as amended by this 2017 Debenture Amending Agreement constitutes the complete agreement of the parties hereto with respect to the subject matter hereof and supersede any other agreements or understandings between the parties. Save as expressly amended by this 2017 Debenture Amending Agreement, all other terms and conditions of the Debentures and the Subscription Agreement remain in full force and effect unamended and the Debentures and the Subscription Agreement are hereby ratified and confirmed.

4.03 **Severability.** All provisions of this 2017 Debenture Amending Agreement are severable. Should any part of this 2017 Debenture Amending Agreement be invalid, illegal or unenforceable, the remainder of this 2017 Debenture Amending Agreement shall remain in full force and effect.

4.04 **Governing Law.** This 2017 Debenture Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the applicable federal laws of Canada.

4.05 **Counterparts and Electronic Execution.** This 2017 Debenture Amending Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed signature page to this 2017 Debenture Amending Agreement by any party by facsimile or any other form of electronic transmission (including.pdf form) shall be as effective as delivery of a manually executed copy of this 2017 Debenture Amending Agreement by such party.

4.06 **Language Clause.** The Corporation and the Debentureholder declare that it is their express wish that this 2017 Debenture Amending Agreement and any related documents be drawn up and executed in English. JTI-MACDONALD CORP. et JTI-MACDONALD TM CORP. déclarent qu'il est leur volonté expresse que cette convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amending Agreement to be executed by their respective representatives thereunto duly authorized as of the day and year first above written.

JTI-MACDONALD CORP.

Per: [redacted]
Name: [redacted]
Title: Treasurer

JTI-MACDONALD TM CORP., by its receiver, PRICEWATERHOUSECOOPERS INC.

Per: [redacted]
Name:
Title: President

2017-2070 REPAYMENT SCHEDULE

Payment Date	Gross Interest Payable	Mandatory Repayments	Total Payment	Remaining Principal Amount
18-May-17				118,685,362.12
3-Aug-17[1]	1,533,019.26	-	1,533,019.26	118,685,362.12
18-Aug-17	766,509.63	-	766,509.63	118,685,362.12
18-Sep-17	766,509.63	-	766,509.63	118,685,362.12
18-Oct-17	766,509.63	-	766,509.63	118,685,362.12
18-Nov-17	766,509.63	83,231.62	849,741.25	118,602,130.50
18-Dec-17	765,972.09	-	765,972.09	118,602,130.50
18-Jan-18	765,972.09	-	765,972.09	118,602,130.50
18-Feb-18	765,972.09	-	765,972.09	118,602,130.50
18-Mar-18	765,972.09	-	765,972.09	118,602,130.50
18-Apr-18	765,972.09	-	765,972.09	118,602,130.50
18-May-18	765,972.09	86,456.84	852,428.93	118,515,673.66
18-Jun-18	765,413.73	-	765,413.73	118,515,673.66
18-Jul-18	765,413.73	-	765,413.73	118,515,673.66
18-Aug-18	765,413.73	-	765,413.73	118,515,673.66
18-Sep-18	765,413.73	-	765,413.73	118,515,673.66
18-Oct-18	765,413.73	-	765,413.73	118,515,673.66
18-Nov-18	765,413.73	89,807.05	855,220.78	118,425,866.61
18-Dec-18	764,833.72	-	764,833.72	118,425,866.61

[1] This payment is comprised of interest payments for both June, 2017 and July, 2017.

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Jan-19	764,833.72	-	764,833.72	118,425,866.61
18-Feb-19	764,833.72	-	764,833.72	118,425,866.61
18-Mar-19	764,833.72	-	764,833.72	118,425,866.61
18-Apr-19	764,833.72	-	764,833.72	118,425,866.61
18-May-19	764,833.72	93,287.07	858,120.79	118,332,579.54
18-Jun-19	764,231.24	-	764,231.24	118,332,579.54
18-Jul-19	764,231.24	-	764,231.24	118,332,579.54
18-Aug-19	764,231.24	-	764,231.24	118,332,579.54
18-Sep-19	764,231.24	-	764,231.24	118,332,579.54
18-Oct-19	764,231.24	-	764,231.24	118,332,579.54
18-Nov-19	764,231.24	96,901.94	861,133.18	118,235,677.60
18-Dec-19	763,605.42	-	763,605.42	118,235,677.60
18-Jan-20	763,605.42	-	763,605.42	118,235,677.60
18-Feb-20	763,605.42	-	763,605.42	118,235,677.60
18-Mar-20	763,605.42	-	763,605.42	118,235,677.60
18-Apr-20	763,605.42	-	763,605.42	118,235,677.60
18-May-20	763,605.42	100,656.89	864,262.31	118,135,020.71
18-Jun-20	762,955.34	-	762,955.34	118,135,020.71
18-Jul-20	762,955.34	-	762,955.34	118,135,020.71
18-Aug-20	762,955.34	-	762,955.34	118,135,020.71
18-Sep-20	762,955.34	-	762,955.34	118,135,020.71
18-Oct-20	762,955.34	-	762,955.34	118,135,020.71

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Nov-20	762,955.34	104,557.35	867,512.69	118,030,463.36
18-Dec-20	762,280.08	-	762,280.08	118,030,463.36
18-Jan-21	762,280.08	-	762,280.08	118,030,463.36
18-Feb-21	762,280.08	-	762,280.08	118,030,463.36
18-Mar-21	762,280.08	-	762,280.08	118,030,463.36
18-Apr-21	762,280.08	-	762,280.08	118,030,463.36
18-May-21	762,280.08	108,608.94	870,889.02	117,921,854.42
18-Jun-21	761,578.64	-	761,578.64	117,921,854.42
18-Jul-21	761,578.64	-	761,578.64	117,921,854.42
18-Aug-21	761,578.64	-	761,578.64	117,921,854.42
18-Sep-21	761,578.64	-	761,578.64	117,921,854.42
18-Oct-21	761,578.64	-	761,578.64	117,921,854.42
18-Nov-21	761,578.64	112,817.54	874,396.18	117,809,036.88
18-Dec-21	760,850.03	-	760,850.03	117,809,036.88
18-Jan-22	760,850.03	-	760,850.03	117,809,036.88
18-Feb-22	760,850.03	-	760,850.03	117,809,036.88
18-Mar-22	760,850.03	-	760,850.03	117,809,036.88
18-Apr-22	760,850.03	-	760,850.03	117,809,036.88
18-May-22	760,850.03	117,189.22	878,039.25	117,691,847.66
18-Jun-22	760,093.18	-	760,093.18	117,691,847.66
18-Jul-22	760,093.18	-	760,093.18	117,691,847.66
18-Aug-22	760,093.18	-	760,093.18	117,691,847.66

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Sep-22	760,093.18	-	760,093.18	117,691,847.66
18-Oct-22	760,093.18	-	760,093.18	117,691,847.66
18-Nov-22	760,093.18	121,730.30	881,823.48	117,570,117.36
18-Dec-22	759,307.01	-	759,307.01	117,570,117.36
18-Jan-23	759,307.01	-	759,307.01	117,570,117.36
18-Feb-23	759,307.01	-	759,307.01	117,570,117.36
18-Mar-23	759,307.01	-	759,307.01	117,570,117.36
18-Apr-23	759,307.01	-	759,307.01	117,570,117.36
18-May-23	759,307.01	126,447.35	885,754.36	117,443,670.01
18-Jun-23	758,490.37	-	758,490.37	117,443,670.01
18-Jul-23	758,490.37	-	758,490.37	117,443,670.01
18-Aug-23	758,490.37	-	758,490.37	117,443,670.01
18-Sep-23	758,490.37	-	758,490.37	117,443,670.01
18-Oct-23	758,490.37	-	758,490.37	117,443,670.01
18-Nov-23	758,490.37	131,347.19	889,837.56	117,312,322.82
18-Dec-23	757,642.09	-	757,642.09	117,312,322.82
18-Jan-24	757,642.09	-	757,642.09	117,312,322.82
18-Feb-24	757,642.09	-	757,642.09	117,312,322.82
18-Mar-24	757,642.09	-	757,642.09	117,312,322.82
18-Apr-24	757,642.09	-	757,642.09	117,312,322.82
18-May-24	757,642.09	136,436.89	894,078.98	117,175,885.93
18-Jun-24	756,760.93	-	756,760.93	117,175,885.93

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Jul-24	756,760.93	-	756,760.93	117,175,885.93
18-Aug-24	756,760.93	-	756,760.93	117,175,885.93
18-Sep-24	756,760.93	-	756,760.93	117,175,885.93
18-Oct-24	756,760.93	-	756,760.93	117,175,885.93
18-Nov-24	756,760.93	141,723.82	898,484.75	117,034,162.11
18-Dec-24	755,845.63	-	755,845.63	117,034,162.11
18-Jan-25	755,845.63	-	755,845.63	117,034,162.11
18-Feb-25	755,845.63	-	755,845.63	117,034,162.11
18-Mar-25	755,845.63	-	755,845.63	117,034,162.11
18-Apr-25	755,845.63	-	755,845.63	117,034,162.11
18-May-25	755,845.63	147,215.62	903,061.25	116,886,946.49
18-Jun-25	754,894.86	-	754,894.86	116,886,946.49
18-Jul-25	754,894.86	-	754,894.86	116,886,946.49
18-Aug-25	754,894.86	-	754,894.86	116,886,946.49
18-Sep-25	754,894.86	-	754,894.86	116,886,946.49
18-Oct-25	754,894.86	-	754,894.86	116,886,946.49
18-Nov-25	754,894.86	152,920.22	907,815.08	116,734,026.27
18-Dec-25	753,907.25	-	753,907.25	116,734,026.27
18-Jan-26	753,907.25	-	753,907.25	116,734,026.27
18-Feb-26	753,907.25	-	753,907.25	116,734,026.27
18-Mar-26	753,907.25	-	753,907.25	116,734,026.27
18-Apr-26	753,907.25	-	753,907.25	116,734,026.27

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-May-26	753,907.25	158,845.88	912,753.13	116,575,180.39
18-Jun-26	752,881.37	-	752,881.37	116,575,180.39
18-Jul-26	752,881.37	-	752,881.37	116,575,180.39
18-Aug-26	752,881.37	-	752,881.37	116,575,180.39
18-Sep-26	752,881.37	-	752,881.37	116,575,180.39
18-Oct-26	752,881.37	-	752,881.37	116,575,180.39
18-Nov-26	752,881.37	165,001.16	917,882.53	116,410,179.23
18-Dec-26	751,815.74	-	751,815.74	116,410,179.23
18-Jan-27	751,815.74	-	751,815.74	116,410,179.23
18-Feb-27	751,815.74	-	751,815.74	116,410,179.23
18-Mar-27	751,815.74	-	751,815.74	116,410,179.23
18-Apr-27	751,815.74	-	751,815.74	116,410,179.23
18-May-27	751,815.74	171,394.96	923,210.70	116,238,784.27
18-Jun-27	750,708.82	-	750,708.82	116,238,784.27
18-Jul-27	750,708.82	-	750,708.82	116,238,784.27
18-Aug-27	750,708.82	-	750,708.82	116,238,784.27
18-Sep-27	750,708.82	-	750,708.82	116,238,784.27
18-Oct-27	750,708.82	-	750,708.82	116,238,784.27
18-Nov-27	750,708.82	178,036.51	928,745.33	116,060,747.76
18-Dec-27	749,559.00	-	749,559.00	116,060,747.76
18-Jan-28	749,559.00	-	749,559.00	116,060,747.76
18-Feb-28	749,559.00	-	749,559.00	116,060,747.76

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Mar-28	749,559.00	-	749,559.00	116,060,747.76
18-Apr-28	749,559.00	-	749,559.00	116,060,747.76
18-May-28	749,559.00	184,935.42	934,494.42	115,875,812.34
18-Jun-28	748,364.62	-	748,364.62	115,875,812.34
18-Jul-28	748,364.62	-	748,364.62	115,875,812.34
18-Aug-28	748,364.62	-	748,364.62	115,875,812.34
18-Sep-28	748,364.62	-	748,364.62	115,875,812.34
18-Oct-28	748,364.62	-	748,364.62	115,875,812.34
18-Nov-28	748,364.62	192,101.67	940,466.29	115,683,710.67
18-Dec-28	747,123.97	-	747,123.97	115,683,710.67
18-Jan-29	747,123.97	-	747,123.97	115,683,710.67
18-Feb-29	747,123.97	-	747,123.97	115,683,710.67
18-Mar-29	747,123.97	-	747,123.97	115,683,710.67
18-Apr-29	747,123.97	-	747,123.97	115,683,710.67
18-May-29	747,123.97	199,545.61	946,669.58	115,484,165.06
18-Jun-29	745,835.23	-	745,835.23	115,484,165.06
18-Jul-29	745,835.23	-	745,835.23	115,484,165.06
18-Aug-29	745,835.23	-	745,835.23	115,484,165.06
18-Sep-29	745,835.23	-	745,835.23	115,484,165.06
18-Oct-29	745,835.23	-	745,835.23	115,484,165.06
18-Nov-29	745,835.23	207,278.00	953,113.23	115,276,887.06
18-Dec-29	744,496.56	-	744,496.56	115,276,887.06

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Jan-30	744,496.56	-	744,496.56	115,276,887.06
18-Feb-30	744,496.56	-	744,496.56	115,276,887.06
18-Mar-30	744,496.56	-	744,496.56	115,276,887.06
18-Apr-30	744,496.56	-	744,496.56	115,276,887.06
18-May-30	744,496.56	215,310.03	959,806.59	115,061,577.03
18-Jun-30	743,106.02	-	743,106.02	115,061,577.03
18-Jul-30	743,106.02	-	743,106.02	115,061,577.03
18-Aug-30	743,106.02	-	743,106.02	115,061,577.03
18-Sep-30	743,106.02	-	743,106.02	115,061,577.03
18-Oct-30	743,106.02	-	743,106.02	115,061,577.03
18-Nov-30	743,106.02	223,653.29	966,759.31	114,837,923.74
18-Dec-30	741,661.59	-	741,661.59	114,837,923.74
18-Jan-31	741,661.59	-	741,661.59	114,837,923.74
18-Feb-31	741,661.59	-	741,661.59	114,837,923.74
18-Mar-31	741,661.59	-	741,661.59	114,837,923.74
18-Apr-31	741,661.59	-	741,661.59	114,837,923.74
18-May-31	741,661.59	232,319.86	973,981.45	114,605,603.88
18-Jun-31	740,161.19	-	740,161.19	114,605,603.88
18-Jul-31	740,161.19	-	740,161.19	114,605,603.88
18-Aug-31	740,161.19	-	740,161.19	114,605,603.88
18-Sep-31	740,161.19	-	740,161.19	114,605,603.88
18-Oct-31	740,161.19	-	740,161.19	114,605,603.88

Payment Date	Gross Interest Payable	Mandatory Repayments	Total Payment	Remaining Principal Amount
18-Nov-31	740,161.19	241,322.25	981,483.44	114,364,281.63
18-Dec-31	738,602.65	-	738,602.65	114,364,281.63
18-Jan-32	738,602.65	-	738,602.65	114,364,281.63
18-Feb-32	738,602.65	-	738,602.65	114,364,281.63
18-Mar-32	738,602.65	-	738,602.65	114,364,281.63
18-Apr-32	738,602.65	-	738,602.65	114,364,281.63
18-May-32	738,602.65	250,673.49	989,276.14	114,113,608.14
18-Jun-32	736,983.72	-	736,983.72	114,113,608.14
18-Jul-32	736,983.72	-	736,983.72	114,113,608.14
18-Aug-32	736,983.72	-	736,983.72	114,113,608.14
18-Sep-32	736,983.72	-	736,983.72	114,113,608.14
18-Oct-32	736,983.72	-	736,983.72	114,113,608.14
18-Nov-32	736,983.72	260,387.09	997,370.81	113,853,221.05
18-Dec-32	735,302.05	-	735,302.05	113,853,221.05
18-Jan-33	735,302.05	-	735,302.05	113,853,221.05
18-Feb-33	735,302.05	-	735,302.05	113,853,221.05
18-Mar-33	735,302.05	-	735,302.05	113,853,221.05
18-Apr-33	735,302.05	-	735,302.05	113,853,221.05
18-May-33	735,302.05	270,477.08	1,005,779.13	113,582,743.97
18-Jun-33	733,555.22	-	733,555.22	113,582,743.97
18-Jul-33	733,555.22	-	733,555.22	113,582,743.97
18-Aug-33	733,555.22	-	733,555.22	113,582,743.97

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Sep-33	733,555.22	-	733,555.22	113,582,743.97
18-Oct-33	733,555.22	-	733,555.22	113,582,743.97
18-Nov-33	733,555.22	280,958.07	1,014,513.29	113,301,785.90
18-Dec-33	731,740.70	-	731,740.70	113,301,785.90
18-Jan-34	731,740.70	-	731,740.70	113,301,785.90
18-Feb-34	731,740.70	-	731,740.70	113,301,785.90
18-Mar-34	731,740.70	-	731,740.70	113,301,785.90
18-Apr-34	731,740.70	-	731,740.70	113,301,785.90
18-May-34	731,740.70	291,845.20	1,023,585.90	113,009,940.70
18-Jun-34	729,855.87	-	729,855.87	113,009,940.70
18-Jul-34	729,855.87	-	729,855.87	113,009,940.70
18-Aug-34	729,855.87	-	729,855.87	113,009,940.70
18-Sep-34	729,855.87	-	729,855.87	113,009,940.70
18-Oct-34	729,855.87	-	729,855.87	113,009,940.70
18-Nov-34	729,855.87	303,154.20	1,033,010.07	112,706,786.50
18-Dec-34	727,898.00	-	727,898.00	112,706,786.50
18-Jan-35	727,898.00	-	727,898.00	112,706,786.50
18-Feb-35	727,898.00	-	727,898.00	112,706,786.50
18-Mar-35	727,898.00	-	727,898.00	112,706,786.50
18-Apr-35	727,898.00	-	727,898.00	112,706,786.50
18-May-35	727,898.00	314,901.42	1,042,799.42	112,391,885.08
18-Jun-35	725,864.26	-	725,864.26	112,391,885.08

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Jul-35	725,864.26	-	725,864.26	112,391,885.08
18-Aug-35	725,864.26	-	725,864.26	112,391,885.08
18-Sep-35	725,864.26	-	725,864.26	112,391,885.08
18-Oct-35	725,864.26	-	725,864.26	112,391,885.08
18-Nov-35	725,864.26	327,103.85	1,052,968.11	112,064,781.23
18-Dec-35	723,751.71	-	723,751.71	112,064,781.23
18-Jan-36	723,751.71	-	723,751.71	112,064,781.23
18-Feb-36	723,751.71	-	723,751.71	112,064,781.23
18-Mar-36	723,751.71	-	723,751.71	112,064,781.23
18-Apr-36	723,751.71	-	723,751.71	112,064,781.23
18-May-36	723,751.71	339,779.13	1,063,530.84	111,725,002.10
18-Jun-36	721,557.31	-	721,557.31	111,725,002.10
18-Jul-36	721,557.31	-	721,557.31	111,725,002.10
18-Aug-36	721,557.31	-	721,557.31	111,725,002.10
18-Sep-36	721,557.31	-	721,557.31	111,725,002.10
18-Oct-36	721,557.31	-	721,557.31	111,725,002.10
18-Nov-36	721,557.31	352,945.57	1,074,502.88	111,372,056.53
18-Dec-36	719,277.87	-	719,277.87	111,372,056.53
18-Jan-37	719,277.87	-	719,277.87	111,372,056.53
18-Feb-37	719,277.87	-	719,277.87	111,372,056.53
18-Mar-37	719,277.87	-	719,277.87	111,372,056.53
18-Apr-37	719,277.87	-	719,277.87	111,372,056.53

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-May-37	719,277.87	366,622.21	1,085,900.08	111,005,434.32
18-Jun-37	716,910.10	-	716,910.10	111,005,434.32
18-Jul-37	716,910.10	-	716,910.10	111,005,434.32
18-Aug-37	716,910.10	-	716,910.10	111,005,434.32
18-Sep-37	716,910.10	-	716,910.10	111,005,434.32
18-Oct-37	716,910.10	-	716,910.10	111,005,434.32
18-Nov-37	716,910.10	380,828.82	1,097,738.92	110,624,605.50
18-Dec-37	714,450.58	-	714,450.58	110,624,605.50
18-Jan-38	714,450.58	-	714,450.58	110,624,605.50
18-Feb-38	714,450.58	-	714,450.58	110,624,605.50
18-Mar-38	714,450.58	-	714,450.58	110,624,605.50
18-Apr-38	714,450.58	-	714,450.58	110,624,605.50
18-May-38	714,450.58	395,585.94	1,110,036.52	110,229,019.56
18-Jun-38	711,895.75	-	711,895.75	110,229,019.56
18-Jul-38	711,895.75	-	711,895.75	110,229,019.56
18-Aug-38	711,895.75	-	711,895.75	110,229,019.56
18-Sep-38	711,895.75	-	711,895.75	110,229,019.56
18-Oct-38	711,895.75	-	711,895.75	110,229,019.56
18-Nov-38	711,895.75	410,914.89	1,122,810.64	109,818,104.67
18-Dec-38	709,241.93	-	709,241.93	109,818,104.67
18-Jan-39	709,241.93	-	709,241.93	109,818,104.67
18-Feb-39	709,241.93	-	709,241.93	109,818,104.67

Payment Date	Gross Interest Payable	Mandatory Repayments	Total Payment	Remaining Principal Amount
18-Mar-39	709,241.93	-	709,241.93	109,818,104.67
18-Apr-39	709,241.93	-	709,241.93	109,818,104.67
18-May-39	709,241.93	426,837.84	1,136,079.77	109,391,266.83
18-Jun-39	706,485.27	-	706,485.27	109,391,266.83
18-Jul-39	706,485.27	-	706,485.27	109,391,266.83
18-Aug-39	706,485.27	-	706,485.27	109,391,266.83
18-Sep-39	706,485.27	-	706,485.27	109,391,266.83
18-Oct-39	706,485.27	-	706,485.27	109,391,266.83
18-Nov-39	706,485.27	443,377.81	1,149,863.08	108,947,889.02
18-Dec-39	703,621.78	-	703,621.78	108,947,889.02
18-Jan-40	703,621.78	-	703,621.78	108,947,889.02
18-Feb-40	703,621.78	-	703,621.78	108,947,889.02
18-Mar-40	703,621.78	-	703,621.78	108,947,889.02
18-Apr-40	703,621.78	-	703,621.78	108,947,889.02
18-May-40	703,621.78	460,558.70	1,164,180.48	108,487,330.32
18-Jun-40	700,647.34	-	700,647.34	108,487,330.32
18-Jul-40	700,647.34	-	700,647.34	108,487,330.32
18-Aug-40	700,647.34	-	700,647.34	108,487,330.32
18-Sep-40	700,647.34	-	700,647.34	108,487,330.32
18-Oct-40	700,647.34	-	700,647.34	108,487,330.32
18-Nov-40	700,647.34	478,405.35	1,179,052.69	108,008,924.97
18-Dec-40	697,557.64	-	697,557.64	108,008,924.97

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Jan-41	697,557.64	-	697,557.64	108,008,924.97
18-Feb-41	697,557.64	-	697,557.64	108,008,924.97
18-Mar-41	697,557.64	-	697,557.64	108,008,924.97
18-Apr-41	697,557.64	-	697,557.64	108,008,924.97
18-May-41	697,557.64	496,943.56	1,194,501.20	107,511,981.41
18-Jun-41	694,348.21	-	694,348.21	107,511,981.41
18-Jul-41	694,348.21	-	694,348.21	107,511,981.41
18-Aug-41	694,348.21	-	694,348.21	107,511,981.41
18-Sep-41	694,348.21	-	694,348.21	107,511,981.41
18-Oct-41	694,348.21	-	694,348.21	107,511,981.41
18-Nov-41	694,348.21	516,200.12	1,210,548.33	106,995,781.29
18-Dec-41	691,014.42	-	691,014.42	106,995,781.29
18-Jan-42	691,014.42	-	691,014.42	106,995,781.29
18-Feb-42	691,014.42	-	691,014.42	106,995,781.29
18-Mar-42	691,014.42	-	691,014.42	106,995,781.29
18-Apr-42	691,014.42	-	691,014.42	106,995,781.29
18-May-42	691,014.42	536,202.88	1,227,217.30	106,459,578.41
18-Jun-42	687,551.44	-	687,551.44	106,459,578.41
18-Jul-42	687,551.44	-	687,551.44	106,459,578.41
18-Aug-42	687,551.44	-	687,551.44	106,459,578.41
18-Sep-42	687,551.44	-	687,551.44	106,459,578.41
18-Oct-42	687,551.44	-	687,551.44	106,459,578.41

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Nov-42	687,551.44	556,980.74	1,244,532.18	105,902,597.67
18-Dec-42	683,954.28	-	683,954.28	105,902,597.67
18-Jan-43	683,954.28	-	683,954.28	105,902,597.67
18-Feb-43	683,954.28	-	683,954.28	105,902,597.67
18-Mar-43	683,954.28	-	683,954.28	105,902,597.67
18-Apr-43	683,954.28	-	683,954.28	105,902,597.67
18-May-43	683,954.28	578,563.74	1,262,518.02	105,324,033.93
18-Jun-43	680,217.72	-	680,217.72	105,324,033.93
18-Jul-43	680,217.72	-	680,217.72	105,324,033.93
18-Aug-43	680,217.72	-	680,217.72	105,324,033.93
18-Sep-43	680,217.72	-	680,217.72	105,324,033.93
18-Oct-43	680,217.72	-	680,217.72	105,324,033.93
18-Nov-43	680,217.72	600,983.09	1,281,200.81	104,723,050.84
18-Dec-43	676,336.37	-	676,336.37	104,723,050.84
18-Jan-44	676,336.37	-	676,336.37	104,723,050.84
18-Feb-44	676,336.37	-	676,336.37	104,723,050.84
18-Mar-44	676,336.37	-	676,336.37	104,723,050.84
18-Apr-44	676,336.37	-	676,336.37	104,723,050.84
18-May-44	676,336.37	624,271.18	1,300,607.55	104,098,779.66
18-Jun-44	672,304.62	-	672,304.62	104,098,779.66
18-Jul-44	672,304.62	-	672,304.62	104,098,779.66
18-Aug-44	672,304.62	-	672,304.62	104,098,779.66

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Sep-44	672,304.62	-	672,304.62	104,098,779.66
18-Oct-44	672,304.62	-	672,304.62	104,098,779.66
18-Nov-44	672,304.62	648,461.69	1,320,766.31	103,450,317.97
18-Dec-44	668,116.64	-	668,116.64	103,450,317.97
18-Jan-45	668,116.64	-	668,116.64	103,450,317.97
18-Feb-45	668,116.64	-	668,116.64	103,450,317.97
18-Mar-45	668,116.64	-	668,116.64	103,450,317.97
18-Apr-45	668,116.64	-	668,116.64	103,450,317.97
18-May-45	668,116.64	673,589.58	1,341,706.22	102,776,728.39
18-Jun-45	663,766.37	-	663,766.37	102,776,728.39
18-Jul-45	663,766.37	-	663,766.37	102,776,728.39
18-Aug-45	663,766.37	-	663,766.37	102,776,728.39
18-Sep-45	663,766.37	-	663,766.37	102,776,728.39
18-Oct-45	663,766.37	-	663,766.37	102,776,728.39
18-Nov-45	663,766.37	699,691.18	1,363,457.55	102,077,037.21
18-Dec-45	659,247.53	-	659,247.53	102,077,037.21
18-Jan-46	659,247.53	-	659,247.53	102,077,037.21
18-Feb-46	659,247.53	-	659,247.53	102,077,037.21
18-Mar-46	659,247.53	-	659,247.53	102,077,037.21
18-Apr-46	659,247.53	-	659,247.53	102,077,037.21
18-May-46	659,247.53	726,804.21	1,386,051.74	101,350,233.00
18-Jun-46	654,553.59	-	654,553.59	101,350,233.00

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Jul-46	654,553.59	-	654,553.59	101,350,233.00
18-Aug-46	654,553.59	-	654,553.59	101,350,233.00
18-Sep-46	654,553.59	-	654,553.59	101,350,233.00
18-Oct-46	654,553.59	-	654,553.59	101,350,233.00
18-Nov-46	654,553.59	754,967.87	1,409,521.46	100,595,265.13
18-Dec-46	649,677.75	-	649,677.75	100,595,265.13
18-Jan-47	649,677.75	-	649,677.75	100,595,265.13
18-Feb-47	649,677.75	-	649,677.75	100,595,265.13
18-Mar-47	649,677.75	-	649,677.75	100,595,265.13
18-Apr-47	649,677.75	-	649,677.75	100,595,265.13
18-May-47	649,677.75	784,222.88	1,433,900.63	99,811,042.25
18-Jun-47	644,612.98	-	644,612.98	99,811,042.25
18-Jul-47	644,612.98	-	644,612.98	99,811,042.25
18-Aug-47	644,612.98	-	644,612.98	99,811,042.25
18-Sep-47	644,612.98	-	644,612.98	99,811,042.25
18-Oct-47	644,612.98	-	644,612.98	99,811,042.25
18-Nov-47	644,612.98	814,611.51	1,459,224.49	98,996,430.74
18-Dec-47	639,351.95	-	639,351.95	98,996,430.74
18-Jan-48	639,351.95	-	639,351.95	98,996,430.74
18-Feb-48	639,351.95	-	639,351.95	98,996,430.74
18-Mar-48	639,351.95	-	639,351.95	98,996,430.74
18-Apr-48	639,351.95	-	639,351.95	98,996,430.74

Payment Date	Gross Interest Payable	Mandatory Repayments	Total Payment	Remaining Principal Amount
18-May-48	639,351.95	846,177.71	1,485,529.66	98,150,253.03
18-Jun-48	633,887.05	-	633,887.05	98,150,253.03
18-Jul-48	633,887.05	-	633,887.05	98,150,253.03
18-Aug-48	633,887.05	-	633,887.05	98,150,253.03
18-Sep-48	633,887.05	-	633,887.05	98,150,253.03
18-Oct-48	633,887.05	-	633,887.05	98,150,253.03
18-Nov-48	633,887.05	878,967.10	1,512,854.15	97,271,285.93
18-Dec-48	628,210.39	-	628,210.39	97,271,285.93
18-Jan-49	628,210.39	-	628,210.39	97,271,285.93
18-Feb-49	628,210.39	-	628,210.39	97,271,285.93
18-Mar-49	628,210.39	-	628,210.39	97,271,285.93
18-Apr-49	628,210.39	-	628,210.39	97,271,285.93
18-May-49	628,210.39	913,027.07	1,541,237.46	96,358,258.86
18-Jun-49	622,313.76	-	622,313.76	96,358,258.86
18-Jul-49	622,313.76	-	622,313.76	96,358,258.86
18-Aug-49	622,313.76	-	622,313.76	96,358,258.86
18-Sep-49	622,313.76	-	622,313.76	96,358,258.86
18-Oct-49	622,313.76	-	622,313.76	96,358,258.86
18-Nov-49	622,313.76	948,406.87	1,570,720.63	95,409,851.99
18-Dec-49	616,188.63	-	616,188.63	95,409,851.99
18-Jan-50	616,188.63	-	616,188.63	95,409,851.99
18-Feb-50	616,188.63	-	616,188.63	95,409,851.99

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Mar-50	616,188.63	-	616,188.63	95,409,851.99
18-Apr-50	616,188.63	-	616,188.63	95,409,851.99
18-May-50	616,188.63	985,157.64	1,601,346.27	94,424,694.35
18-Jun-50	609,826.15	-	609,826.15	94,424,694.35
18-Jul-50	609,826.15	-	609,826.15	94,424,694.35
18-Aug-50	609,826.15	-	609,826.15	94,424,694.35
18-Sep-50	609,826.15	-	609,826.15	94,424,694.35
18-Oct-50	609,826.15	-	609,826.15	94,424,694.35
18-Nov-50	609,826.15	1,023,332.49	1,633,158.64	93,401,361.86
18-Dec-50	603,217.13	-	603,217.13	93,401,361.86
18-Jan-51	603,217.13	-	603,217.13	93,401,361.86
18-Feb-51	603,217.13	-	603,217.13	93,401,361.86
18-Mar-51	603,217.13	-	603,217.13	93,401,361.86
18-Apr-51	603,217.13	-	603,217.13	93,401,361.86
18-May-51	603,217.13	1,062,986.63	1,666,203.76	92,338,375.23
18-Jun-51	596,352.01	-	596,352.01	92,338,375.23
18-Jul-51	596,352.01	-	596,352.01	92,338,375.23
18-Aug-51	596,352.01	-	596,352.01	92,338,375.23
18-Sep-51	596,352.01	-	596,352.01	92,338,375.23
18-Oct-51	596,352.01	-	596,352.01	92,338,375.23
18-Nov-51	596,352.01	1,104,177.36	1,700,529.37	91,234,197.87
18-Dec-51	589,220.86	-	589,220.86	91,234,197.87

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Jan-52	589,220.86	-	589,220.86	91,234,197.87
18-Feb-52	589,220.86	-	589,220.86	91,234,197.87
18-Mar-52	589,220.86	-	589,220.86	91,234,197.87
18-Apr-52	589,220.86	-	589,220.86	91,234,197.87
18-May-52	589,220.86	1,146,964.23	1,736,185.09	90,087,233.64
18-Jun-52	581,813.38	-	581,813.38	90,087,233.64
18-Jul-52	581,813.38	-	581,813.38	90,087,233.64
18-Aug-52	581,813.38	-	581,813.38	90,087,233.64
18-Sep-52	581,813.38	-	581,813.38	90,087,233.64
18-Oct-52	581,813.38	-	581,813.38	90,087,233.64
18-Nov-52	581,813.38	1,191,409.10	1,773,222.48	88,895,824.54
18-Dec-52	574,118.87	-	574,118.87	88,895,824.54
18-Jan-53	574,118.87	-	574,118.87	88,895,824.54
18-Feb-53	574,118.87	-	574,118.87	88,895,824.54
18-Mar-53	574,118.87	-	574,118.87	88,895,824.54
18-Apr-53	574,118.87	-	574,118.87	88,895,824.54
18-May-53	574,118.87	1,237,576.20	1,811,695.07	87,658,248.34
18-Jun-53	566,126.19	-	566,126.19	87,658,248.34
18-Jul-53	566,126.19	-	566,126.19	87,658,248.34
18-Aug-53	566,126.19	-	566,126.19	87,658,248.34
18-Sep-53	566,126.19	-	566,126.19	87,658,248.34
18-Oct-53	566,126.19	-	566,126.19	87,658,248.34

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Nov-53	566,126.19	1,285,532.28	1,851,658.47	86,372,716.06
18-Dec-53	557,823.79	-	557,823.79	86,372,716.06
18-Jan-54	557,823.79	-	557,823.79	86,372,716.06
18-Feb-54	557,823.79	-	557,823.79	86,372,716.06
18-Mar-54	557,823.79	-	557,823.79	86,372,716.06
18-Apr-54	557,823.79	-	557,823.79	86,372,716.06
18-May-54	557,823.79	1,335,346.65	1,893,170.44	85,037,369.41
18-Jun-54	549,199.68	-	549,199.68	85,037,369.41
18-Jul-54	549,199.68	-	549,199.68	85,037,369.41
18-Aug-54	549,199.68	-	549,199.68	85,037,369.41
18-Sep-54	549,199.68	-	549,199.68	85,037,369.41
18-Oct-54	549,199.68	-	549,199.68	85,037,369.41
18-Nov-54	549,199.68	1,387,091.34	1,936,291.02	83,650,278.07
18-Dec-54	540,241.38	-	540,241.38	83,650,278.07
18-Jan-55	540,241.38	-	540,241.38	83,650,278.07
18-Feb-55	540,241.38	-	540,241.38	83,650,278.07
18-Mar-55	540,241.38	-	540,241.38	83,650,278.07
18-Apr-55	540,241.38	-	540,241.38	83,650,278.07
18-May-55	540,241.38	1,440,841.12	1,981,082.50	82,209,436.95
18-Jun-55	530,935.95	-	530,935.95	82,209,436.95
18-Jul-55	530,935.95	-	530,935.95	82,209,436.95
18-Aug-55	530,935.95	-	530,935.95	82,209,436.95

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Sep-55	530,935.95	-	530,935.95	82,209,436.95
18-Oct-55	530,935.95	-	530,935.95	82,209,436.95
18-Nov-55	530,935.95	1,496,673.72	2,027,609.67	80,712,763.23
18-Dec-55	521,269.93	-	521,269.93	80,712,763.23
18-Jan-56	521,269.93	-	521,269.93	80,712,763.23
18-Feb-56	521,269.93	-	521,269.93	80,712,763.23
18-Mar-56	521,269.93	-	521,269.93	80,712,763.23
18-Apr-56	521,269.93	-	521,269.93	80,712,763.23
18-May-56	521,269.93	1,554,669.83	2,075,939.76	79,158,093.40
18-Jun-56	511,229.35	-	511,229.35	79,158,093.40
18-Jul-56	511,229.35	-	511,229.35	79,158,093.40
18-Aug-56	511,229.35	-	511,229.35	79,158,093.40
18-Sep-56	511,229.35	-	511,229.35	79,158,093.40
18-Oct-56	511,229.35	-	511,229.35	79,158,093.40
18-Nov-56	511,229.35	1,614,913.28	2,126,142.63	77,543,180.12
18-Dec-56	500,799.71	-	500,799.71	77,543,180.12
18-Jan-57	500,799.71	-	500,799.71	77,543,180.12
18-Feb-57	500,799.71	-	500,799.71	77,543,180.12
18-Mar-57	500,799.71	-	500,799.71	77,543,180.12
18-Apr-57	500,799.71	-	500,799.71	77,543,180.12
18-May-57	500,799.71	1,677,491.17	2,178,290.88	75,865,688.95
18-Jun-57	489,965.91	-	489,965.91	75,865,688.95

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Jul-57	489,965.91	-	489,965.91	75,865,688.95
18-Aug-57	489,965.91	-	489,965.91	75,865,688.95
18-Sep-57	489,965.91	-	489,965.91	75,865,688.95
18-Oct-57	489,965.91	-	489,965.91	75,865,688.95
18-Nov-57	489,965.91	1,742,493.95	2,232,459.86	74,123,195.00
18-Dec-57	478,712.30	-	478,712.30	74,123,195.00
18-Jan-58	478,712.30	-	478,712.30	74,123,195.00
18-Feb-58	478,712.30	-	478,712.30	74,123,195.00
18-Mar-58	478,712.30	-	478,712.30	74,123,195.00
18-Apr-58	478,712.30	-	478,712.30	74,123,195.00
18-May-58	478,712.30	1,810,015.59	2,288,727.89	72,313,179.41
18-Jun-58	467,022.62	-	467,022.62	72,313,179.41
18-Jul-58	467,022.62	-	467,022.62	72,313,179.41
18-Aug-58	467,022.62	-	467,022.62	72,313,179.41
18-Sep-58	467,022.62	-	467,022.62	72,313,179.41
18-Oct-58	467,022.62	-	467,022.62	72,313,179.41
18-Nov-58	467,022.62	1,880,153.70	2,347,176.32	70,433,025.71
18-Dec-58	454,879.96	-	454,879.96	70,433,025.71
18-Jan-59	454,879.96	-	454,879.96	70,433,025.71
18-Feb-59	454,879.96	-	454,879.96	70,433,025.71
18-Mar-59	454,879.96	-	454,879.96	70,433,025.71
18-Apr-59	454,879.96	-	454,879.96	70,433,025.71

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-May-59	454,879.96	1,953,009.65	2,407,889.61	68,480,016.06
18-Jun-59	442,266.77	-	442,266.77	68,480,016.06
18-Jul-59	442,266.77	-	442,266.77	68,480,016.06
18-Aug-59	442,266.77	-	442,266.77	68,480,016.06
18-Sep-59	442,266.77	-	442,266.77	68,480,016.06
18-Oct-59	442,266.77	-	442,266.77	68,480,016.06
18-Nov-59	442,266.77	2,028,688.78	2,470,955.55	66,451,327.28
18-Dec-59	429,164.82	-	429,164.82	66,451,327.28
18-Jan-60	429,164.82	-	429,164.82	66,451,327.28
18-Feb-60	429,164.82	-	429,164.82	66,451,327.28
18-Mar-60	429,164.82	-	429,164.82	66,451,327.28
18-Apr-60	429,164.82	-	429,164.82	66,451,327.28
18-May-60	429,164.82	2,107,300.47	2,536,465.29	64,344,026.81
18-Jun-60	415,555.17	-	415,555.17	64,344,026.81
18-Jul-60	415,555.17	-	415,555.17	64,344,026.81
18-Aug-60	415,555.17	-	415,555.17	64,344,026.81
18-Sep-60	415,555.17	-	415,555.17	64,344,026.81
18-Oct-60	415,555.17	-	415,555.17	64,344,026.81
18-Nov-60	415,555.17	2,188,958.36	2,604,513.53	62,155,068.45
18-Dec-60	401,418.15	-	401,418.15	62,155,068.45
18-Jan-61	401,418.15	-	401,418.15	62,155,068.45
18-Feb-61	401,418.15	-	401,418.15	62,155,068.45

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Mar-61	401,418.15	-	401,418.15	62,155,068.45
18-Apr-61	401,418.15	-	401,418.15	62,155,068.45
18-May-61	401,418.15	2,273,780.50	2,675,198.65	59,881,287.95
18-Jun-61	386,733.32	-	386,733.32	59,881,287.95
18-Jul-61	386,733.32	-	386,733.32	59,881,287.95
18-Aug-61	386,733.32	-	386,733.32	59,881,287.95
18-Sep-61	386,733.32	-	386,733.32	59,881,287.95
18-Oct-61	386,733.32	-	386,733.32	59,881,287.95
18-Nov-61	386,733.32	2,361,889.49	2,748,622.81	57,519,398.46
18-Dec-61	371,479.45	-	371,479.45	57,519,398.46
18-Jan-62	371,479.45	-	371,479.45	57,519,398.46
18-Feb-62	371,479.45	-	371,479.45	57,519,398.46
18-Mar-62	371,479.45	-	371,479.45	57,519,398.46
18-Apr-62	371,479.45	-	371,479.45	57,519,398.46
18-May-62	371,479.45	2,453,412.71	2,824,892.16	55,065,985.75
18-Jun-62	355,634.49	-	355,634.49	55,065,985.75
18-Jul-62	355,634.49	-	355,634.49	55,065,985.75
18-Aug-62	355,634.49	-	355,634.49	55,065,985.75
18-Sep-62	355,634.49	-	355,634.49	55,065,985.75
18-Oct-62	355,634.49	-	355,634.49	55,065,985.75
18-Nov-62	355,634.49	2,548,482.45	2,904,116.94	52,517,503.30
18-Dec-62	339,175.54	-	339,175.54	52,517,503.30

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Jan-63	339,175.54	-	339,175.54	52,517,503.30
18-Feb-63	339,175.54	-	339,175.54	52,517,503.30
18-Mar-63	339,175.54	-	339,175.54	52,517,503.30
18-Apr-63	339,175.54	-	339,175.54	52,517,503.30
18-May-63	339,175.54	2,647,236.15	2,986,411.69	49,870,267.15
18-Jun-63	322,078.81	-	322,078.81	49,870,267.15
18-Jul-63	322,078.81	-	322,078.81	49,870,267.15
18-Aug-63	322,078.81	-	322,078.81	49,870,267.15
18-Sep-63	322,078.81	-	322,078.81	49,870,267.15
18-Oct-63	322,078.81	-	322,078.81	49,870,267.15
18-Nov-63	322,078.81	2,749,816.55	3,071,895.36	47,120,450.60
18-Dec-63	304,319.58	-	304,319.58	47,120,450.60
18-Jan-64	304,319.58	-	304,319.58	47,120,450.60
18-Feb-64	304,319.58	-	304,319.58	47,120,450.60
18-Mar-64	304,319.58	-	304,319.58	47,120,450.60
18-Apr-64	304,319.58	-	304,319.58	47,120,450.60
18-May-64	304,319.58	2,856,371.94	3,160,691.52	44,264,078.66
18-Jun-64	285,872.18	-	285,872.18	44,264,078.66
18-Jul-64	285,872.18	-	285,872.18	44,264,078.66
18-Aug-64	285,872.18	-	285,872.18	44,264,078.66
18-Sep-64	285,872.18	-	285,872.18	44,264,078.66
18-Oct-64	285,872.18	-	285,872.18	44,264,078.66

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Nov-64	285,872.18	2,967,056.35	3,252,928.53	41,297,022.31
18-Dec-64	266,709.94	-	266,709.94	41,297,022.31
18-Jan-65	266,709.94	-	266,709.94	41,297,022.31
18-Feb-65	266,709.94	-	266,709.94	41,297,022.31
18-Mar-65	266,709.94	-	266,709.94	41,297,022.31
18-Apr-65	266,709.94	-	266,709.94	41,297,022.31
18-May-65	266,709.94	3,082,029.79	3,348,739.73	38,214,992.52
18-Jun-65	246,805.16	-	246,805.16	38,214,992.52
18-Jul-65	246,805.16	-	246,805.16	38,214,992.52
18-Aug-65	246,805.16	-	246,805.16	38,214,992.52
18-Sep-65	246,805.16	-	246,805.16	38,214,992.52
18-Oct-65	246,805.16	-	246,805.16	38,214,992.52
18-Nov-65	246,805.16	3,201,458.44	3,448,263.60	35,013,534.08
18-Dec-65	226,129.08	-	226,129.08	35,013,534.08
18-Jan-66	226,129.08	-	226,129.08	35,013,534.08
18-Feb-66	226,129.08	-	226,129.08	35,013,534.08
18-Mar-66	226,129.08	-	226,129.08	35,013,534.08
18-Apr-66	226,129.08	-	226,129.08	35,013,534.08
18-May-66	226,129.08	3,325,514.95	3,551,644.03	31,688,019.13
18-Jun-66	204,651.79	-	204,651.79	31,688,019.13
18-Jul-66	204,651.79	-	204,651.79	31,688,019.13
18-Aug-66	204,651.79	-	204,651.79	31,688,019.13

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Sep-66	204,651.79	-	204,651.79	31,688,019.13
18-Oct-66	204,651.79	-	204,651.79	31,688,019.13
18-Nov-66	204,651.79	3,454,378.66	3,659,030.45	28,233,640.47
18-Dec-66	182,342.26	-	182,342.26	28,233,640.47
18-Jan-67	182,342.26	-	182,342.26	28,233,640.47
18-Feb-67	182,342.26	-	182,342.26	28,233,640.47
18-Mar-67	182,342.26	-	182,342.26	28,233,640.47
18-Apr-67	182,342.26	-	182,342.26	28,233,640.47
18-May-67	182,342.26	3,588,235.83	3,770,578.09	24,645,404.64
18-Jun-67	159,168.24	-	159,168.24	24,645,404.64
18-Jul-67	159,168.24	-	159,168.24	24,645,404.64
18-Aug-67	159,168.24	-	159,168.24	24,645,404.64
18-Sep-67	159,168.24	-	159,168.24	24,645,404.64
18-Oct-67	159,168.24	-	159,168.24	24,645,404.64
18-Nov-67	159,168.24	3,727,279.97	3,886,448.21	20,918,124.67
18-Dec-67	135,096.22	-	135,096.22	20,918,124.67
18-Jan-68	135,096.22	-	135,096.22	20,918,124.67
18-Feb-68	135,096.22	-	135,096.22	20,918,124.67
18-Mar-68	135,096.22	-	135,096.22	20,918,124.67
18-Apr-68	135,096.22	-	135,096.22	20,918,124.67
18-May-68	135,096.22	3,871,712.07	4,006,808.29	17,046,412.60
18-Jun-68	110,091.42	-	110,091.42	17,046,412.60

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-Jul-68	110,091.42	-	110,091.42	17,046,412.60
18-Aug-68	110,091.42	-	110,091.42	17,046,412.60
18-Sep-68	110,091.42	-	110,091.42	17,046,412.60
18-Oct-68	110,091.42	-	110,091.42	17,046,412.60
18-Nov-68	110,091.42	4,021,740.91	4,131,832.33	13,024,671.69
18-Dec-68	84,117.67	-	84,117.67	13,024,671.69
18-Jan-69	84,117.67	-	84,117.67	13,024,671.69
18-Feb-69	84,117.67	-	84,117.67	13,024,671.69
18-Mar-69	84,117.67	-	84,117.67	13,024,671.69
18-Apr-69	84,117.67	-	84,117.67	13,024,671.69
18-May-69	84,117.67	4,177,583.37	4,261,701.04	8,847,088.32
18-Jun-69	57,137.45	-	57,137.45	8,847,088.32
18-Jul-69	57,137.45	-	57,137.45	8,847,088.32
18-Aug-69	57,137.45	-	57,137.45	8,847,088.32
18-Sep-69	57,137.45	-	57,137.45	8,847,088.32
18-Oct-69	57,137.45	-	57,137.45	8,847,088.32
18-Nov-69	57,137.45	4,339,464.73	4,396,602.18	4,507,623.59
18-Dec-69	29,111.74	-	29,111.74	4,507,623.59
18-Jan-70	29,111.74	-	29,111.74	4,507,623.59
18-Feb-70	29,111.74	-	29,111.74	4,507,623.59
18-Mar-70	29,111.74	-	29,111.74	4,507,623.59
18-Apr-70	29,111.74	-	29,111.74	4,507,623.59

Payment Date	**Gross Interest Payable**	**Mandatory Repayments**	**Total Payment**	**Remaining Principal Amount**
18-May-70	29,111.74	4,507,623.59	4,536,735.33	0.00

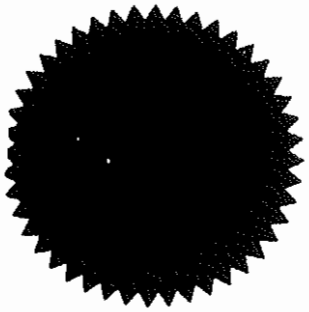
EXHIBIT “O”

This is **Exhibit "O"**, referred to in the **Affidavit of Robert McMaster**, sworn before me this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I

DEED OF HYPOTHEC



ON THE twenty-third (23rd) day of November NINETEEN HUNDRED AND NINETY-NINE

B E F O R E Mtre Catherine Bolduc, the undersigned notary for the Province of Quebec, practising in the City of Montreal

APPEARED: **THE TRUST COMPANY OF BANK OF MONTREAL**, a trust company duly organized pursuant to the laws of Canada, having its head office at 1 First Canadian Place, 100 King Street West, Suite 5104, in the City of Toronto, Province of Ontario, and an establishment at 129, St.Jacques Street, B Level North, in the City of Montreal, Province of Quebec, herein acting and represented by Susan Lalande, its Account Manager, Stock Transfer, duly authorized as she so declares.

OF THE FIRST PART

AND: **JT NOVA SCOTIA CORPORATION**, a legal person being a corporation constituted under the laws of the Province of Nova Scotia, having its registered office at 5151 George Street, Suite 1600, in the City of Halifax, Province of Nova Scotia, B3J 1M5 and an establishment at 2455 Ontario Street East, in the City of Montréal, Province of Québec, H2K 1W3, herein acting and represented by Shuji Kondo, its President and Secretary, duly authorized by resolutions of its Board of Directors passed on the twenty-third (23rd) day of November, nineteen hundred and ninety-nine (1999) and by resolutions of its sole shareholder passed on the twenty-third (23rd) day of November, nineteen hundred and ninety-nine (1999), a certified copy of each of which is annexed hereto after having been acknowledged true and signed for the purpose of identification by the said representative in the presence of the undersigned notary.

OF THE SECOND PART

WHICH PARTIES DECLARED AS FOLLOWS:

WHEREAS the Grantor (as hereafter defined) has, under its governing law and constating documents, the power to issue debentures of the Grantor and to mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Grantor, now owned or subsequently acquired, to secure such debentures;

WHEREAS the Grantor has issued Convertible Debentures dated November 23rd, 1999 in the aggregate principal amount of ONE BILLION TWO HUNDRED MILLION DOLLARS ($1,200,000,000) in lawful money of Canada;

WHEREAS all necessary corporate proceedings and resolutions have been duly taken and passed by the Grantor and all other actions have been taken to authorize the execution of this Deed and the securing of the Debentures in conformity therewith;

WHEREAS the foregoing recitals are made as representations and statements of fact by the Grantor and not by the Attorney (as hereafter defined);

NOW, THEREFORE, THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

1. **INTERPRETATION**

1.1 The following words and phrases, wherever used in this Deed or in the accompanying Schedules or in any deeds supplemental hereto, shall, unless there be something in the context inconsistent therewith, have the following meanings:

1.1.1 "**Attorney**": means the party of the first part THE TRUST COMPANY OF BANK OF MONTREAL, duly appointed as *fondé de pouvoir* pursuant to Section 2 hereof and its successors and assigns in the powers and duties created hereunder;

1.1.2 "**Canadian Dollars**" or "**C$**": means the legal currency of Canada;

1.1.3 "**Charged Property**": means all of the undertaking, property and assets of the Grantor, movable and immovable, real and personal, corporeal and incorporeal, tangible and intangible, present and future, subjected or intended to be subjected to the hypothec created or intended to be created herein;

1.1.4 "**Debentures**": means the convertible debentures of the Grantor, each dated November 23rd, 1999, in the aggregate principal amount of C$1,200,000,000 issued by the Grantor pursuant to the Subscription Agreement, as the said convertible debentures may be amended, supplemented, replaced or restated from time to time;

1.1.5 "**Debentureholder**": means, at any time, the registered holder (or holders, if more than one) at such time of the Debentures;

1.1.6 "**Debentureholder's Instrument**": means an instrument signed by the Debentureholder;

1.1.7 "**Event of Default**": shall have the meaning ascribed thereto in Section 10.1;

1.1.8 "**Grantor**": means JT NOVA SCOTIA CORPORATION, the party of the second part, and its successors and assigns and shall include any corporation resulting from the amalgamation of JT NOVA SCOTIA CORPORATION with any other Person or Persons;

1.1.9 "**Governmental Authority**" shall have the meaning ascribed thereto in the Subscription Agreement;

1.1.10 "**Immovables**": shall have the meaning ascribed thereto in Section 3.1.1 hereof;

1.1.11 "**Hypothec**": shall mean the hypothec created in Section 3.1 hereof and, in addition, shall include any and all other hypothecs and security interests granted in favour of the Attorney by the Grantor, under any deed, notice or other document or instrument supplementary to or amending this Deed;

1.1.12 "**Leases**": shall have the meaning ascribed thereto in Section 3.1.2 hereof;

1.1.13 "**Obligations Secured**": shall mean the punctual payment when due of the principal of the Debentures, all interest thereon and all premiums, if any, together with the payment of all other sums due or to become due by the Grantor under or pursuant to the Debentures, the Subscription Agreement and this Deed and the due performance and observance by the Grantor of all obligations provided for under or pursuant to the Debentures, the Subscription Agreement and this Deed, including all fees incurred by or on behalf of the Attorney in the exercise of its rights and powers hereunder;

1.1.14 "**Person**": means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative or Governmental Authority;

1.1.15 "**Rent**": shall have the meaning ascribed thereto in Section 3.1.2;

1.1.16 "**Securities**": shall have the meaning ascribed thereto in Section 3.1.6;

1.1.17 "**Specified Shares**": means the shares described in Section 17;

1.1.18 "**Subscription Agreement**": means the convertible debenture subscription agreement dated November 23rd, 1999 between the Grantor and JTI-MACDONALD TM CORP. providing, among other things, for the subscription for and issuance of the Debentures, as the same may be amended, supplemented, replaced or restated from time to time;

1.1.19 "**this Deed**", "**these presents**", "**herein**", "**hereby**", "**hereof**", "**hereunder**" and similar expressions mean or refer to this Deed, and any accompanying Schedules and to any deed, notice or document supplemental or complementary hereto, including any and every deed of hypothec, application for registration, notice under article 2949 of the *Civil Code of Québec*, or other instrument or charge which is supplementary or ancillary hereto or in implementation hereof and the expression "Section"

followed by a number means and refers to the specified section of this Deed.

1.2 Words importing the singular only shall include the plural and vice-versa; words importing the masculine gender shall include the feminine gender; and words importing individuals shall include firms, partnerships and corporations, and vice versa.

1.3 The division of this Deed into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.4 All references to dollar amounts herein are, unless expressly otherwise provided, expressed in terms of the lawful currency of Canada.

2. APPOINTMENT OF THE *FONDÉ DE POUVOIR*

2.1 Appointment of the *Fondé de Pouvoir*

The Grantor hereby appoints by these presents The Trust Company of Bank of Montreal to act as *fondé de pouvoir* of the Debentureholder, as contemplated by article 2692 of the *Civil Code of Québec*, to take, receive, and hold on behalf of, and for the benefit of the Debentureholder, all rights and hypothecs created hereby as continuing security for the payment of the Debentures, and to exercise any and all powers and rights and to perform any and all duties conferred upon it hereunder or by a Debentureholder's Instrument.

2.2 Acceptance of Appointment

The Trust Company of Bank of Montreal hereby accepts its appointment as *fondé de pouvoir* and agrees to take, receive and hold the rights and hypothecs and security interests created hereby and to exercise any and all powers and rights and to perform any and all duties conferred upon it hereunder or by a Debentureholder's Instrument, all as provided in Section 2.1.

3. HYPOTHEC: DESCRIPTION OF CHARGED PROPERTY

3.1 Charging Provisions:

The Grantor hereby hypothecates in favour of the Attorney the universality of all of its present and future property, moveable and

immovable, real and personal, corporeal and incorporeal, tangible and intangible, now owned or hereafter acquired, of any nature whatsoever and wheresoever situated and the undertaking of the Grantor, the whole including, without limitation, the following universalities of present and future property:

3.1.1 Immovables

All present and future immovable property of the Grantor, and all rights of the Grantor in any immovable property, together with all property which may be or become incorporated therewith or permanently physically attached or joined thereto so as to ensure the utility thereof or which is used by the Grantor for the operation of its enterprise or the pursuit of its activities (including heating and air conditioning apparatus and watertanks) and all other property which becomes immovable by the effect of law, including by way of accession, and all real rights relating to or attaching to such immovable property, (collectively, the "**Immovables**") including the immovable property, if any, described in Section 16 hereof;

3.1.2 Rentals, Revenues and Leases of Immovables

All present and future leases, agreements to lease, offers to lease, options to lease, sub-leases and other rights to occupy premises including any right of emphyteusis, use or occupancy ("**Leases**") in or of the Immovables or any part thereof, and all present and future rents, revenues, annuities and other claims arising out of any Leases or other rights or contracts in respect of the Immovables, including, without limitation, any indemnity which may be payable pursuant to the *Bankruptcy and Insolvency Act* or analogous legislation or proceedings in respect of any Lease, (collectively "**Rent**") and the continuing right to demand, sue for, recover, receive, and give receipts for such Rent;

3.1.3 Insurance

Indemnities or proceeds now or hereafter payable under any present or future contract of insurance on or in respect of the Immovables, the Rent, any of the property

described above in Section 3.1.2 or any other of the Charged Property;

3.1.4 Property in Stock

All present and future property in stock and inventory of any nature and kind of the Grantor whether in its possession, in transit or held on its behalf, including property in reserve, raw materials or other materials, goods manufactured or transformed, or in the process of being so, by the Grantor or by others, packaging materials, property held by a third party under a lease, a leasing agreement, franchise or license agreement or any other agreement entered into with or on behalf of the Grantor, property evidenced by bill of lading, animals, wares, mineral substances, hydrocarbons and other products of the soil and all fruits thereof from the time of their extraction, as well as any other property held for sale, lease or processing in the manufacture or transformation of property intended for sale, lease or use in providing a product or service by the Grantor;

3.1.5 Claims and Other Movable Property

(a) Claims, Receivables and Book Debts

All of the Grantor's present and future claims, debts, demands and choses in action, whatever their cause or nature, whether or not they are certain, liquid or exigible, whether or not evidenced by any title (and whether or not such title is negotiable), bill of exchange or draft, whether litigious or not, whether or not they have been previously or are to be invoiced, whether or not they constitute book debts or trade accounts receivable, including, without limitation, all customer accounts, accounts receivable, rights of action, demands, judgments, contract rights, royalties, debts, tax refunds, amounts on deposit, bank accounts, cash, proceeds of sale, assignment or lease of any property, rights or titles, indemnities payable under any contract of insurance of property, of Persons, or of liability insurance, proceeds of expropriation, any sums owing to the Grantor in connection with interest

or currency exchange contracts and other treasury or hedging instruments, management of risks or derivative instruments existing in favour of the Grantor ("**SWAPS**"), and the Grantor's rights in the credit balance of accounts held for its benefit by any financial institution or any other Person together with all judgments and all other rights, benefits, securities, security agreements, collateral, guarantees, suretyships, notes and accessories to the claims and rights mentioned above and other rights relating thereto (including, without limitation, the rights of the Grantor in its capacity as seller under an instalment sale or a conditional sale, where the claims are the result of such sale, as well as all movable property owned by the Grantor and covered by such instalment or conditional sales);

(b) No Exclusions

A right or a claim shall not be excluded from the Charged Property by reason of the fact that (i) the debtor thereof is domiciled outside the Province of Quebec or (ii) the debtor thereof is an affiliate of the Grantor (regardless of the law of the jurisdiction of its incorporation) or (iii) such right or claim is not related to the operations of the Grantor or (iv) such right or claim is not related to the ordinary course of business of the Grantor;

3.1.6 Securities

All present and future shares in the capital stock of a legal Person, now or hereafter owned by the Grantor including, without limitation, the Specified Shares, all present and future bonds, debentures, bills of exchange, promissory notes, negotiable instruments and other evidences of indebtedness, and all present and future options, warrants, investment certificates, mutual funds units, all interests of the Grantor in any partnership, or any rights in respect to any of the foregoing, and any other instrument or title generally called or included as a security (hereinafter collectively referred to as "**Securities**"), including, without limitation, all Securities issued or received in substitution, renewal, addition or replacement of

Securities, or issued or received on the purchase, redemption, conversion, cancellation or other transformation of Securities or issued or received by way of dividend or otherwise to holders of Securities, and all present and future instruments, bills of lading, warehouse receipts, documents or other evidences of title of the Grantor;

3.1.7 Equipment

All present and future machinery, equipment, implements, furniture, tools, rolling stock (including aircraft and road vehicles), spare parts and additions;

3.1.8 Intellectual Property Rights

All of the Grantor's present and future rights in any trade mark, copyright, industrial design, patent, patent rights, goodwill, invention, trade secret, know-how, plant breeders' right, topography of integrated circuits and in any other intellectual property right (registered or not) including, if any, improvements and modifications thereto as well as rights in any action pertaining to the protection, in Canada or abroad, of any such intellectual property rights, and all of the present and future undertaking of the Grantor;

3.1.9 Fruits and Revenues

All present and future fruits and revenues emanating from the above Charged Property, including without limitation, the proceeds of any sale, assignment, lease or other disposition of any of the present and future property of the Grantor, any claim resulting from such a sale, assignment, lease or other disposition, as well as any property acquired in replacement thereof;

3.1.10 Records and Other Documents

All present and future titles, documents, records, data, vouchers, invoices, accounts and other documents evidencing or related to the Charged Property described above, including, without limitation, computer programs, disks tapes and other means of electronic communications as well as the rights of the Grantor to recover such

property from third parties, receipts, catalogues, client lists, directories and other similar property.

3.2 Replacement Property:

All Charged Property which is acquired, transformed or manufactured after the date of this Deed shall be charged by the Hypothec, whether or not such property has been acquired in replacement of other Charged Property which may have been alienated by the Grantor in the ordinary course of business, and whether or not such property results from a transformation, mixture or combination of any Charged Property, and in the case of securities, whether or not they have been issued pursuant to the purchase, redemption, conversion or cancellation or any other transformation of the charged securities and without the Attorney being required to register or re-register any notice whatsoever, the object of the Hypothec being a universality of present and future property.

3.3 Charge Valid Irrespective of Advance of Moneys:

The Hypothec hereby created shall be and be deemed to be effective and shall have effect, whether or not any moneys thereby secured or any part thereof shall be advanced before or after or at the same time as the issue of the Debentures intended to be hereby secured or before or after or upon the date of the execution of this Deed.

3.4 Use and Disposition of Charged Property:

Until the occurrence of an Event of Default, the Grantor may use, sell, lease, release, abandon or otherwise dispose of the Charged Property in any lawful manner not inconsistent with the Debentures or the Subscription Agreement.

4. AMOUNT OF THE HYPOTHEC

The amount for which the Hypothec is granted is a principal amount of TWO BILLION Canadian Dollars (C$2,000,000,000) plus interest thereon from the date hereof at the rate of twenty-five percent (25%) per annum, calculated semi-annually, not in advance, to secure the due payment of the principal of the Debentures and all interest thereon and all premiums, if any, and an additional principal amount of TWO HUNDRED AND FORTY MILLION Canadian Dollars (C$240,000,000) plus interest thereon from the date hereof at the rate of twenty-five percent

(25%) per annum calculated semi-annually, not in advance, to secure the due payment and performance of all other Obligations Secured.

5. OBLIGATIONS SECURED

The Hypothec is granted to secure the due payment and performance by the Grantor of the Obligations Secured.

Any future obligation hereby secured shall be deemed to be one in respect of which the Grantor has once again obligated itself hereunder according to the provisions of article 2797 of the *Civil Code of Québec*.

6. ADDITIONAL PROVISIONS TO THE HYPOTHEC ON CLAIMS

6.1 Collection

The Attorney may collect all claims and other Charged Property referred to in Section 3.1.5 in accordance with what is provided for by law; it may further exercise any rights regarding such property and more particularly, it may grant or refuse any consent which may be required from the Grantor in its capacity as owner of such property, and shall not, in the exercise of such right, be required to obtain the consent of the Grantor or serve the Grantor any notice thereof, nor shall it be under any obligation to establish that the Grantor has refused or neglected to exercise such rights, grant delays, take or abandon any security, transact with debtors of the hypothecated claims, make compromises, grant releases and may generally deal at its discretion with matters concerning all claims without the intervention or consent of the Grantor.

6.2 Authorization to Collect

Save and except for: (i) claims resulting from an expropriation, (ii) the proceeds of any sale or other disposition of any Charged Property made outside the ordinary course of business of the Grantor which is not permitted under the Subscription Agreement, (iii) insurance proceeds and those claims referred to in Section 7 hereof, and (iv) any other claims whose collection is otherwise dealt with pursuant to any agreement entered into with the Attorney or any other Person, the Attorney hereby authorizes the Grantor to collect the claims. Such authorization may be withdrawn at any time by the Attorney in accordance with what is provided for by law, with respect to all or any part of the hypothecated claims, and the Attorney may effect such collection

and shall then be entitled to any of the rights referred to in Section 6.1 above; the Grantor shall then remit to the Attorney all records, books, invoices, bills, contracts, titles, papers and other documents related to the claims. If, after such authorization is withdrawn (and even if such withdrawal is not yet registered or served upon the holders of such claims), sums payable under such claims and property are paid to the Grantor, it shall receive same for the benefit of and as mandatary of the Attorney, shall hold them in trust and segregated from its other moneys and shall remit same to the Attorney promptly without the necessity of any demand to this effect.

7. ADDITIONAL PROVISIONS TO THE HYPOTHEC ON SECURITIES

The Attorney may, after the occurrence of an Event of Default, if it deems it useful to protect its rights in and to the hypothecated Securities, transfer any Securities or any part thereof into its own name or that of a third party in order that the Attorney or its nominee(s) may appear as the sole registered holder in which case:

all voting rights and any other rights attached to such Securities shall be exercised by the Attorney or on its behalf;

the Attorney shall collect revenues, dividends and capital distributions and may either hold them as Charged Property or apply them in reduction of the Obligations Secured;

the Attorney may give the Grantor a proxy, revocable at any time, authorizing it to exercise, in whole or in part, all voting rights and any other rights attached to such Securities.

For the purpose of this Section 7, the Grantor hereby irrevocably appoints the Attorney as its attorney with full power of substitution and authority to execute such documents necessary to render effective the rights granted to the Attorney pursuant to Section 7.

8. ASSIGNMENT OF CLAIMS SUBJECT TO THE *FINANCIAL ADMINISTRATION ACT*

The Grantor hereby assigns to the Attorney by way of absolute assignment all its present and future claims which are subject to Sections 67 and 68 of the *Financial Administration Act* or analogous legislation, as collateral and continuing guarantee of all Obligations

Secured. The Attorney may, at any time, fulfil any of the formalities required by law to make such transfer enforceable.

9. COVENANTS

The Grantor hereby covenants with the Attorney for the benefit of the Debentureholder:

9.1 **General Covenants** – to maintain its corporate existence, to maintain the Hypothec hereby created as a valid and effective Hypothec at all times so long as any Obligations Secured are outstanding and to advise the Attorney promptly in writing of any change in the name of the Grantor;

9.2 **Insurance** – to maintain or cause to be maintained all insurance required to be maintained by the Grantor under the terms of the Subscription Agreement;

9.3 **Expense** – to pay to the Attorney upon demand the amount of all reasonable expenses incurred in recovering any Obligations Secured or in enforcing the security hereby constituted, including but not limited to, the expenses incurred in connection with the repossession, holding, repairing, processing, preparing for disposition, and disposing of any of the Charged Property (including reasonable legal and other expenses), with interest thereon from the date of the incurring of such expenses at the rate of 25% per annum calculated and compounded semi-annually;

9.4 **Taxes and Other Charges** - to pay all rents, taxes, levies, assessments and government fees or dues levied, assessed or imposed in respect of the Charged Property or any part thereof (collectively "**Taxes**") as and when the same shall become due and payable and to pay all charges, liens and other encumbrances on the Charged Property (collectively "**Charges**") as and when the same shall become due and payable. If the Grantor does not pay any Taxes or Charges as and when the same shall become due and payable, the Attorney may, at its option, elect to pay any such amounts and charge to the Grantor all amounts so paid as additional amounts secured under this Deed, together with interest thereon from the date of payment by the Attorney of any such amounts at the rate of 25% per annum calculated and compounded semi-annually.

9.5 **Information** – to provide the Attorney with such information with respect to the Charged Property as the Attorney may reasonably

request in order to determine whether or not the Grantor complies with the provisions hereof.

10. EVENTS OF DEFAULT

10.1 The Grantor shall be in default hereunder and the security hereby constituted shall become enforceable, upon the occurrence, without notice or other formality, of any one of the following events (each an "**Event of Default**"):

10.1.1 if the Grantor defaults in the payment of any of the Obligations Secured; or

10.1.2 if the Grantor defaults in performance of any covenant or condition of this Deed and the default continues beyond any applicable grace period; or

10.1.3 if an Event of Default, as defined in the Subscription Agreement, has occurred and is continuing.

11. ATTORNEY'S RIGHTS IN CASE OF DEFAULT

11.1 In the event that the security hereby constituted shall have become enforceable, the Attorney shall, upon receipt of a Debentureholders' Instrument, by notice in writing to the Grantor, demand payment of the moneys secured hereby or owing by the Grantor hereunder and the same shall forthwith be and become immediately due and payable by the Grantor to the Attorney and the Grantor shall forthwith pay to the Attorney for the benefit of the Debentureholder all such principal, interest and other moneys. Any such payment then made by the Grantor shall be deemed to have been made in discharge of its obligations hereunder or under the Debentures, and any money so received by the Attorney shall be applied in the same manner as if they were proceeds of realization of the Charged Property.

11.2 In the event that the security hereby constituted shall have become enforceable and the Grantor shall have failed to pay the Attorney, on demand, the principal of and interest on all amounts secured hereby or owing by the Grantor hereunder, the Attorney may, upon receipt of a Debentureholder's Instrument, proceed to realize the security created by this Deed and to exercise any right, recourse or remedy of the Attorney and of the Debentureholder under this Deed or provided for by law, including without limitation any of

the hypothecary rights and recourses provided for under the *Civil Code of Québec*.

11.3 No Debentureholder shall have any right to institute any action or proceeding or to exercise any other remedy authorized by this Deed, by law or by equity for the purpose of enforcing or realizing any security, or by reason of jeopardy of security, or for the execution of any power hereunder other than in accordance with the terms hereof, unless a Debentureholder's Instrument shall have been tendered to the Attorney and the Attorney shall have failed to act within a reasonable time thereafter. In such case, but not otherwise, any Debentureholder acting on behalf of itself and all other Debentureholders (if more than one) shall be entitled to take proceedings such as the Attorney might have taken pursuant to the Debentureholder's Instrument, for the equal benefit of all Debentureholders (if more than one).

11.4 After the occurrence of an Event of Default, whichever hypothecary rights or recourses the Attorney may decide to exercise or whichever other rights or recourses the Attorney may wish to exercise in law or in equity, in addition to any rights provided by law, the following provisions shall apply:

11.4.1 in order to protect or to realize the value of the Charged Property, the Attorney may, in its discretion, at the Grantor's expense:

(a) pursue the transformation of the Charged Property or any work in process or unfinished goods comprised in the Charged Property and complete the manufacture or processing thereof or proceed with any operations to which such property are submitted by the Grantor in the ordinary course of its business and acquire property for such purposes;

(b) alienate or dispose of any Charged Property which may be obsolete, may perish or is likely to depreciate rapidly;

11.4.2 the Attorney shall exercise its rights in good faith in order that, following the exercise thereof, the obligations secured by the Hypothec may be reduced, in a reasonable manner, taking into account all circumstances;

11.4.3 the Attorney may, directly or indirectly, purchase or acquire any of the Charged Property;

11.5 If the Attorney elects to exercise its hypothecary recourse of taking in payment the Charged Property and the Grantor requires, in accordance with the applicable provisions of the *Civil Code of Québec*, instead that the Attorney sell itself or under judicial authority the Charged Property on which such right is exercised, the Grantor hereby acknowledges that the Attorney shall not be bound to abandon its recourse of taking in payment unless, prior to the expiry of the time period allotted for surrender, the Attorney (i) has been granted a security which it considers satisfactory, guaranteeing that said Charged Property will be sold at a sufficiently high price to enable all moneys secured hereunder to be paid in full, (ii) has been reimbursed of all costs and expenses incurred, including all fees of consultants and legal counsel in connection with this Hypothec and the indebtedness secured hereby, and (iii) has been advanced the necessary sums for the sale of said Charged Property; the Grantor further acknowledges that the Attorney shall have the right to choose the type of sale it may carry out.

11.6 Where several creditors are involved, the parties hereto waive the application of articles 1332 to 1338 inclusively of the *Civil Code of Québec.*

11.7 The moneys and other proceeds arising from any sale or realization of the whole or any part of the Charged Property, whether under any sale by the Attorney or by judicial process or otherwise, together with any other moneys or other proceeds then in the hands of the Attorney and available for such purpose, shall be applied to the payment of the Debentures and other moneys owing to the Attorney and the Debentureholder.

12. GENERAL PROVISIONS

12.1 **Additional Security** - The Hypothec is hereby created in addition to and not in substitution of or in replacement for any other security held or which may hereafter be held by the Attorney and does not affect the Attorney's rights of compensation and set-off.

12.2 **Investments** - The Attorney may, upon the written direction of the Grantor, invest any monies or instruments received or held by it in pursuance of this Deed or, if no such investment direction is received, deposit them in a non-interest bearing account at a

Canadian chartered bank (including an affiliate of the Attorney) and the Attorney may receive a fee from such bank for depositing such monies, without having to comply with any legal provisions concerning the investment of property of others. Any investment direction shall be in writing and shall be received by the Attorney by 11:00 a.m. (Toronto time) on the business day on which such investment is to be made. If such direction is received after 11:00 a.m. (Toronto time) or on a day that is not a business day, it will be deemed to have been received prior to 11:00 a.m. (Toronto time) on the next business day.

12.3 **Compensation** - Provided the obligations secured hereby are due and exigible or the Attorney is entitled to declare them owing and exigible, the Attorney may compensate and set-off these obligations with any and all amounts due to it, in its capacity as *fondé de pouvoir* for the Debentureholder, by the Grantor, on any account whatsoever, whether such amount be exigible or not, and the Attorney shall then be deemed to have exercised such right to compensate and set-off as at the time the decision was taken by it even though the appropriate entries have not yet been made in its records.

12.4 **Imputation of Payments** - The Attorney may, at its entire discretion, impute and apply any amounts collected in the exercise of its rights or received by it prior to or after any Event of Default in any manner as it may choose, without having to comply with legal provisions concerning the imputation of payments. The Attorney may also, at its entire discretion, hold such amounts as Charged Property or choose not to impute them and keep them in a collateral account until such time as any contingent obligation to pay prior claims has ceased to exist.

12.5 **Delays**- The Attorney may grant delays, take or abandon any security, make compromises, grant quittances and releases and generally deal, at its entire discretion, with any matters related to the Charged Property, the whole without limiting the rights of the Attorney and without limiting the liability of the Grantor.

12.6 **Continuing Security** - This Deed shall not be considered as satisfied or discharged by any intermediate payment (as distinct from a final payment) of the whole or part of the Obligations Secured but shall constitute and be a continuing security for a current or running account and shall be in addition to and not in substitution for any other security now or hereafter held by or for the benefit of the Debentureholders.

12.7 **Discharge** - If the Grantor pays to the Attorney the Obligations Secured or if the Obligations Secured are otherwise indefeasibly paid in full in cash and the Grantor otherwise observes and performs the terms and conditions hereof, then the Attorney shall, at the request and at the expense of the Grantor, promptly cancel and discharge the mortgages, hypothecs and charges of this Deed and execute and deliver to the Grantor such deeds and other instruments as shall be requisite therefor.

12.8 **Notice of Default** - The mere lapse of time provided for the Grantor to perform its obligations or the arrival of the term shall automatically create a default, without any obligation for the Attorney to serve any notice or prior notice to the Grantor.

12.9 **Cumulative Rights** - The exercise by the Attorney of any of its rights shall not preclude it from exercising any other right under this Deed or at law; the rights of the Attorney shall be cumulative and not alternative. The non-exercise by the Attorney of one of its rights shall not constitute a waiver of any subsequent exercise of such right. The Attorney may exercise its rights under this Deed without any obligation to exercise any right against any other Person liable for payment of the obligations secured hereunder and without having to realize any other security which secures such obligations.

12.10 **Irrevocable Mandate** – The Grantor hereby appoints the Attorney its irrevocable attorney and mandatary, with full powers of substitution, for the purpose of performing any and all acts and executing any and all deeds, transfers, assignments, proxies or other documents which the Attorney may deem necessary or useful for the exercise of the rights of the Attorney or which the Grantor neglects or refuses to execute or to carry out.

12.11 **Grantor to Execute Confirmatory Deeds** – In case of any sale under the provisions of this Deed or at law, whether by the Attorney or under judicial proceedings, the Grantor agrees that it will execute and deliver to the purchaser on demand any instrument reasonably necessary to confirm to the purchaser the title of the property so sold and, in case of any such sale, the Attorney is hereby irrevocably authorized by the Grantor to execute on its behalf and in its name any such confirmatory instrument.

12.12 **Performance** – In the event the Grantor fails to observe or perform any of its obligations or undertakings under this Deed, the

Attorney may, but shall not be obligated to, perform the same and any fee, costs or expenses incurred in so doing shall be forthwith due and payable by the Grantor to the Attorney, with interest at the rate of 25% per annum calculated and compounded semi-annually, and payment of the same shall be secured by the Hypothec created hereunder.

12.13 **Delegation** – The Attorney may, at its entire discretion, appoint any Person or Persons for the purpose of exercising any of its rights or actions or for the performance of any of its obligations under or resulting from this Deed at law or in equity; in such case, the Attorney may provide such Person with any information relating to the Grantor or the Charged Property.

12.14 **Title Deeds** - All titles of ownership, land surveys, certificates of location and other documents relating to any immovables comprised in the Charged Property shall be remitted to the Attorney who is entitled to keep them until a final release and discharge of this Hypothec is obtained.

12.15 **Liability** – The Attorney shall not be liable for material injuries or damages resulting from its fault, unless such fault is gross or wilful.

12.16 **Successors** - The rights hereby conferred upon the Attorney shall benefit all its successors, including any entity resulting from the merger of the Attorney with any other Person or Persons, without the execution or filing of any instruments or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

12.17 **Not a Floating Hypothec or Trust** - The Hypothec is not and shall not be construed as a floating hypothec within the meaning of articles 2715 et. seq. of the *Civil Code of Québec* nor shall this Deed be deemed as creating a trust within the meaning of article 1260 of the *Civil Code of Québec*.

12.18 **Severance** - In the event that any provision of this Deed is declared null and void or is deemed not to have been written, the other provisions of this Deed shall be severable from such provision and shall continue to have full force and effect.

12.19 **Formal Date** – This Deed shall bear formal date of the twenty-third day of November, nineteen hundred and ninety-nine

(November 23rd, 1999) notwithstanding the actual date of execution thereof.

13. CONCERNING THE ATTORNEY

13.1 By way of supplement to the provisions of law relating to *fondés de pouvoir*, it is expressly agreed that:

13.1.1 the Attorney shall only be accountable for reasonable diligence in the management of its duties and rights hereunder, and shall not be liable for any action taken or omitted by it in connection herewith unless caused by its gross negligence or wilful misconduct;

13.1.2 except as otherwise provided herein, the Attorney shall, with respect to all rights, powers and authorities vested in it, have absolute and uncontrolled discretion as to the exercise thereof, whether in relation to the manner or as to the mode and time for the exercise thereof, and in the absence of fraud, it shall not be in any way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise thereof;

13.1.3 the Attorney shall have the right in its discretion to proceed in its name as Attorney hereunder to the enforcement of the security hereby constituted by any remedy provided herein or by law, whether by legal proceedings or otherwise, but it shall not be bound to do or to take any act or action in virtue of the powers conferred on it by these presents unless and until it shall have been required to do so by way of a Debentureholder's Instrument; the Attorney shall not be responsible or liable, otherwise than as a *fondé de pouvoir*, for any debts contracted by it, for damages to Persons or property or for salaries or non-fulfilment of contracts during any period for which the Attorney managed the Charged Property upon entry, as herein provided, nor shall the Attorney be liable to account for anything except actual revenues or be liable for any loss on realization or for any default or omission for which a mortgagee in possession might be liable; the obligation of the Attorney to commence or continue any act, action or proceeding under this Deed or a Debentureholder's Instrument shall, at the option of the Attorney, be conditional upon the Debentureholder furnishing, when

required, sufficient funds to commence or continue such action or proceeding and indemnity reasonably satisfactory to the Attorney;

13.1.4 in the event of the Grantor making an authorized assignment, or a custodian, trustee or liquidator being appointed in respect of the Grantor or its assets under the *Bankruptcy and Insolvency Act* or any analogous act or proceeding, or any legislation which replaces or supplements the foregoing, the Attorney may, if directed to do so by a Debentureholder's Instrument, file and prove a claim, value security and vote and act at all meetings of creditors and otherwise in bankruptcy, insolvency or similar proceedings, as agent on behalf of the Debentureholder;

13.1.5 none of the provisions contained in this Deed shall be construed as requiring the Attorney 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.

13.1.6 the Attorney shall be obliged to act and shall act and be fully protected in acting upon a Debentureholder's Instrument in connection with any proceedings, act, power, right, matter or thing relating to or conferred by or to be done under this Deed;

13.1.7 no Person dealing with the Attorney or its agent shall be concerned to enquire whether the security constituted hereby has become enforceable, or whether the powers which the Attorney is purporting to exercise have become exercisable, or whether any moneys remain due upon the security of this Deed or the Debentures, or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any sale or of any other dealing by the Attorney with the Charged Property or any part thereof, or to see to the application of any moneys paid to the Attorney;

13.1.8 all rights of action under this Deed may be enforced by the Attorney without the possession of the Debentures hereby secured or the production thereof;

13.1.9 the Attorney may, if acting in good faith, rely, as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, affidavits, opinions, reports, orders or other certificates furnished pursuant to any covenant, condition or other requirement of this Deed or required by the Attorney to be furnished to it in the exercise of its rights and duties under this Deed where such statutory declaration, affidavit, opinion, report or other certificate complies with the requirements of this Deed;

13.1.10 the Attorney may employ or retain and act on the advice of such counsel, accountants, appraisers or other experts or advisers or agents as it may reasonably require for the purpose of discharging its duties hereunder; provided that the Attorney shall not be required to act on the advice of such experts or advisers and shall not be responsible for the misconduct of any of them. The remuneration, costs and expenses of any such counsel, accountants, appraisers or other experts or advisers or agents shall be paid by the Grantor;

13.1.11 the Attorney may at any time resign or be removed from office by the Debentureholder without the consent or concurrence of the Grantor. Any new or successor Attorney without further act shall be vested and have all rights, powers and authorities granted to the Attorney hereunder and be subject in all respects to the terms, conditions and provisions hereof to the same extent as if originally acting as Attorney hereunder, provided that any new or successor Attorney hereunder shall always be a trust company duly licensed under the laws of the Province of Quebec and having one or more offices in the Province of Quebec; the Grantor hereby ratifies the appointment of any such new or successor Attorney;

13.1.12 the Grantor hereby covenants and agrees to pay to the Attorney its fee for its services as *fondé de pouvoir* hereunder in accordance with the tariffs and terms applied by the Attorney, the Grantor acknowledging that it has been informed of such tariffs and terms presently in effect, and shall, upon demand, reimburse all amounts which may have been paid by the Attorney for any expenses whatsoever reasonably incurred by the Attorney

in execution of the rights hereby created or in the course of such execution;

13.1.13 the Grantor hereby agrees to indemnify and save harmless the Attorney, its officers, directors and agents (collectively, the "Indemnified Parties") from and against all claims, suits, demands, costs, damages and expenses which may be occasioned by an Indemnified Party as a result of the Attorney's compliance in good faith with the terms of this Deed; provided however that this indemnity shall not apply to the extent that such claims, suits, demands, costs, damages, or expenses arise due to the gross negligence or wilful misconduct of the Attorney. This indemnity shall survive the removal or resignation of the Attorney and the termination of this Deed.

14. DEBENTUREHOLDERS' INSTRUMENTS; SUPPLEMENTAL DEEDS

14.1 **Amendments, Waivers; etc.** - The Debentureholder may, by Debentureholder's Instrument, direct or authorize the Attorney to (a) exercise, or refrain from exercising, any power, right, remedy or authority given by this Deed, (b) waive any default on the part of the Grantor in complying with any provision of this Deed either unconditionally or upon any conditions specified in such Debentureholder's Instrument, (c) assent to any compromise or arrangement with any creditor or creditors of the Grantor, (d) assent to any modification of or change in or addition to the provisions of this Deed, (e) grant any approval or consent herein provided to be given by the Debentureholder or make any determination herein provided to be made by the Debentureholder, (f) sanction any scheme of reorganization, consolidation, merger or amalgamation of the Grantor on such terms as may be provided in such Debentureholder's Instrument, (g) amend, alter or repeal any previous Debentureholder's Instrument, and (h) sign such other deeds, instruments or take such other action or refrain from taking any action as may be specified in such Debentureholder's Instrument. Every Debentureholders' Instrument shall be binding on all the Debentureholders (if more than one), whether signatories thereto or not, and each and every Debentureholder and subject to Section 13.1.3 hereof the Attorney shall be bound to give effect accordingly to every such Debentureholder's Instrument.

14.2 **Supplemental Deed** - The Attorney may also, with the consent or concurrence of the Debentureholders by Debentureholders' Instrument, by supplemental deed or indenture or otherwise, concur with the Grantor in making any changes or corrections in this Deed which it shall have been advised by counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omission or mistake or manifest error contained herein or in any deed or indenture supplemental or ancillary hereto, provided that in the opinion of the Attorney the rights of the Attorney and of the Debentureholder are in no way prejudiced thereby.

15. NOTICES

15.1 Notice to the Grantor

Any notice or demand to the Grantor required or permitted to be given or made hereunder shall be given or made in accordance with the terms of the Debentures.

15.2 Notice to the Attorney

Any notice to the Attorney under the provisions hereof shall be valid and effective if delivered by hand to an officer of the Attorney at the Attorney's office in Toronto at 1 First Canadian Place, Suite 5104, 100 King Street West, Province of Ontario, M5X 1A1, or if sent by telecopier addressed to the said address to the attention of: Senior Trust Officer (telecopier number (416) 867-6264). Any such notice, if sent by telecopier, shall be deemed to have been received on the Banking Day following the sending or, if delivered by hand, shall be deemed to have been received at the time that such notice is delivered to the address indicated above or to a senior employee of the addressee at such address with the responsibility for matters to which the information relates. Notices of change of address shall also be governed by this Section 15.2.

15.3 Notice to Debentureholder

Any notice to the Debentureholder under the provisions hereof shall be valid and effective if given in accordance with the terms of the Debentures.

16. DESCRIPTION OF SPECIFIC IMMOVABLE PROPERTY

NIL

17. **DESCRIPTION OF SPECIFIED SHARES**

160,000 common shares in the capital stock of RJR-MACDONALD CORP. represented by Certificate No. 2.

18. **GOVERNING LAW**

This Deed shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein.

19. **ENGLISH LANGUAGE**

The parties hereby confirm their express wish that the present Deed and all documents and agreements directly and indirectly related thereto be drawn up in English. Notwithstanding such express wish, the parties agree that any of such documents and agreements or any part thereof or of this Deed may be drawn up in French.

Les parties reconnaissent leur volonté expresse que le présent acte ainsi que tous les documents et conventions qui s'y rattachent directement ou indirectement soient rédigés en langue anglaise. Nonobstant telle volonté expresse, les parties conviennent que n'importe quel desdits documents et conventions ou toute partie de ceux-ci ou de cet acte puissent être rédigés en français.

WHEREOF ACTE:

DONE AND PASSED in the City of Montreal, Province of Québec, on the date hereinabove set forth, under the number two hundred twelve (212)

of the original of the minutes of the undersigned notary.

AND after the parties had declared to have taken cognizance of these presents and to have exempted the said Notary from reading them or causing them to be read, the said duly authorized officers of the Grantor and the Attorney respectively have signed these presents, all in the presence of the said Notary who has also signed.

THE TRUST COMPANY OF BANK OF MONTREAL

Per: _____
Susan Lalande, Account Manager, Stock Transfer

JT NOVA SCOTIA CORPORATION

Per: [redacted]ent and Secretary

_____
CATHERINE BOLDUC, NOTARY

A true copy of the original hereof remaining of record in my office

_____

MINUTE N° 212 of

Mtre **Catherine Bolduc**, Notary

Executed on November 23, 1999

DEED OF HYPOTHEC

by

JT NOVA SCOTIA CORPORATION

in favour of

THE TRUST COMPANY OF BANK OF MONTREAL

CERTIFIED COPY

COPIE AUTHENTIQUE

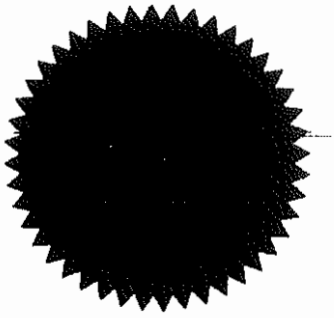
1200 McGill College, Suite [illegible]50,
Montreal, Quebec H3B 4G7
[illegible] 514 [illegible] 9922
[illegible] kleonard@notarius.net

EXHIBIT “P”

This is **Exhibit "P"**, referred to in the **Affidavit of Robert McMaster**, sworn before me this 8th day of March, 2019.

Notary Public

Mitchell Grossell
Barrister & Solicitor
LSO# 69993I



SUPPLEMENTAL DEED OF HYPOTHEC

ON THE Second (2nd) day of December

NINETEEN HUNDRED AND NINETY-NINE

B E F O R E Mtre Marjolaine Arès, the undersigned notary for the Province of Quebec, practising at the City of Montreal.

APPEARED: **THE TRUST COMPANY OF BANK OF MONTREAL**, a trust company duly organized pursuant to the laws of Canada, having its head office at 1 First Canadian Place, 100 King Street West, Suite 5104, in the City of Toronto, Province of Ontario, and an establishment at 129 St. Jacques Street, B Level North, in the City of Montreal, Province of Quebec, herein acting and represented by Susan Lalande, its Account Manager, Stock Transfer, duly authorized as she so declares.

AND: **JTI-MACDONALD CORP.**, a legal person being a corporation constituted under the laws of the Province of Nova Scotia, having its registered office at 5151 George Street, Suite 1600, in the City of Halifax, Province of Nova Scotia, B3J 1M5 and an establishment at 2455 Ontario Street East, in the City of Montréal, Province of Québec, H2K 1W3, herein acting and represented by Bradley Price, its Treasurer, duly authorized by resolutions of its Board of Directors passed on the second (2nd) day of December, nineteen hundred and ninety-nine (1999) and by resolutions of its sole shareholder passed on the second (2nd) day of December, nineteen hundred and ninety-nine (1999), a certified copy of each of which is annexed hereto after having been acknowledged true and signed for the purpose of identification by the said representative in the presence of the undersigned notary.

WHICH PARTIES DECLARED AS FOLLOWS:

Certificat d'inscription
Circonscription foncière de: Montréal

Réquisition présentée le 1999 -12- 03 (date) 9 h 10 (heure minute)

No d'inscription 5138944

Certifié par _____
Officier de la publicité des droits

WHEREAS on the twenty-third (23rd) day of November nineteen hundred and ninety-nine (1999) JT NOVA SCOTIA CORPORATION and the Attorney executed a Deed of Hypothec before Catherine Bolduc, notary under her minute number 212 (hereinafter called the "**Principal Deed**") for the purpose, among other things, of securing convertible debentures of JT NOVA SCOTIA CORPORATION in the aggregate principal amount of $1,200,000,000 in lawful money of Canada;

WHEREAS the Debentureholder has executed a Debentureholder's Instrument directing and authorizing the Attorney to execute this Supplemental Deed;

WHEREAS the Grantor (i) was originally incorporated under the laws of Ontario on September 12, 1978 under the name RJR-MACDONALD INC., (ii) it then was continued under the *Canada Business Corporations Act* on October 13, 1978 under the same name, (iii) it was continued under the *Companies Act* (Nova Scotia) on April 8, 1999 under the same name, (iv) by Certificate of Amalgamation dated April 24, 1999 RJR-MACDONALD INC. and 3027221 NOVA SCOTIA COMPANY amalgamated under the provisions of the *Companies Act* (Nova Scotia) and continued as RJR-MACDONALD CORP. and (v) by Certificate of Amalgamation dated November 27 1999, JT NOVA SCOTIA CORPORATION and RJR-MACDONALD CORP. amalgamated under the provisions of the *Companies Act* (Nova Scotia) and continued as the Grantor;

WHEREAS this Supplemental Deed is executed by the parties hereto for the purposes of the Grantor confirming, to the extent necessary, the hypothecs and assignments granted by JT NOVA SCOTIA CORPORATION under the Principal Deed and the obligations of JT NOVA SCOTIA CORPORATION in virtue of the Principal Deed and granting hypothecs and assignments in its present and future property, including the additional acquired property;

WHEREAS the Grantor has, under its governing law and constating documents, the power to mortgage, hypothecate, pledge, assign or otherwise create security interests in all or any property of the Grantor, now owned or subsequently acquired, to secure any obligations of the Grantor;

WHEREAS all necessary corporate proceedings and resolutions have been duly taken and passed by the Grantor and all other actions have been taken to authorize the execution of this Supplemental Deed;

WHEREAS the foregoing recitals are made as representations and statements of fact by the Grantor and not by the Attorney;

NOW, THEREFORE, THE PARTIES HERETO HAVE AGREED AS FOLLOWS:

1. INTERPRETATION

1.1 All words and phrases defined in the Principal Deed shall have the same meaning in this Supplemental Deed as in the Principal Deed, except to the extent otherwise provided in or expressly amended by this Supplemental Deed or unless there is something in the context inconsistent therewith.

1.2 In this Supplemental Deed, the following words and phrases, wherever used in this Supplemental Deed shall, unless there is something in the context inconsistent therewith, have the following meanings:

1.2.1 **"Attorney"** means The Trust Company of Bank of Montreal duly appointed as *fondé de pouvoir* pursuant to Section 2 of the Principal Deed and its successors and assigns in the powers and duties created under the Deed;

1.2.2 **"Grantor"** means **JTI-MACDONALD CORP.**, the corporation continuing from the amalgamation of JT NOVA SCOTIA CORPORATION and RJR-MACDONALD CORP. on the twenty-seventh (27th) day of November nineteen hundred and ninety-nine (1999) under the *Companies Act* (Nova Scotia), and its successors and assigns, including any corporation resulting from the amalgamation of JTI-MACDONALD CORP. with any other Person or Persons;

1.2.3 **"Principal Deed"** shall have the meaning ascribed to it in the preamble of this Supplemental Deed;

1.2.4 **"this Deed"** and **"the Deed"** refers to the Principal Deed as supplemented and amended by this Supplemental Deed and every other deed, notice or document supplementary or complementary to the Principal Deed, including any and every deed of hypothec, application for registration, notice under Article 2949 of the *Civil Code of Quebec*, or other instrument or charge which is supplementary or ancillary to

the Principal Deed or in implementation of the Principal Deed; and

1.2.5 **"this Supplemental Deed"**, **"these presents"**, **"herein"**, **"hereby"**, **"hereunder"**, and similar expressions mean and refer to this supplemental deed and to any deed, notice or documents supplemental or complementary hereto, including any and every deed of hypothec, application for registration, notice under Article 2949 of the *Civil Code of Quebec* or other instrument or charge which is supplementary or ancillary hereto or in implementation hereof.

1.3 This Supplemental Deed is supplementary to the Principal Deed and the Principal Deed and this Supplemental Deed shall henceforth be read together and shall have effect so far as practicable as though all the provisions thereof and hereof were contained in one instrument.

1.4 This Supplemental Deed is executed under express reserve of the hypothecs, security interests and assignments granted and of all other rights subsisting in favour of the Attorney under the Principal Deed and without novation of any kind or derogation from the provisions thereof or the rank or priority thereof.

2. CHARGING PROVISIONS

2.1 Confirming and Charging Provisions:

The Grantor hereby expressly acknowledges and confirms the hypothecs and assignments in favour of the Attorney constituted pursuant to the Principal Deed and, without any derogation from or exception thereto and under express reserve thereof, in consideration of the premises and of One Canadian Dollar (Cdn. $1.00) to it in hand paid by the Attorney (the receipt whereof is hereby acknowledged) and other good and valuable consideration, the Grantor hereby hypothecates in favour of the Attorney the universality of all of its present and future property, moveable and immovable, real and personal, corporeal and incorporeal, tangible and intangible, now owned or hereafter acquired, of any nature whatsoever and wheresoever situated and the undertaking of the Grantor, the whole including, without limitation, the following universalities of present and future property:

2.1.1 Immovables

All present and future immovable property of the Grantor, and all rights of the Grantor in any immovable property, together with all property which may be or become incorporated therewith or permanently physically attached or joined thereto so as to ensure the utility thereof or which is used by the Grantor for the operation of its enterprise or the pursuit of its activities (including heating and air conditioning apparatus and watertanks) and all other property which becomes immovable by the effect of law, including by way of accession, and all real rights relating to or attaching to such immovable property, (collectively, the "**Immovables**") including the immovable property, if any, described in Section 10 hereof;

2.1.2 Rentals, Revenues and Leases of Immovables

All present and future leases, agreements to lease, offers to lease, options to lease, sub-leases and other rights to occupy premises including any right of emphyteusis, use or occupancy ("**Leases**") in or of the Immovables or any part thereof, and all present and future rents, revenues, annuities and other claims arising out of any Leases or other rights or contracts in respect of the Immovables, including, without limitation, any indemnity which may be payable pursuant to the *Bankruptcy and Insolvency Act* or analogous legislation or proceedings in respect of any Lease, (collectively "**Rent**") and the continuing right to demand, sue for, recover, receive, and give receipts for such Rent;

2.1.3 Insurance

Indemnities or proceeds now or hereafter payable under any present or future contract of insurance on or in respect of the Immovables, the Rent, any of the property described above in Section 2.1.2 or any other of the Charged Property;

2.1.4 Property in Stock

All present and future property in stock and inventory of any nature and kind of the Grantor whether in its possession, in transit or held on its behalf, including property in reserve, raw materials or other materials, goods

manufactured or transformed, or in the process of being so, by the Grantor or by others, packaging materials, property held by a third party under a lease, a leasing agreement, franchise or license agreement or any other agreement entered into with or on behalf of the Grantor, property evidenced by bill of lading, animals, wares, mineral substances, hydrocarbons and other products of the soil and all fruits thereof from the time of their extraction, as well as any other property held for sale, lease or processing in the manufacture or transformation of property intended for sale, lease or use in providing a product or service by the Grantor;

2.1.5 Claims and Other Movable Property

(a) Claims, Receivables and Book Debts

All of the Grantor's present and future claims, debts, demands and choses in action, whatever their cause or nature, whether or not they are certain, liquid or exigible, whether or not evidenced by any title (and whether or not such title is negotiable), bill of exchange or draft, whether litigious or not, whether or not they have been previously or are to be invoiced, whether or not they constitute book debts or trade accounts receivable, including, without limitation, all customer accounts, accounts receivable, rights of action, demands, judgments, contract rights, royalties, debts, tax refunds, amounts on deposit, bank accounts, cash, proceeds of sale, assignment or lease of any property, rights or titles, indemnities payable under any contract of insurance of property, of Persons, or of liability insurance, proceeds of expropriation, any sums owing to the Grantor in connection with interest or currency exchange contracts and other treasury or hedging instruments, management of risks or derivative instruments existing in favour of the Grantor ("**SWAPS**"), and the Grantor's rights in the credit balance of accounts held for its benefit by any financial institution or any other Person together with all judgments and all other rights, benefits, securities, security agreements, collateral, guarantees, suretyships, notes and accessories to the claims and rights mentioned above and other rights

relating thereto (including, without limitation, the rights of the Grantor in its capacity as seller under an instalment sale or a conditional sale, where the claims are the result of such sale, as well as all movable property owned by the Grantor and covered by such instalment or conditional sales);

(b) No Exclusions

A right or a claim shall not be excluded from the Charged Property by reason of the fact that (i) the debtor thereof is domiciled outside the Province of Quebec or (ii) the debtor thereof is an affiliate of the Grantor (regardless of the law of the jurisdiction of its incorporation) or (iii) such right or claim is not related to the operations of the Grantor or (iv) such right or claim is not related to the ordinary course of business of the Grantor;

2.1.6 Securities

All present and future shares in the capital stock of a legal Person now or hereafter owned by the Grantor (save and except for shares in the capital stock of JTI-Macdonald TM Corp. now or hereafter owned by the Grantor), all present and future bonds, debentures, bills of exchange, promissory notes, negotiable instruments and other evidences of indebtedness, and all present and future options, warrants, investment certificates, mutual funds units, all interests of the Grantor in any partnership, or any rights in respect to any of the foregoing, and any other instrument or title generally called or included as a security (hereinafter collectively referred to as "**Securities**"), including, without limitation, all Securities issued or received in substitution, renewal, addition or replacement of Securities, or issued or received on the purchase, redemption, conversion, cancellation or other transformation of Securities or issued or received by way of dividend or otherwise to holders of Securities, and all present and future instruments, bills of lading, warehouse receipts, documents or other evidences of title of the Grantor;

2.1.7 Equipment

All present and future machinery, equipment, implements, furniture, tools, rolling stock (including aircraft and road vehicles), spare parts and additions;

2.1.8 Intellectual Property Rights

All of the Grantor's present and future rights in any trade mark, copyright, industrial design, patent, patent rights, goodwill, invention, trade secret, know-how, plant breeders' right, topography of integrated circuits and in any other intellectual property right (registered or not) including, if any, improvements and modifications thereto as well as rights in any action pertaining to the protection, in Canada or abroad, of any such intellectual property rights, and all of the present and future undertaking of the Grantor;

2.1.9 Fruits and Revenues

All present and future fruits and revenues emanating from the above Charged Property, including without limitation, the proceeds of any sale, assignment, lease or other disposition of any of the present and future property of the Grantor, any claim resulting from such a sale, assignment, lease or other disposition, as well as any property acquired in replacement thereof;

2.1.10 Records and Other Documents

All present and future titles, documents, records, data, vouchers, invoices, accounts and other documents evidencing or related to the Charged Property described above, including, without limitation, computer programs, disks tapes and other means of electronic communications as well as the rights of the Grantor to recover such property from third parties, receipts, catalogues, client lists, directories and other similar property.

2.2 Replacement Property:

All Charged Property which is acquired, transformed or manufactured after the date of this Deed shall be charged by the Hypothec, whether or not such property has been acquired in replacement of other Charged Property which may have been

alienated by the Grantor in the ordinary course of business, and whether or not such property results from a transformation, mixture or combination of any Charged Property, and in the case of securities, whether or not they have been issued pursuant to the purchase, redemption, conversion or cancellation or any other transformation of the charged securities and without the Attorney being required to register or re-register any notice whatsoever, the object of the Hypothec being a universality of present and future property.

2.3 Charge Valid Irrespective of Advance of Moneys:

The Hypothec hereby created shall be and be deemed to be effective and shall have effect, whether or not any moneys thereby secured or any part thereof shall be advanced before or after or at the same time as the issue of the Debenture intended to be hereby secured or before or after or upon the date of the execution of this Deed.

2.4 Use and Disposition of Charged Property:

Until the occurrence of an Event of Default, the Grantor may use, sell, lease, release, abandon or otherwise dispose of the Charged Property in any lawful manner not inconsistent with the Debentures or the Subscription Agreement.

3. AMOUNT OF THE HYPOTHEC

The amount for which the Hypothec is granted is a principal amount of TWO BILLION Canadian Dollars (C$2,000,000,000) plus interest thereon from the date hereof at the rate of twenty-five percent (25%) per annum, calculated semi-annually, not in advance, to secure the due payment of the principal of the Debentures and all interest thereon and all premiums, if any, and an additional principal amount of TWO HUNDRED AND FORTY MILLION Canadian Dollars (C$240,000,000) plus interest thereon from the date hereof at the rate of twenty-five percent (25%) per annum calculated semi-annually, not in advance, to secure the due payment and performance of all other Obligations Secured.

4. OBLIGATIONS SECURED

The Hypothec is granted to secure the due payment and performance by the Grantor of the Obligations Secured.

Any future obligation hereby secured shall be deemed to be one in respect of which the Grantor has once again obligated itself hereunder according to the provisions of article 2797 of the *Civil Code of Québec*.

5. ADDITIONAL PROVISIONS TO THE HYPOTHEC ON SECURITIES

The Attorney may, after the occurrence of an Event of Default, if it deems it useful to protect its rights in and to the hypothecated Securities, transfer any Securities or any part thereof into its own name or that of a third party in order that the Attorney or its nominee(s) may appear as the sole registered holder in which case:

5.1 all voting rights and any other rights attached to such Securities shall be exercised by the Attorney or on its behalf;

5.2 the Attorney shall collect revenues, dividends and capital distributions and may either hold them as Charged Property or apply them in reduction of the Obligations Secured;

5.3 the Attorney may give the Grantor a proxy, revocable at any time, authorizing it to exercise, in whole or in part, all voting rights and any other rights attached to such Securities.

For the purpose of this Section 5, the Grantor hereby irrevocably appoints any officer or employee of the Attorney as its attorney with full power of substitution and authority to execute such documents necessary to render effective the rights granted to the Attorney pursuant to Section 5.

6. ASSIGNMENT OF CLAIMS SUBJECT TO THE *FINANCIAL ADMINISTRATION ACT*

The Grantor hereby assigns to the Attorney by way of absolute assignment all its present and future claims which are subject to Sections 67 and 68 of the *Financial Administration Act* or analogous legislation, as collateral and continuing guarantee of all Obligations Secured. The Attorney may, at any time, fulfil any of the formalities required by law to make such transfer enforceable.

7. REPRESENTATIONS AND WARRANTIES

The Grantor hereby represents and warrants to the Attorney, for itself and for the benefit of the Debentureholder, that:

7.1 it is the corporation continuing from the amalgamation on the twenty-seventh (27th) day of November nineteen hundred and ninety-nine (1999) of JT NOVA SCOTIA CORPORATION and RJR-MACDONALD CORP. and it is liable for all of the obligations of JT NOVA SCOTIA CORPORATION and RJR-MACDONALD CORP.;

7.2 the registered office or domicile of the Grantor is located in the Province of Nova Scotia;

7.3 it is duly amalgamated under the *Companies Act* (Nova Scotia) and in good standing under the law of its jurisdiction of incorporation;

7.4 it is the sole registered and beneficial owner of the Immovables described in Section 10.

8. COVENANTS

8.1 The Grantor hereby covenants with the Attorney, for the benefit of itself and the Debentureholder:

8.1.1 **General Covenants** – to maintain its corporate existence, to maintain the Hypothec hereby created as a valid and effective Hypothec at all times so long as any Obligations Secured are outstanding and to advise the Attorney promptly in writing of any change in the name of the Grantor;

8.1.2 **Insurance** – to maintain or cause to be maintained all insurance required to be maintained by the Grantor under the terms of the Subscription Agreement;

8.1.3 **Expense** – to pay to the Attorney upon demand the amount of all reasonable expenses incurred in recovering any Obligations Secured or in enforcing the security hereby constituted, including but not limited to, the expenses incurred in connection with the repossession, holding, repairing, processing, preparing for disposition, and disposing of any of the Charged Property (including reasonable legal and other expenses), with interest thereon from the date of the incurring of such expenses at the rate of 25% per annum calculated and compounded semi-annually; and

8.1.4 **Taxes and Other Charges** - to pay all rents, taxes, levies, assessments and government fees or dues levied, assessed or imposed in respect of the Charged Property or any part thereof (collectively "**Taxes**") as and when the same shall become due and payable and to pay all charges, liens and other encumbrances on the Charged Property (collectively "**Charges**") as and when the same shall become due and payable. If the Grantor does not pay any Taxes or Charges as and when the same shall become due and payable, the Attorney may, at its option, elect to pay any such amounts and charge to the Grantor all amounts so paid as additional amounts secured under this Deed, together with interest thereon from the date of payment by the Attorney of any such amounts at the rate of 25% per annum calculated and compounded semi-annually.

8.1.5 **Environmental Indemnity** – at all times to indemnify the Attorney, its directors, officers and employees (collectively the "Indemnified Parties") against any loss, expenses, claim, liability or asserted liability (including strict liability and including costs and expenses of abatement and remediation of spills or releases of contaminants and including liabilities of the Indemnified Parties to third parties (including governmental agencies)) in respect of bodily injuries, property damage, damage to or impairment of the environment or any other injury or damage and including liabilities of the Indemnified Parties incurred as a result of the exercise by the Attorney of any rights or duties hereunder;

which result from or relate, directly or indirectly, to:

(a) the presence or release of any contaminants, by any means or for any reason, on the property where the Charged Property is located, whether or not release or presence of the contaminants was under the control, care or management of the Grantor;

(b) any contaminant present on or released from any contiguous property to the property where the Charged Property is located; or

(c) the breach or alleged breach of any environmental laws by the Grantor.

For the purposes of this Section 8.1.5, "liability" shall include (i) liability of an Indemnified Party for costs and expenses of abatement and remediation of spills and releases of contaminants, (ii) liability of an Indemnified Party to a third party to reimburse the third party for bodily injuries, property damages and other injuries or damages which the third party suffers, including (to the extent, if any, that the Indemnified Party is liable therefor) foreseeable and unforeseeable consequential damages suffered by the third party and (iii) liability of the Indemnified Party for damage to or impairment of the environment but shall exclude liability arising from an Indemnified Party's negligence or wilful misconduct.

8.2 In pursuance of the terms of the Principal Deed and to reaffirm its liability for all the obligations of JT NOVA SCOTIA CORPORATION thereunder, the Grantor hereby covenants with the Attorney for itself and for the benefit of the Debentureholder that it shall:

8.2.1 well, duly and punctually pay or cause to be paid the principal of the Debentures, premium, if any, and interest accrued thereon (including, in the case of default, interest on the amount in default) and all other monies payable to the Debentureholder under the Debentures;

8.2.2 punctually perform and observe each and every of the covenants, stipulations, promises, undertakings, conditions, agreements and other obligations of JT NOVA SCOTIA CORPORATION under the Principal Deed, the Debentures and the Subscription Agreement as fully and completely as if itself executed the Principal Deed and had expressly agreed therein to observe and perform the same.

8.3 The Grantor hereby succeeds to and is substituted for JT NOVA SCOTIA CORPORATION with the same effect as if it had been named in the Principal Deed and shall possess and may exercise each and every right of JT NOVA SCOTIA CORPORATION thereunder.

9. GENERAL PROVISIONS

9.1 **Confirmation of Appointment of the Fondé de Pouvoir** - The Grantor hereby confirms the appointment under the Deed of The Trust Company of Bank of Montreal to act as fondé de pouvoir of the Debentureholder, as contemplated by article 2692 of the *Civil*

Code of Quebec, as provided in the Principal Deed. The Trust Company of Bank of Montreal hereby confirms its acceptance of its appointment under the Deed as fondé de pouvoir of the Debentureholder, as provided in the Principal Deed.

9.2 **Acceptance by Attorney** - The Attorney hereby accepts this Supplemental Deed and agrees to take, receive and hold the rights, hypothecs, security interests and assignments created hereby and to exercise any and all powers and rights and to perform any and all duties conferred upon it hereunder upon the terms and conditions set forth in the Deed.

9.3 **No renunciation or waiver** - Nothing herein shall constitute or shall be deemed to constitute a renunciation or waiver on the part of the Attorney of any default under the Principal Deed nor shall constitute or be deemed to constitute a renunciation or waiver of any right or privilege conferred on the Attorney under the Principal Deed.

9.4 **Additional Security** - The hypothec and assignment granted in this Supplemental Deed is hereby created in addition to and not in substitution of or in replacement for any other security held or which may hereafter be held by the Attorney and does not affect the Attorney's rights of compensation and set-off.

9.5 **Continuing Security** - The hypothec and assignment granted in this Supplemental Deed shall be continuing security and shall remain in full force and effect despite the repayment from time to time of the whole or of any part of the obligations secured hereunder or as a result of receipt of any insurance indemnities arising from the loss or damage to any of the Charged Property or by reason of the collection of any claims hypothecated hereunder; they shall remain in full force until the execution of a final release and discharge by the Attorney, with the consent of the Debentureholder by Debentureholder's Instrument should any Debentures then be outstanding.

9.6 **Not a Floating Hypothec or Trust** - The hypothec granted herein is not and shall not be construed as a floating hypothec within the meaning of articles 2715 et. seq. of the *Civil Code of Quebec* nor shall this Supplemental Deed be deemed as creating a trust within the meaning of article 1260 of the *Civil Code of Quebec*.

9.7 **Severance** - In the event that any provision of this Supplemental Deed is declared null and void or is deemed not to have been

written, the other provisions of this Supplemental Deed shall be severable from such provision and shall continue to have full force and effect.

9.8 **Formal Date** – This Supplemental Deed shall bear formal date of the second (2nd) day of December nineteen hundred and ninety-nine (December 2nd, 1999) notwithstanding the actual date of execution thereof.

10. DESCRIPTION OF SPECIFIC IMMOVABLE PROPERTY

The following is a description of the lands and premises included in the Immovables hypothecated hereunder:

That certain immovable property in the City of Montreal, composed of:

Partie du lot 1359-N

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot N de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-N PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-123, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-90, vers le sud-ouest par une autre partie du lot 1359-N composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, neuf mètres et quatorze centièmes (9,14 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, neuf mètres et quatorze centièmes (9,14 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent quatre mètres carrés et cinq dixièmes (104,5 m^2).

Lot 1359-P

Le lot **P** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-P)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Partie du lot 1359-Q

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **Q** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-Q PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-119, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-120, vers le sud-ouest par une autre partie du lot 1359-Q composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, neuf mètres et quatorze centièmes (9,14 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, neuf mètres et quatorze centièmes (9,14 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent quatre mètres carrés et cinq dixièmes (104,5 m^2).

Partie du lot 1359-R

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **R**, de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-R PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-115, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-116, vers le sud-ouest par une autre partie du lot 1359-R composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, neuf mètres et quatorze centièmes (9,14 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, neuf mètres et quatorze centièmes (9,14 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent quatre mètres carrés et cinq dixièmes (104,5 m^2).

Partie du lot 1359-S

Une certaine parcelle de terrain de figure irrégulière étant une partie du lot S, de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-S PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-T et par une partie du lot 1359-142, vers le nord-est par le lot 172-8 du cadastre du Village de Hochelaga, vers le sud-est par les lots 1359-P et 1359-111 et par une partie du lot 1359-112, vers le sud-ouest et vers l'ouest par une autre partie du lot 1359-S composant la rue Dufresne.

Mesurant dix-neuf mètres et neuf centièmes (19,09 m) dans la ligne vers le nord-ouest, douze mètres et quatre-vingt-deux centièmes (12,82 m) dans la ligne vers le nord-est, vingt-huit mètres et trente-cinq centièmes (28,35 m) dans la ligne vers le sud-est, six mètres et quatre-vingt-dix centièmes (6,90 m) dans la ligne vers le sud-ouest, sept mètres et quarante-cinq centièmes (7,45 m) dans la ligne vers l'ouest.

Contenant en superficie trois cent sept mètres carrés et trois dixièmes (307,3 m^2).

Partie du lot 1359-T

Une certaine parcelle de terrain de figure irrégulière étant une partie du lot T de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-T PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-est par une partie du lot 172-18 du cadastre du Village de Hochelaga, vers le sud-est par une partie du lot 1359-S, vers le sud-ouest par une partie du lot 1359-142, vers l'ouest par une autre partie du lot 1359-T composant la rue Dufresne.

Mesurant seize mètres et deux centièmes (16,02 m) dans la ligne vers le nord-est, douze mètres et quatre-vingt-quinze centièmes (12,95 m) dans la ligne vers le sud-est, six mètres et quatorze centièmes (6,14 m) dans la ligne vers le sud-ouest, treize mètres et trente-trois centièmes (13,33 m) dans la ligne vers l'ouest.

Contenant en superficie cent trente mètres carrés et un dixième (130,1 m^2).

Lot 1359-52

Le lot **CINQUANTE-DEUX** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-52)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 1359-53

Le lot **CINQUANTE-TROIS** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-53)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 1359-54

Le lot **CINQUANTE-QUATRE** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-54)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 1359-55

Le lot **CINQUANTE-CINQ** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-55)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Partie du lot 1359-90

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **QUATRE-VINGT-DIX** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-90 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-N, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-91, vers le sud-ouest par une autre partie du lot 1359-90 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-91

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **QUATRE-VINGT-ONZE** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-91 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-90, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-92, vers le sud-ouest par une autre partie du lot 1359-91 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-92

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **QUATRE-VINGT-DOUZE**, de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-92 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-91, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-93, vers le sud-ouest par une autre partie du lot 1359-92 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-93

Une certaine parcelle de terrain de figure trapézoïdale étant une partie du lot **QUATRE-VINGT-TREIZE** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-93 PTIE),** du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-92, vers le nord-est par le lot 1359-P, vers le sud-est par le lot 1359-M composant la rue Ontario, vers le sud-ouest par une autre partie du lot 1359-93 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, onze mètres et quatre-vingt-onze centièmes (11,91 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-sept mètres carrés et sept dixièmes (137,7 m^2).

Partie du lot 1359-109

Une certaine parcelle de terrain de figure irrégulière étant une partie du lot **CENT NEUF** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-109 PTIE),** du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par le lot 1359-110, vers le nord-est par une partie du lot 172-5 du cadastre du Village de Hochelaga, vers le sud-est par le lot 1640, vers le sud-ouest par le lot 1359-P.

Mesurant dix mètres et six centièmes (10,06 m) dans la ligne vers le nord-ouest, trois mètres et quarante centièmes (3,40 m) dans la ligne vers le nord-est, dix mètres et quatre-vingt-onze centièmes (10,91 m) dans la ligne vers le sud-est, trois mètres

et quarante-deux centièmes (3,42 m) dans la ligne vers le sud-ouest.

Contenant en superficie trente-cinq mètres carrés et deux dixièmes (35,2 m^2).

Lot 1359-110

Le lot **CENT DIX** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-110)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 1359-111

Le lot **CENT ONZE** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-111)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Partie du lot 1359-112

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **CENT DOUZE** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-112 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-S, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-113, vers le sud-ouest par une autre partie du lot 1359-112 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-113

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **CENT TREIZE** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-113 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-112, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-114, vers le sud-ouest par une autre partie du lot 1359-113 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-114

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **CENT QUATORZE** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-114 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-113, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-115, vers le sud-ouest par une autre partie du lot 1359-114 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-115

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **CENT QUINZE** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-115 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-114, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-R, vers le sud-ouest par une autre partie du lot 1359-115 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-116

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **CENT SEIZE** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-116 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-R, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-117, vers le sud-ouest par une autre partie du lot 1359-116 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers

le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-117

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **CENT DIX-SEPT** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-117 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-116, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-118, vers le sud-ouest par une autre partie du lot 1359-117 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-118

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **CENT DIX-HUIT** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-118 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-117, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-119, vers le sud-ouest par une autre partie du lot 1359-118 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf

centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-119

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **CENT DIX-NEUF** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-119 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-118, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-Q, vers le sud-ouest par une autre partie du lot 1359-119 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-120

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **CENT VINGT** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-120 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-Q, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-121, vers le sud-ouest par une autre partie du lot 1359-120 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-121

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **CENT VINGT ET UN** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-121 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-120, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-122, vers le sud-ouest par une autre partie du lot 1359-121 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-122

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **CENT VINGT-DEUX** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-122 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-121, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du

lot 1359-123, vers le sud-ouest par une autre partie du lot 1359-122 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-123

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **CENT VINGT-TROIS** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-123 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 1359-122, vers le nord-est par le lot 1359-P, vers le sud-est par une partie du lot 1359-N, vers le sud-ouest par une autre partie du lot 1359-123 composant la rue Dufresne.

Mesurant onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, onze mètres et quarante-trois centièmes (11,43 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent trente-neuf mètres carrés et trois dixièmes (139,3 m^2).

Partie du lot 1359-142

Une certaine parcelle de terrain de figure triangulaire étant une partie du lot **CENT QUARANTE-DEUX** de la subdivision du lot **MILLE TROIS CENT CINQUANTE-NEUF (1359-142 PTIE)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-est par une partie du lot 1359-T, vers le sud-est par une partie du lot 1359-S, vers l'ouest par une autre partie du lot 1359-142 composant la rue Dufresne.

Mesurant six mètres et quatorze centièmes (6,14 m) dans la ligne vers le nord-est, six mètres et quatorze centièmes (6,14 m) dans la ligne vers le sud-est, huit mètres et soixante-cinq centièmes (8,65 m) dans la ligne vers l'ouest.

Contenant en superficie dix-huit mètres carrés et huit dixièmes (18,8 m^2).

Lot 1361-13

Le lot **TREIZE** de la subdivision du lot **MILLE TROIS CENT SOIXANTE-ET-UN (1361-13)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 1361-14

Le lot **QUATORZE** de la subdivision du lot **MILLE TROIS CENT SOIXANTE-ET-UN (1361-14)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 1640

Le lot **MILLE SIX CENT QUARANTE (1640)**, du cadastre de la Cité de Montréal (Quartier Sainte-Marie), circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-401

Le lot **QUATRE CENT UN** de la subdivision du lot **CENT SOIXANTE-SIX (166-401)**, du cadastre du Village de

Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-402

Le lot **QUATRE CENT DEUX** de la subdivision du lot **CENT SOIXANTE-SIX (166-402),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-403

Le lot **QUATRE CENT TROIS** de la subdivision du lot **CENT SOIXANTE-SIX (166-403),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-404

Le lot **QUATRE CENT QUATRE** de la subdivision du lot **CENT SOIXANTE-SIX (166-404),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Partie du lot 166-409

Une certaine parcelle de terrain de figure rectangulaire étant une partie du lot **QUATRE CENT NEUF** de la subdivision du lot **CENT SOIXANTE-SIX (166-409 PTIE),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par les lots 166-401, 166-402, 166-403 et 166-404, vers le nord-est par une autre partie du lot 166-409, vers le sud-est par le lot 166-443, vers le sud-ouest par le lot 166-582 composant la rue D'Iberville.

Mesurant vingt-quatre mètres et trente-huit centièmes (24,38 m) dans la ligne vers le nord-ouest, six mètres et dix centièmes (6,10 m) dans la ligne vers le nord-est, vingt-quatre mètres et trente-huit centièmes (24,38 m) dans la ligne vers le sud-est, six mètres et dix centièmes (6,10 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent quarante-huit mètres carrés et six dixièmes (148,6 m^2).

Lot 166-443

Le lot **QUATRE CENT QUARANTE-TROIS** de la subdivision du lot **CENT SOIXANTE-SIX (166-443)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-444

Le lot **QUATRE CENT QUARANTE-QUATRE** de la subdivision du lot **CENT SOIXANTE-SIX (166-444)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-445

Le lot **QUATRE CENT QUARANTE-CINQ** de la subdivision du lot **CENT SOIXANTE-SIX (166-445)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-446

Le lot **QUATRE CENT QUARANTE-SIX** de la subdivision du lot **CENT SOIXANTE-SIX (166-446)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-447

Le lot **QUATRE CENT QUARANTE-SEPT** de la subdivision du lot **CENT SOIXANTE-SIX (166-447)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-448

Le lot **QUATRE CENT QUARANTE-HUIT** de la subdivision du lot **CENT SOIXANTE-SIX (166-448)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-449

Le lot **QUATRE CENT QUARANTE-NEUF** de la subdivision du lot **CENT SOIXANTE-SIX (166-449)**, du

cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-450

Le lot **QUATRE CENT CINQUANTE** de la subdivision du lot **CENT SOIXANTE-SIX (166-450),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-451

Le lot **QUATRE CENT CINQUANTE-ET-UN** de la subdivision du lot **CENT SOIXANTE-SIX (166-451),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-452

Le lot **QUATRE CENT CINQUANTE-DEUX** de la subdivision du lot **CENT SOIXANTE-SIX (166-452),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-453

Le lot **QUATRE CENT CINQUANTE-TROIS** de la subdivision du lot **CENT SOIXANTE-SIX (166-453),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-454

Le lot **QUATRE CENT CINQUANTE-QUATRE** de la subdivision du lot **CENT SOIXANTE-SIX (166-454),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-455

Le lot **QUATRE CENT CINQUANTE-CINQ** de la subdivision du lot **CENT SOIXANTE-SIX (166-455),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-456

Le lot **QUATRE CENT CINQUANTE-SIX** de la subdivision du lot **CENT SOIXANTE-SIX (166-456)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-457

Le lot **QUATRE CENT CINQUANTE-SEPT** de la subdivision du lot **CENT SOIXANTE-SIX (166-457)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-458

Le lot **QUATRE CENT CINQUANTE-HUIT** de la subdivision du lot **CENT SOIXANTE-SIX (166-458)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-459

Le lot **QUATRE CENT CINQUANTE-NEUF** de la subdivision du lot **CENT SOIXANTE-SIX (166-459)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-460

Le lot **QUATRE CENT SOIXANTE** de la subdivision du lot **CENT SOIXANTE-SIX (166-460)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-461

Le lot **QUATRE CENT SOIXANTE-ET-UN** de la subdivision du lot **CENT SOIXANTE-SIX (166-461)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-462

Le lot **QUATRE CENT SOIXANTE-DEUX** de la subdivision du lot **CENT SOIXANTE-SIX (166-462)**, du

cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-463

Le lot **QUATRE CENT SOIXANTE-TROIS** de la subdivision du lot **CENT SOIXANTE-SIX (166-463)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-464

Le lot **QUATRE CENT SOIXANTE-QUATRE** de la subdivision du lot **CENT SOIXANTE-SIX (166-464)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-465

Le lot **QUATRE CENT SOIXANTE-CINQ** de la subdivision du lot **CENT SOIXANTE-SIX (166-465)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-466

Le lot **QUATRE CENT SOIXANTE-SIX** de la subdivision du lot **CENT SOIXANTE-SIX (166-466)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-467

Le lot **QUATRE CENT SOIXANTE-SEPT** de la subdivision du lot **CENT SOIXANTE-SIX (166-467)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-468

Le lot **QUATRE CENT SOIXANTE-HUIT** de la subdivision du lot **CENT SOIXANTE-SIX (166-468)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-469

Le lot **QUATRE CENT SOIXANTE-NEUF** de la subdivision du lot **CENT SOIXANTE-SIX (166-469)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-470

Le lot **QUATRE CENT SOIXANTE-DIX** de la subdivision du lot **CENT SOIXANTE-SIX (166-470)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-471

Le lot **QUATRE CENT SOIXANTE-ET-ONZE** de la subdivision du lot **CENT SOIXANTE-SIX (166-471)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-472

Le lot **QUATRE CENT SOIXANTE-DOUZE** de la subdivision du lot **CENT SOIXANTE-SIX (166-472)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-473

Le lot **QUATRE CENT SOIXANTE-TREIZE** de la subdivision du lot **CENT SOIXANTE-SIX (166-473)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-474

Le lot **QUATRE CENT SOIXANTE-QUATORZE** de la subdivision du lot **CENT SOIXANTE-SIX (166-474)**, du

cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-476

Le lot **QUATRE CENT SOIXANTE-SEIZE** de la subdivision du lot **CENT SOIXANTE-SIX (166-476)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-477

Le lot **QUATRE CENT SOIXANTE-DIX-SEPT** de la subdivision du lot **CENT SOIXANTE-SIX (166-477)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-478

Le lot **QUATRE CENT SOIXANTE-DIX-HUIT** de la subdivision du lot **CENT SOIXANTE-SIX (166-478)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-479

Le lot **QUATRE CENT SOIXANTE-DIX-NEUF** de la subdivision du lot **CENT SOIXANTE-SIX (166-479)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-485

Le lot **QUATRE CENT QUATRE-VINGT-CINQ** de la subdivision du lot **CENT SOIXANTE-SIX (166-485)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-486

Le lot **QUATRE CENT QUATRE-VINGT-SIX** de la subdivision du lot **CENT SOIXANTE-SIX (166-486)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-487

Le lot **QUATRE CENT QUATRE-VINGT-SEPT** de la subdivision du lot **CENT SOIXANTE-SIX (166-487)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 166-488

Le lot **QUATRE CENT QUATRE-VINGT-HUIT** de la subdivision du lot **CENT SOIXANTE-SIX (166-488)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 169-11

Le lot **ONZE** de la subdivision du lot **CENT SOIXANTE-NEUF (169-11)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 169-12

Le lot **DOUZE** de la subdivision du lot **CENT SOIXANTE-NEUF (169-12)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 169-13

Le lot **TREIZE** de la subdivision du lot **CENT SOIXANTE-NEUF (169-13)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 169-14

Le lot **QUATORZE** de la subdivision du lot **CENT SOIXANTE-NEUF (169-14)**, du cadastre du Village de

Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 169-15

Le lot **QUINZE** de la subdivision du lot **CENT SOIXANTE-NEUF (169-15),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Partie du lot 171-1

Une certaine parcelle de terrain de figure irrégulière étant une partie du lot **UN** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-1 PTIE),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par le lot 171-2, vers le nord-est par une partie du lot 171-25, vers le sud-est par le lot 252, vers le sud-ouest par une partie du lot 172-22.

mesurant vingt-six mètres et quinze centièmes (26,15 m) dans la ligne vers le nord-ouest, quatre mètres et vingt-neuf centièmes (4,29 m) dans la ligne vers le nord-est, vingt-six mètres et dix-huit centièmes (26,18 m) dans la ligne vers le sud-est, trois mètres et quatre-vingt-onze centièmes (3,91 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent sept mètres carrés et deux dixièmes (107,2 m^2).

Lot 171-2

Le lot **DEUX** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-2),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-3

Le lot **TROIS** de la subdivision du lot numéro **CENT SOIXANTE ET ONZE (171-3),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-4

Le lot **QUATRE** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-4)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-5

Le lot **CINQ** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-5)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-6

Le lot **SIX** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-6)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-7

Le lot **SEPT** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-7)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-8

Le lot **HUIT** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-8)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-9

Le lot **NEUF** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-9)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-10

Le lot **DIX** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-10)**, du cadastre du Village de Hochelaga,

circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-11

Le lot **ONZE** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-11)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-12

Le lot **DOUZE** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-12)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Partie du lot 171-13

Une certaine parcelle de terrain de figure parallélogrammatique étant une partie du lot **TREIZE** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-13 PTIE)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par le lot 171-13-1, vers le nord-est par le lot 171-13-2, vers le sud-est par les lots 171-12 et 171-36 et par une partie du lot 171-25, vers le sud-ouest par deux parties du lot 172-13.

Mesurant quarante-deux mètres et soixante-sept centièmes (42,67 m) dans la ligne vers le nord-ouest, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le nord-est, quarante-deux mètres et soixante-sept centièmes (42,67 m) dans la ligne vers le sud-est, douze mètres et dix-neuf centièmes (12,19 m) dans la ligne vers le sud-ouest.

Contenant en superficie cinq cent vingt mètres carrés et deux dixièmes (520,2 m^2).

Partie du lot 171-25

Une certaine parcelle de terrain de figure parallélogrammatique étant une partie du lot **VINGT-CINQ** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-25 PTIE)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 171-13, vers le nord-est par les lots 171-27 à 171-36 et par une partie du lot 171-26, vers le sud-est par le lot 252, vers le sud-ouest par les lots 171-2 à 171-12 et par une partie du lot 171-1.

Mesurant douze mètres et quatre-vingt-quinze centièmes (12,95 m) dans la ligne vers le nord-ouest, quatre-vingt-quatre mètres et cinquante-huit centièmes (84,58 m) dans la ligne vers le nord-est, douze mètres et quatre-vingt-quinze centièmes (12,95 m) dans la ligne vers le sud-est, quatre-vingt-quatre mètres et douze centièmes (84,12 m) dans la ligne vers le sud-ouest.

Contenant en superficie mille quatre-vingt-douze mètres carrés et sept dixièmes (1 092,7 m^2).

Partie du lot 171-26

Une certaine parcelle de terrain de figure irrégulière étant une partie du lot **VINGT-SIX** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-26 PTIE)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par le lot 171-27, vers le nord-est par une partie du lot 171-65, vers le sud-est par le lot 252, vers le sud-ouest par une partie du lot 171-25.

Mesurant vingt-deux mètres et soixante-dix-neuf centièmes (22,79 m) dans la ligne vers le nord-ouest, six mètres et soixante-huit centièmes (6,68 m) dans la ligne vers le nord-est, vingt-deux mètres et quatre-vingt-quatre centièmes (22,84 m) dans la ligne vers le sud-est, six mètres et soixante-dix-sept centièmes (6,77 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent cinquante-trois mètres carrés et quatre dixièmes (153,4 m^2).

Lot 171-27

Le lot **VINGT-SEPT** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-27)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-28

Le lot **VINGT-HUIT** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-28)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-29

Le lot **VINGT-NEUF** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-29)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-30

Le lot **TRENTE** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-30)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-31

Le lot **TRENTE ET UN** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-31)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-32

Le lot **TRENTE-DEUX** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-32)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-33

Le lot **TRENTE-TROIS** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-33)**, du cadastre du Village de

Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-34

Le lot **TRENTE-QUATRE** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-34)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-35

Le lot **TRENTE-CINQ** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-35)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-36

Le lot **TRENTE-SIX** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-36)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-55

Le lot **CINQUANTE-CINQ** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-55)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-56

Le lot **CINQUANTE-SIX** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-56)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-57

Le lot **CINQUANTE-SEPT** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-57)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-58

Le lot **CINQUANTE-HUIT** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-58)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-59

Le lot **CINQUANTE-NEUF** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-59)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-60

Le lot **SOIXANTE** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-60)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-61

Le lot **SOIXANTE-ET-UN** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-61)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 171-62

Le lot **SOIXANTE-DEUX** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-62)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Partie du lot 171-63

Une certaine parcelle de terrain de figure irrégulière étant une partie du lot **SOIXANTE-TROIS** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-63 PTIE)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une autre partie du lot 171-63, vers le nord-est par une autre partie du lot 171-63 composant la rue D'Iberville, vers le sud-est par une partie du lot 171-64, vers le sud-ouest par le lot 171-28,.

Mesurant vingt-deux mètres et quatre-vingt centièmes (22.80 m) dans la ligne vers le nord-ouest, soixante-treize centièmes de mètre (0,73 m) dans la ligne vers le nord-est, vingt-deux mètres et quatre-vingt-un centièmes (22.81 m) dans la ligne vers le sud-est, soixante-quatre centièmes de mètre (0,64 m) dans la ligne vers le sud-ouest.

Contenant en superficie quinze mètres carrés et six dixièmes (15,6 m^2).

Partie du lot 171-63

Une certaine parcelle de terrain de figure trapézoïdale étant une partie du lot **SOIXANTE-TROIS** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-63 PTIE)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par le lot 171-62, vers le nord-est par le lot 171-67 composant la rue D'Iberville, vers le sud-est par d'autres parties du lot 171-63, vers le sud-ouest par le lot 171-28.

Mesurant vingt-deux mètres et soixante-huit centièmes (22,68 m) dans la ligne vers le nord-ouest, sept mètres et un centième (7,01 m) dans la ligne vers le nord-est, vingt-deux mètres et soixante-douze centièmes (22,72 m) dans la ligne vers le sud-est, sept mètres et un centième (7,01 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent cinquante-neuf mètres carrés et un dixième (159,1 m^2).

Partie du lot 171-64

Une certaine parcelle de terrain de figure trapézoïdale étant une partie du lot **SOIXANTE-QUATRE** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-64 PTIE)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 171-63, vers le nord-est par une autre partie du lot 171-64 composant la rue D'Iberville, vers le sud-est par une partie du lot 171-65, vers le sud-ouest par le lot 171-27.

Mesurant vingt-deux mètres et quatre-vingt-un centièmes (22,81 m) dans la ligne vers le nord-ouest, sept mètres et quatre-vingt-douze centièmes (7,92 m) dans la ligne vers le nord-est, vingt-deux mètres et quatre-vingt-sept centièmes (22,87 m) dans la ligne vers le sud-est, sept mètres et quatre-vingt-douze centièmes (7,92 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent quatre-vingts mètres carrés et neuf dixièmes (180,9 m^2).

Partie du lot 171-65

Une certaine parcelle de terrain de figure irrégulière étant une partie du lot **SOIXANTE-CINQ** de la subdivision du lot **CENT SOIXANTE ET ONZE (171-65 PTIE),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 171-64, vers le nord-est par une autre partie du lot 171-65 composant la rue D'Iberville, vers le sud-est par le lot 252, vers le sud-ouest par une partie du lot 171-26.

Mesurant vingt-deux mètres et quatre-vingt-sept centièmes (22,87 m) dans la ligne vers le nord-ouest, six mètres et cinquante-huit centièmes (6,58 m) dans la ligne vers le nord-est, vingt-deux mètres et quatre-vingt-douze centièmes (22,92 m) dans la ligne vers le sud-est, six mètres et soixante-huit centièmes (6,68 m) dans la ligne vers le sud-ouest.

Contenant en superficie cent cinquante et un mètres carrés et sept dixièmes (151,7 m^2).

Partie du lot 172-5

Une certaine parcelle de terrain de figure irrégulière étant une partie du lot **CINQ** de la subdivision du lot **CENT SOIXANTE-DOUZE (172-5 PTIE),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par le lot 172-6, vers le nord-est par une partie du lot 172-22, vers le sud-est par le lot 252, vers le sud-ouest par une partie du lot 1359-109 du cadastre de la Cité de Montréal (Quartier Sainte-Marie).

Mesurant quatorze mètres et trente-deux centièmes (14,32 m) dans la ligne vers le nord-ouest, trois mètres et quatorze centièmes (3,14 m) dans la ligne vers le nord-est, treize mètres et cinquante centièmes (13,50 m) dans la ligne vers le sud-est, trois mètres et quarante centièmes (3,40 m) dans la ligne vers le sud-ouest.

Contenant en superficie quarante-quatre mètres carrés et huit dixièmes (44,8 m^2).

Lot 172-6

Le lot **SIX** de la subdivision du lot **CENT SOIXANTE-DOUZE (172-6)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 172-7

Le lot **SEPT** de la subdivision du lot **CENT SOIXANTE-DOUZE (172-7)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 172-8

Le lot **HUIT** de la subdivision du lot **CENT SOIXANTE-DOUZE (172-8)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 172-9

Le lot **NEUF** de la subdivision du lot **CENT SOIXANTE-DOUZE (172-9)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 172-10

Le lot **DIX** de la subdivision du lot **CENT SOIXANTE-DOUZE (172-10)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 172-11

Le lot **ONZE** de la subdivision du lot **CENT SOIXANTE-DOUZE (172-11),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Lot 172-12

Le lot **DOUZE** de la subdivision du lot **CENT SOIXANTE-DOUZE (172-12),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Partie du lot 172-13

Une certaine parcelle de terrain de figure trapézoïdale étant une partie du lot **TREIZE** de la subdivision du lot **CENT SOIXANTE-DOUZE (172-13 PTIE),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une autre partie du lot 172-13, vers le nord-est par une partie du lot 171-13, vers le sud-est par le lot 172-12 et par une partie du lot 172-22, vers le sud-ouest par le lot 172-18.

Mesurant vingt-neuf mètres et soixante-trois centièmes (29,63 m) dans la ligne vers le nord-ouest, neuf mètres et quarante-cinq centièmes (9,45 m) dans la ligne vers le nord-est, vingt-neuf mètres et cinquante-six centièmes (29,56 m) dans la ligne vers le sud-est, sept mètres et quatre-vingt-douze centièmes (7,92 m) dans la ligne vers le sud-ouest.

Contenant en superficie deux cent cinquante-six mètres carrés et huit dixièmes (256,8 m^2).

Partie du lot 172-18

Une certaine parcelle de terrain de figure triangulaire étant une partie du lot **DIX-HUIT** de la subdivision du lot **CENT SOIXANTE-DOUZE (172-18 PTIE),** du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-est par les lots 172-9 et 172-10, vers le sud-ouest par une partie du lot 1359-T du cadastre de la Cité

de Montréal (Quartier Sainte-Marie), vers l'ouest par une autre partie du lot 172-18 composant la rue Dufresne.

Mesurant dix-neuf mètres et neuf centièmes (19,09 m) dans la ligne vers le nord-est, seize mètres et deux centièmes (16,02 m) dans la ligne vers le sud-ouest, quatre mètres et quatre-vingt douze centièmes (4,92 m) dans la ligne vers l'ouest.

Contenant en superficie trente-trois mètres carrés et trois dixièmes (33,3 m^2).

Partie du lot 172-22

Une certaine parcelle de terrain de figure parallélogrammatique étant une partie du lot **VINGT-DEUX** de la subdivision du lot **CENT SOIXANTE-DOUZE (172-22 PTIE)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal.

Bornée vers le nord-ouest par une partie du lot 172-13, vers le nord-est par les lots 171-2 à 171-12 et par une partie du lot 171-1, vers le sud-est par le lot 252, vers le sud-ouest par les lots 172-6 à 172-12 et par une partie du lot 172-5.

Mesurant cinq mètres et dix-huit centièmes (5,18 m) dans la ligne vers le nord-ouest, quatre-vingt-trois mètres et quatre-vingt-deux centièmes (83,82 m) dans la ligne vers le nord-est, cinq mètres et dix-huit centièmes (5,18 m) dans la ligne vers le sud-est, quatre-vingt-trois mètres et quatre-vingt-deux centièmes (83,82 m) dans la ligne vers le sud-ouest.

Contenant en superficie quatre cent trente-quatre mètres carrés et trois dixièmes (434,3 m^2).

Lot 252

Le lot **DEUX CENT CINQUANTE-DEUX (252)**, du cadastre du Village de Hochelaga, circonscription foncière de Montréal, dans la municipalité de la Ville de Montréal;

the whole as described in the technical description prepared by Stéphane Arseneault, Q.L.S., on November 12, 1999 under number 3455 of his minutes (file no. 9910-036).

Together with all its rights, members and appurtenances, without exception or reserve, including, without limitation, the buildings erected thereon bearing civic address 2455 Ontario Street East, Montreal, Quebec. H2K 1W3.

11. GOVERNING LAW

This Supplemental Deed shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein.

12. ENGLISH LANGUAGE

The parties hereby confirm their express wish that the present Supplemental Deed and all documents and agreements directly and indirectly related thereto be drawn up in English. Notwithstanding such express wish, the parties agree that any of such documents and agreements or any part thereof or of this Supplemental Deed may be drawn up in French.

Les parties reconnaissent leur volonté expresse que le présent acte subsidiaire ainsi que tous les documents et conventions qui s'y rattachent directement ou indirectement soient rédigés en langue anglaise. Nonobstant telle volonté expresse, les parties conviennent que n'importe quel desdits documents et conventions ou toute partie de ceux-ci ou de cet acte subsidiaire puissent être rédigés en français.

WHEREOF ACTE:

DONE AND PASSED in the City of Montreal, Province of Quebec, on the date hereinabove set forth, under the number one hundred and ninety-six (196) of the original of the minutes of the undersigned notary.

AND after the parties had declared to have taken cognizance of these presents and to have exempted the said Notary from reading them or causing them to be read, the said duly authorized officers of the Grantor and the Attorney respectively have signed these presents, all in the presence of the said Notary who has also signed.

THE TRUST COMPANY OF BANK OF MONTREAL

per: _____
Susan Lalande, Account Manager, Stock Transfer

JTI-MACDONALD CORP.

per: [redacted]

Marjolaine Arès notary
MARJOLAINE ARÈS, NOTARY

TRUE COPY of the original remaining in my Office.
Marjolaine Arès, notary

No. 196

Mtre Marjolaine ARÈS, Notary

December 2, 1999

DEED OF HYPOTHEC

by

JTI-MACDONALD CORP.

in favour of

THE TRUST COMPANY OF BANK OF MONTREAL

COPIE AUTHENTIQUE
AUTHENTIC COPY

REGTD. at Montreal
December 3 , 1999
Under N° 5138944
N.A. 121936

LEROUX, KIMMEL, CÔTÉ & BURROGANO
Notaires • Solicitors

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **JTI-MACDONALD CORP.**

Court File No.: 19-CV-615862-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

APPLICATION RECORD
(Volume 2 of 4)

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