

Cosman Mortgage Holding Corp.
c/o Suite 100 – 95 Barber Greene Road,
Toronto ON M3C 3E9

November 21, 2023

Penady (North Barrie) Limited
Suite 901 33 Yonge Street
Toronto ON M5E 0A9

Penady (Stoney Creek) Ltd.
400 Winona Road
Stoney Creek ON L8E 5E4

PRC Barrie Corp.
Suite 901 33 Yonge Street
Toronto ON M5E 0A9

PRC Stoney Creek Corp.
400 Winona Road
Stoney Creek ON L8E 5E4

PenEquity Development Limited Partnership
400 Winona Road
Stoney Creek ON L8E 5E4

PenEquity Development GP Inc.
400 Winona Road
Stoney Creek ON L8E 5E4

Dear Sirs:

Re: Cosman Mortgage Holding Corp. and/or its syndicated partners or assignees (the “Lender”) \$11,900,000 mortgage loan to Penady (North Barrie) Limited and Penady (Stoney Creek) Ltd. (the “Borrowers”) (together, the “Borrowers, and each a “Borrower”) secured by, amongst other things, a first charge over 299 Cundles Road East, Barrie, ON having PINs: 58830-0110 and 58830-0113, (the “Cundles Property”) a first mortgage over 400 Winona Road, Stoney Creek, ON having PINs: 17368-0112, 17368-0654 and 17368-0660 (the “Winona Property” which together with the Cundles Property are referred to as the “Properties” and each a “Property”) and guaranteed by PRC Barrie Corp., PRC Stoney Creek Corp., PenEquity Development Limited Partnership and PenEquity Development GP Inc. (together, the “Guarantors”, and each a “Guarantor”).

Reference is made to a commitment letter from the Lender to the Borrowers and Guarantors dated May 6th, 2022, and accepted by the Borrowers and Guarantors on May 17th, 2022 (the “**Commitment**”).

All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Commitment.

The Loan matures on January 1st, 2024, and subject to the terms hereof, is expected to have a principal balance outstanding as of that date of \$11,900,000. The Borrowers have requested that the Lender provide to the Borrowers an extension of the Loan, such that the Loan mature on July 1, 2024 (the “**New Maturity Date**”).

The Lender hereby agrees to extend the Maturity Date of the Loan to the New Maturity Date on which date the full balance of the Indebtedness shall be due and payable, upon the terms set out herein, subject to the following terms and conditions:

- 1 The interest on the outstanding principal balance of the Loan (together with any other amounts which may be owed by the Borrower to the Lender from time to time), and on all overdue interest, shall accrue and be calculated before, as well as after maturity, default or the judgment;
 - a. from December 1st, 2023 to May 31st, 2024 at a variable rate which at all times shall be the higher of (i.) [redacted] % per annum, or (ii.) the RBC Prime Rate (being [redacted] % on the date hereof) plus [redacted] % per annum; and [redacted commercially sensitive rate]
 - b. from June 1st, 2024 onward at a fixed rate of [redacted] % per annum until repaid; [redacted commercially sensitive rate]calculated and payable monthly, interest only, on the first day of each and every month.

The Borrowers and Guarantors acknowledge and agrees that the interest rate in 1(b) occurs solely by passage of time, and not as the result of the occurrence of any default or event of default.
- 2 From December 1st, 2023 until May 31st, 2024 on not less than thirty (30) days' written notice, the Borrowers may repay all, but not less than all of the Indebtedness then outstanding, on payment of a penalty equal to one (1) month's interest on the then outstanding Indebtedness (the "**Prepayment Penalty**"). For further clarification the Prepayment Penalty, is payable regardless of who pays the Indebtedness, including, without limitation, whether paid by the Borrower and Guarantor, a subsequent encumbrancer of a Property or a receiver of a Property or of the Borrower and Guarantor, or any one of them appointed by the Lender or any other person.

Provided however, that the Loan may be repaid on or after June 1st, 2024 in full with ten (10) days' written notice, with no bonus or any Prepayment Penalty.
- 3 The Borrowers and Guarantors shall provide to the Lender by no later than November 30th, 2023 (the "**Acceptance Date**"):
 - a. evidence that the realty taxes on each Property have been paid in full and are otherwise up to date. In that regard, please provide us with an up-to-date realty tax statement in respect of each Property issued by the local municipality. **(RECEIVED)**
 - b. evidence that all insurance delivered in connection with Security continues to be in full force and effect. Please provide us with a certificate in respect of each Property with the confirmation that the Lender is listed as mortgagee and loss payee from your insurance company in that regard; **(RECEIVED)**
 - c. a copy of the latest financial statements (or T2's) of the Borrowers;
 - d. Delivery of all of the offers on the Cundles Property
 - e. The Borrower shall pay the Lender's legal fees associated with this letter agreement, estimated to be in the amount of \$ [redacted] inclusive of HST. [redacted commercially sensitive amounts]
- 4 The Borrowers and Guarantors shall pay to Cosman Mortgage Capital Corporation and extension fee in the amount of \$ [redacted] (the "**Extension Fee**") which shall be deemed to have been earned upon the execution of this agreement, form part of the Indebtedness secured by the Security, and be due and payable upon acceptance of this agreement by the Borrowers and Guarantors.
- 5 No Event of Default shall have occurred between the date of this letter and the Acceptance Date.
- 6 The monthly payments shall continue to be paid via pre-authorized debit until the outstanding indebtedness is repaid in full. The Borrowers and Guarantors continues to authorize **Cosman**

Mortgage Capital Corporation to deduct the applicable fees and interest due on the first of each month in accordance with the Commitment.

Provided that an Event of Default has not occurred or is occurring, the Borrower may request that the term of the Loan be extended for a further six (6) months (such extension being referred to as the “**Second Extended Term**”) from July 1st, 2024 to January 1st, 2025 (the “**Further Extension Maturity Date**”). Such request must have given to the Lender not less than ninety (90) days’ notice prior to the New Maturity Date be accompanied by:

- a. evidence that the realty taxes on each Property have been paid in full and are otherwise up to date.
- b. evidence that all insurance delivered in connection with Security continues to be in full force and effect. Please provide us with a certificate in respect of each Property with the confirmation that the Lender is listed as mortgagee and loss payee
- c. copies of the latest financial statements (or T2’s) of the Borrowers;

The Lender will on or prior to May 1st, 2024 provide the Borrower with a confirmation if it is willing to further extend the maturity date in writing. Should the Lender agree to extend the maturity date of the Loan to the Further Extension Maturity Date, it shall be subject to the following terms and conditions:

- 1 The interest on the outstanding principal balance of the Loan (together with any other amounts which may be owed by the Borrower to the Lender from time to time), and on all overdue interest, shall accrue and be calculated before, as well as after maturity, default or the judgment;
 - a. from June 1st, 2024 to November 30th, 2024 at a variable rate which at all times shall be the higher of (i.) $\square\square\%$ per annum, or (ii.) the RBC Prime Rate (being $\square\square\%$ on the date hereof) plus $\square\square\%$ per annum; and
 - b. from December 1st, 2024 onward at a fixed rate of $\square\%$ per annum until repaid;calculated and payable monthly, interest only, on the first day of each and every month.

[redacted commercial sensitive rates]

The Borrowers and Guarantors acknowledges and agrees that the interest rate in 1(b) occurs solely by passage of time, and not as the result of the occurrence of any default or event of default.

- 2 From June 1st, 2024 until November 30th, 2024 on not less than thirty (30) days’ written notice, the Borrowers may repay all, but not less than all of the Indebtedness then outstanding, on payment of a penalty equal to one (1) month’s interest on the then outstanding Indebtedness (the “**Prepayment Penalty**”). For further clarification the Prepayment Penalty, is payable regardless of who pays the Indebtedness, including, without limitation, whether paid by the Borrower and Guarantor, a subsequent encumbrancer of a Property or a receiver of a Property or of the Borrower and Guarantor, or any one of them appointed by the Lender or any other person.

Provided however, that the Loan may be repaid on or after December 1st, 2024 in full with ten (10) days’ written notice, with no bonus or any Prepayment Penalty.

- 3 The Borrowers and Guarantors shall pay to Cosman Mortgage Capital Corporation and extension fee in the amount of \$ $\square\square\square\square$ (the “**Further Extension Fee**”) which shall be deemed to have been earned upon the request by the Borrower of the further extension, form part of the Indebtedness secured by the Security, and be due and payable on June 1, 2024.
- 4 Delivery of any further offers made on either property
- 5 The monthly payments shall continue to be paid via pre-authorized debit until the outstanding indebtedness is repaid in full. The Borrowers and Guarantors continues to authorize **Cosman Mortgage Capital Corporation** to deduct the applicable fees and interest due on the first of each month in accordance with the Commitment.

[redacted commercial sensitive amount]

If the Lender does not provide confirmation by May 1st 2024 that it is willing to further extend the maturity date, it shall be deemed to be not willing to do so. The Borrowers acknowledge that nothing herein imposes any obligation on the Lender to renew or otherwise extend the term of the Loan beyond the New Maturity Date.

By executing a copy of this letter, the Borrowers and Guarantors confirm that:

- a. The Indebtedness is owing by the Borrowers in full, that all Security remains in full force and effect and that the Security continues to constitute a valid and binding obligation of the Borrowers and/or Guarantors (as applicable);
- b. All other terms and conditions of the Commitment and the Security remain in full force and effect, unamended;
- c. Time shall continue to be of the essence;
- d. Nothing herein contained shall create any merger or alter the rights of the Lender as against any subsequent encumbrancer or other person with an interest in the Properties, nor affect the liability of any person not a party hereto who may be liable to pay the Loan or the Charges, all of which rights are hereby reserved;
- e. the terms and conditions of the Commitment, except only insofar as the same are amended by the express provisions of this letter agreement, are confirmed and ratified in all respects and shall hereafter continue in full force and effect as amended and without limitation, they are bound by the terms of the Commitment as modified herein and the amounts owing to the Lender in connection with the Loan are owing in full without set-off or deduction and all Security remains in full force and effect and continues to constitute a valid and binding obligation of the issuers thereof; and
- f. the Borrowers and/or Guarantors will, upon the written request of the Lender, do all such acts and execute all such further documents, and will cause the doing of all such acts and the execution of all such further documents as are within its power to cause the doing or execution of, in order to more effectively evidence the terms of this letter.

This letter agreement may be executed in counterparts, each of which shall be deemed to be an original and each of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this letter agreement, a party hereto may send a copy of its original signature on the execution page hereof to the other parties by facsimile transmission or by electronic means, and such transmission shall constitute delivery of an executed copy of this letter agreement to the receiving party.

By executing this agreement, you hereby authorize and direct the Lender to register a notice of the agreement constituted by this letter on title to the Properties, and (if necessary) to register an extension of the financing statement(s) relating to the Loan in respect of the Borrower and/or the Guarantors.

This offer is open for acceptance until 5:00 p.m. (EST) on the Acceptance Date after which it shall be deemed to have been automatically withdrawn and the Lender shall be entitled to avail itself of all of its rights and remedies as contemplated by the Commitment.

Yours very truly,

Cosman Mortgage Holding Corp.



Jason Cosman
ASO

"I have authority to bind the Corporation"

[redacted
signature
of ASO,
Jason
Cosmon]

Vector Financial Services Limited



Noah Mintz
ASO

"I have authority to bind the Corporation"

[redacted
signature
of ASO,
Noah
Mintz]

ACKNOWLEDGMENT

We hereby accept the above terms and conditions this ____ day of _____, _____

Penady (North Barrie) Limited

[redacted
signature of ASO,
Chris Johnson]

By:



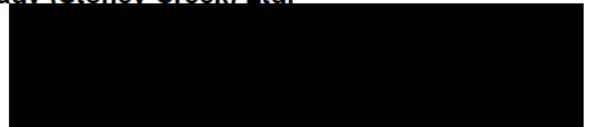
Name: Chris Johnston
Title: ASO

"I have authority to bind the corporation"

Penady (Stoney Creek) Ltd.

[redacted
signature of ASO,
Chris Johnson]

By:



Name: Chris Johnston
Title: ASO

"I have authority to bind the corporation"

PRC Barrie Corp.

[redacted
signature of ASO,
Chris Johnson]

By:



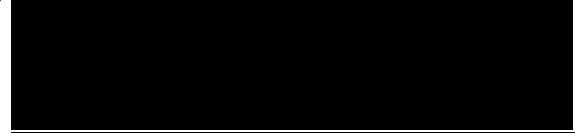
Name: Chris Johnston
Title: ASO

"I have authority to bind the corporation"

[redacted signature
of ASO, Chris
Johnson]

PRC

By:



Name: Chris Johnston

Title: ASO

"I have authority to bind the corporation"

**PenEquity Development Limited Partnership by
and through its general partner PenEquity
Deve**

[redacted signature
of ASO, Chris
Johnson]

By:



Name: Chris Johnson

Title: ASO

"I have authority to bind the corporation"

PenEquity Development GP Inc.

[redacted signature
of ASO, Chris
Johnson]

By:



Name: Chris Johnson

Title: ASO

"I have authority to bind the corporation"