

Headnote

National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* -- Issuer deemed to have ceased to be a reporting issuer under securities legislation- Issuer has fewer than 15 beneficial securityholders in each of the jurisdictions in Canada and fewer than 51 beneficial securityholders in total worldwide-decision granted.

Applicable Legislative Provisions

Securities Act, R.S.N.S. 1989, c. 418, as am., s. 89.

August 29, 2014

In the Matter of
the Securities Legislation of
Nova Scotia, British Columbia, Alberta, Saskatchewan,
Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island and
Newfoundland and Labrador
(the Jurisdictions)

and

In the Matter of
the Process for Exemptive Relief
Applications in Multiple Jurisdictions

and

In the Matter of Royal Host Inc.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer is not a reporting issuer in the Jurisdictions (the Exemptive Relief Sought).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Nova Scotia Securities Commission is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation incorporated under the *Canada Business Corporations Act* (CBCA) with its head office located at 1809 Barrington Street, Suite 1108, Halifax, Nova Scotia B3J 3K8.
2. The Filer is a reporting issuer in each of the Jurisdictions and is thus subject to continuous disclosure requirements under the Legislation.
3. The authorized share capital of the Filer consists of an unlimited number of common shares (the Common Shares).
4. On May 5, 2014, the Filer entered into an arrangement agreement with Holloway Lodging Corporation (Holloway) to complete a transaction (the Arrangement) by way of statutory plan of arrangement under section 192 of the CBCA pursuant to which Holloway would acquire all of the issued and outstanding Common Shares.
5. Holloway is the successor to Holloway Lodging Real Estate Investment Trust by virtue of a plan of arrangement completed on December 31, 2012, under the CBCA. Holloway has its head office in Halifax, Nova Scotia, and its common shares trade on the Toronto Stock Exchange (the TSX) under the symbol "HLC".
6. The Arrangement was completed on July 1, 2014, pursuant to which Holloway acquired and became the beneficial owner of all the issued and outstanding Common Shares and the Filer became a wholly-owned subsidiary of Holloway. Pursuant to the terms of the Arrangement, holders of the Common Shares received a combination of \$1.00 in cash and 0.1 of a Holloway common share for each Common Share. The Common Shares were delisted from the TSX on July 7, 2014.
7. As of July 1, 2014, Computershare Trust Company of Canada (the Trustee) confirmed that the Filer had \$23,600,000 Series B 6.25% convertible unsecured debentures due October 31, 2020 (the Series B Debentures), \$40,661,000 Series C 7.50% convertible unsecured debentures due September 30, 2018 (the Series C Debentures) and \$29,052,000 Series D 6.25% convertible unsecured debentures due June 30, 2019 (the Series D Debentures and collectively with the Series B Debentures and the Series C Debentures, the Debentures) outstanding and listed on the TSX. The Debentures remained outstanding obligations of the Filer following the completion of the Arrangement.
8. On July 2, 2014, the Filer announced that it would seek the approval of holders of the Debentures (the Debentureholders) to amend the terms of the Debentures at meetings of the Debentureholders to be held on July 29, 2014. The principal amendments proposed,

as set out in the joint management information circular of the Filer dated July 2, 2014, included the assumption of the Debentures by Holloway and the release of the Filer from all of its obligations under the Debentures.

9. On July 29, 2014, the Debentureholders approved the assumption of the Debentures by Holloway and the release of the Filer from all of its obligations under the Debentures.
10. On July 31, 2014, the Debentures were assumed by Holloway pursuant to a second amended and restated indenture dated July 31, 2014, between Holloway, the Filer and the Trustee and an assignment and assumption agreement dated July 31, 2014, between Holloway and the Filer. At this time, the Debentures ceased to be liabilities of the Filer and became liabilities of Holloway. The only issued and outstanding securities of the Filer are the Common Shares held by Holloway.
11. On August 7, 2014, the Debentures were delisted under the Filer's name and began trading on the TSX under Holloway's name under the new stock symbols HLC.DB, HLC.DB.A and HLC.DB.B.
12. No securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.
13. The outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions in Canada and fewer than 51 securityholders in total worldwide.
14. The Filer has no intention to seek public financing by way of an offering of securities.
15. The Filer is not in default of any of its obligations as a reporting issuer under the Legislation other than its obligation to file, on or before August 14, 2014, an interim financial report and management's discussion and analysis for the interim period ended June 30, 2014, as required under National Instrument 51-102 *Continuous Disclosure Obligations* and the related certificates as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.
16. The Filer did not voluntarily surrender its status as a reporting issuer in British Columbia pursuant to British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* because it wanted to avoid the 10-day waiting period under that instrument.
17. The Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because it is in default as noted in paragraph 15 and it is a reporting issuer in British Columbia.
18. The Filer is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer and upon the granting of the Exemptive Relief Sought, the Filer will not be a reporting issuer in any jurisdiction in Canada.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

“Sarah Bradley”

Sarah P. Bradley, Chair
Nova Scotia Securities Commission

“Paul Radford”

Paul Radford, QC, Vice-chair
Nova Scotia Securities Commission