



**Trinity Ravine Community Inc., in Bankruptcy
Frequently Asked Questions – Transfer Under Value
November 14, 2023**

Background:

On October 12, 2022 Trinity Ravine Community Inc. (the “**Company**” or “**Trinity**”) made an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act* (“**BIA**”) and appointed Deloitte Restructuring Inc. (“**Deloitte**”) as trustee in bankruptcy (the “**Trustee**”) of the Company's estate. On November 1, 2022, at the first meeting of creditors, Deloitte was affirmed as the Trustee. All public information can be found on Deloitte's case website (the “**Website**”) at: <https://www.insolvencies.deloitte.ca/en-ca/Pages/trinityravinecommunityinc.aspx>

The trustee conducted the Second Meeting of Creditors on April 28, 2023. The minutes of the meeting can be found on the website of the Trustee.

1. What is a Transfer Under Value (“TUV”)?

A Transfer Under Value is a transaction where assets or property of an estate is transferred out of the estate before the bankruptcy and the estate receives less than the fair value of the assets or property transferred.

In the case of Trinity, Trinity transferred 4.4 acres, the southern portion of the property at 1250 Markham Road, which was originally part of the estate, to Global Kingdom Ministries Church Inc. (“GKMC”). before the bankruptcy and the estate (Trinity) received less than fair value of the property.

2. Who can pursue a Transfer Under Value?

Section 96 of the BIA gives the Trustee the ability to make an application to the Court to declare that the transfer was undervalued against the estate. This allows the Trustee to try to recover value for the benefit of the estate and on behalf of all creditors.

3. How long will it take to go to Court to get a decision about the TUV?

The Trustee, in consultation with legal counsel and in discussions with GKMC believe that it will take 6 months for the case to be presented to and heard by the Court and to receive a decision from the Court in respect of the TUV.

4. Why has it taken so long to get to the point of being able to pursue the TUV?

The Trustee needed to conduct an investigation into the books and records of Trinity, in order to determine if the TUV was a legitimate claim of the estate. The Trustee needed to determine what was transferred and for what value. Having identified the potential TUV the Trustee needed to identify the records and documents that would support the claim. Following this investigation, a discussion was held with GKMC to address the Trustee's initial findings. GKMC eventually responded by providing an appraisal prepared by Altus Group dated March 9, 2023.

The Trustee's opinion is that the Altus Group appraisal understated the value of the property transferred to GKMC.

The Trustee obtained an independent appraisal, which was completed by Kroll and received by the Trustee at the end of August 2023. The Trustee sent a copy of the appraisal and a request to GKMC to negotiate a settlement for the benefit of the estate.



The settlement offer was considered insufficient by the Trustee and the Inspectors. The Trustee will proceed with the motion in respect of the TUV.

5. Who will share in the proceeds of the TUV recovery?

All creditors who have filed claims with the estate and whose claims have been proven will share pro-rata (proportionate to their claim as a percent of all the claims) any additional proceeds, net of costs, recovered from GKMC in respect of the TUV.

6. What are the benefits of the TUV?

The benefits include but are not limited to:

- a) If a favorable decision is obtained and the judgement is collected; an increased distribution amount.
- b) A decision can be rendered within a reasonable timeframe, expected to be May/June 2024.
- c) If the decision is not favourable and GKMC wishes to pursue recovery on their end they will be limited to the remainder of the funds within the estate and the priority of the BIA.

7. What are the risks of the TUV?

The risks include but are not limited to:

- a) The Court does not find in the Trustee's favour;
- b) The Court finds in the Trustee's favour but the award is less than the cost of the litigation;
- c) The Court finds in the Trustee's favour and GKMC successfully appeals;
- d) The Court finds in the Trustee's favour but GKMC does not have sufficient cash to pay the award thus requiring enforcement and sale of the land.

8. What happens if the Court finds in favour of GKMC?

If the Court finds in favour of GKMC, the Trustee will determine with advice from legal counsel and the Inspectors if it has reasonable grounds to appeal. If there is no solid grounds for appeal, the Trustee will distribute the available funds to creditors and seek a discharge as there is no further activity for the estate.

9. What happens if we use all the estate funds before we get a decision from the Court?

The Trustee does not anticipate that the estate funds will be depleted by the litigation. The Trustee will advise the Inspectors of the major milestones of the case and keep the Inspectors apprised of the status of the available funding.

10. What happens if the Court finds in favour of the Trustee but GKMC does not have sufficient funds to pay the award?

The Trustee will be required to enforce on the property of GKMC and this would take additional time and cost.

11. When will creditors see their money from the TUV, if the Trustee is successful?

If the Trustee is successful with respect to the TUV and assuming that no enforcement action is necessary, the creditors can expect a distribution in 6 to 8 months.

If an enforcement action and sale is necessary, it may take 8 to 12 months before it is possible to make a distribution to creditors.