



**September 7, 2022**

**Re: Trinity Ravine Community Inc. and Motion returnable September 15, 2022**

You are receiving this letter on behalf of Trinity Ravine Community Inc. (“**Trinity**”) because you are among those persons (the “**Life Lease Purchasers**”) who entered into life lease occupancy agreements (the “**Occupancy Agreements**”) with Trinity, and paid certain deposit amounts thereunder (the “**Deposits**”).

Trinity has a court hearing scheduled for September 15, 2022. The purpose of this letter is to provide you with a summary of the ongoing proceedings, and in particular, to provide certain information that may assist in your review of the Court materials or Motion Record of Trinity dated September 7, 2022, for the hearing which is enclosed with this e-mail.

#### Background on the Court Proceeding

On February 23, 2022, Trinity obtained creditor protection and other ancillary relief under a federal statute called the “Companies’ Creditors Arrangement Act” (the “**CCAA**”). On that date, the Ontario Superior Court of Justice (the “**Court**”) granted an order (the “**Initial Order**”), appointing Deloitte Restructuring Inc. (“**Deloitte**”) as the monitor of Trinity, to oversee and assist with all matters related to these proceedings.

On March 4, 2022, the Court issued an Order (the “**Sale Process Order**”) approving a process to market and solicit bids for Trinity’s assets (the “**Property**”, which term includes, among other things, the development lands located at 1256 Markham Rd.). The purpose of the sale process was to widely market the Property and proceed with a sale that maximizes its value, for the benefit of Trinity’s stakeholders, including Life Lease Purchasers.

#### The Sale Process

To assist with implementing the court-approved sale process, Trinity retained the services of Avison Young (“**AY**”), an experienced, full-service commercial real estate company, to canvass the market for potential purchasers. AY conducted a comprehensive marketing campaign over the past 5 months.

Unfortunately, the sale process did not generate a binding offer acceptable to Trinity. The offers received were substantially less than anticipated and would have resulted in little, if any, definite recoveries for Life Lease Purchasers and other unsecured creditors.

#### Refinancing vs. Sale

On August 18, 2022, an existing bidder in the sale process submitted a revised bid (the “**Revised Bid**”).

While reviewing and considering the Revised Bid, Trinity’s board of directors (the “**Board**”) also considered other potential avenues to maximize value for the Property, including a potential

refinancing. This option contemplated suspending efforts to actively market the Property, with the view that the real estate market may improve by March 2023. Trinity's Board met urgently on August 20 and 21, 2022 to consider its two options: (i) the Revised Bid, which provided for a sale of the Property, and (ii) the potential refinancing, with a view to reaching a decision on the best path forward for Trinity and its stakeholders.

This was a very difficult decision for the Board to make. Each of the Board's members was keenly aware of the impact the decision would have on the Life Lease Purchasers and other creditors and stakeholders. It was ultimately decided by Trinity's Board, in consultation with the Monitor, that the option that presented the most certainty and value for stakeholders (including for Life Lease Purchasers) at this time was the Revised Bid.

### Trinity Decides to Proceed with a Sale

On August 23, 2022, Trinity and the Purchaser executed an asset purchase agreement (the "APA"). The terms of the proposed sale transaction are as set out in the APA, portions of which (including the purchase price) have not been disclosed and will remain under Court-ordered seal pending closing of the proposed transaction.

Based on the extensive marketing efforts to sell the Property, in the circumstances, Trinity is of the view that: (i) the purchase price and the terms and conditions of the APA are fair and reasonable, and (ii) closing the transaction contemplated in the APA is in the best interest of Trinity's stakeholders generally.

### The APA and the Proposed Transaction

Following payment to Trinity's secured creditors and subject to other priority payments, the proposed transaction for the sale of the Property will provide the Life Lease Purchasers with a cash recovery amount on closing, however, does not provide sufficient cash to repay the Life Lease Purchasers in full. The APA also provides for the availability of "deposit credits" which may be applied as a credit in favor of the applicable Life Lease Purchaser toward the balance of the purchase price due and owing on units in a new residential condominium development (the "**New Project**").

Pursuant to the APA, Life Lease Purchaser have 3 options in respect of the deposit credits:

1. Elect to use Deposit as a credit against the purchase of a new unit in the New Project, up to a maximum of 5% of the purchase price of the new unit;
2. Elect not to apply the Deposit as a credit to a new unit, and assert a claim in a future claims process as described below; or
3. Assign deposit credit to a third party, which will allow those Life Lease Purchasers who do not wish to participate in the New Project to monetize their deposit credits by selling them to third parties.

The availability of Life Lease Deposit Credits represents a tangible benefit to unsecured creditors. An illustration of the operation of the applicable provisions in the APA is as follows:

- (i) Deposit paid by the Life Lease Purchaser to Trinity: \$45,000



- (ii) Recovery received from the Net Sale Proceeds of the transaction: \$5,000
- (iii) Deposit credit = \$45,000 (Deposit paid) – \$5,000 (recovery) = \$40,000
- (iv) Purchase price of unit in New Project: \$800,000
- (v) Purchase price of unit in New Project after applying the deposit credit: \$760,000.

If the APA is approved by the Court, a representative of Trinity will be in touch with you to solicit your election with respect to the 3 options listed above. Your claim as a Life Lease Purchaser will be determined and dealt with through a claims and distribution process to be administered as part of Trinity's intended bankruptcy filing.

Trinity is scheduled to appear in Court on September 15, 2022 and will seek, among other things, a Court order (the "**Approval and Vesting Order**") (i) approving the APA and the proposed transaction, and (ii) vesting all of Trinity's right, title and interest in and to the Property, free and clear of all claims and encumbrances, in the purchaser of the Property.

The attached Motion Record contains a copy of the APA (redacting certain commercially-sensitive terms), as well as a description of the APA and the transaction. We encourage your close review of the attached motion materials. A copy of the Motion Record will also be posted on the Monitor's website at [this link](#).

In the coming days, the Monitor will also be serving and filing a report regarding the September 15, 2022 hearing. The report will be made available on the Monitor's website.

Should you have any questions regarding the contents of this letter or the Motion Record, please contact a representative of the Monitor at the following e-mail address: [trinityravine@deloitte.ca](mailto:trinityravine@deloitte.ca)

