

September 20, 2024

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Notice to the creditors of Trinity Ravine Community Inc.

On October 12, 2022 Trinity Ravine Community Inc. (the “**Company**” or “**TRC**”) 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**”). On November 1, 2022, at the first meeting of creditors, Deloitte was affirmed as 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>

On April 12, 2023 the trustee filed a motion (the “**TUV Motion**”) to recover on behalf of the estate a Transfer at Undervalue in respect of the transfer of the Southern Land, municipally known as 1250 Markham Road, Toronto ON by Global Kingdom Ministries Inc., now TRC to Global Kingdom Ministries Church Inc. (“**GKMC or the Church**”).

As you are aware, since January of 2024, the Trustee and GKMC have filed multiple reports and expert opinions in respect of the TUV Motion. Later in May 2024 GKMC and the Trustee agreed to pursue a settlement discussion which has now been concluded, with a Settlement Agreement.

The Trustee would like to inform the creditors that as a part of the Settlement Agreement GKMC has agreed to to sell the Sourthern Land occupied by the GKMC and divide the proceeds of the sale between the Trustee and the Church in the ratio of 70:30.

The Settlement Agreement has been affirmed by the Trustee, the Estate Inspectors and the members of GKMC.

Before dividing the sale proceeds between the Trustee and the Church, the proceeds from the sale will be applied against the transaction costs (brokerage/commission to real estate broker and legal fees) on the sale of land and against the mortgage from the Pentecostal Assemblies of Canada (“**PAOC**”). The net sale proceeds will then accordingly be distributed to the creditors.

The decision to pursue settlement discussions rather than continuing to pursue litigation was carefully considered by the Trustee and its legal counsel and approved by the Estate Inspectors. In the Trustee’s view the potential benefits of a settlement included:

- Avoiding the cost of continued litigation;
- Avoiding the risk and uncertainty of a litigated outcome;
- Allowing the Trustee to realize on the Southern Land sooner than would be possible by continuing the litigation; and
- The proposed settlement allocated a larger share of the proceeds to the Estate

The Trustee has prepared a list of questions and answers that should answer most of the concerns of the creditors. We appreciate your patience and understanding during this process. Should you have any further questions, please do not hesitate to contact our office via email at trinityravine@deloitte.ca. You can also reach out to the representative of the Trustee at 416-202-2800.

Thank you for your continued cooperation and support.



Deloitte Restructuring Inc.
In its capacity a Trustee of the estate of
Trinity Ravine Communities Inc., Bankrupt
and not in its personal or corporate capacity

Per: Toni Vanderlaan Senior Vice President

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Questions & Answers on the Settlement Agreement

1. How long will it take to sell the Southern Land/Church land?

The trustee expects that it would take about 8-12 months to conclude the sale process of Southern Land. Once the settlement agreement is accepted, the trustee will select a real estate broker to market the property.

2. Why did the Trustee recommend this settlement if it gives money to the Church?

In the Trustee's opinion, a settlement would provide a faster resolution compared to the continuing TUV litigation.. Continuing the litigation meant further costs for the estate and the associated risks.

3. What is the timeline for the whole process/When will the creditors get paid?

As mentioned above it may take 8-12 months to conclude the sale process. The Trustee estimates that it could take a further 3 to 4 months to finalize a distribution. It could take 11 to 16 months for the creditors to receive their payments.

4. How much will the creditors get paid?

Based on Kroll's appraisal report, the report used by the Trustee in the TUV litigation, the value of the Southern Land as of April 16, 2021 (the date of split between GKM (now TRC) and the Church) was \$23.2 million. This amount is only an estimate and the Trustee does not have a guarantee or any certainty with respect to the value of the property until it is sold. However, if we consider the appraisal value as a base, we expect that after paying the real estate commissions and legal fees, and the PAOC mortgage that the creditors would receive about 50 cents on a dollar or 50% of their claim. Please note, that this amount is not guaranteed and the value of land will be determined by the market and may vary depending on the market conditions and other factors at the time of sale.

5. Why does PAOC get to be paid before the creditors?

The Southern Land has been mortgaged to secure a loan from PAOC, PAOC advanced the money to GKMC and has a first ranking charge over the property. The PAOC mortgage would have to be paid even if the TUV litigation was successful.

6. Can the creditors sue or recover from the church and/or its directors if the creditors of TRC are not paid in full?

The Settlement Agreement is a full and final settlement between the Estate and GKMC. If an individual creditor has a claim against the Church or the Directors they are still able to pursue that claim regardless of the settlement.