



No. S-137436
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

IN THE MATTER OF

**TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA, INC. NO. S36826
&
TLC THE LAND CONSERVANCY (ENTERPRISES) LTD.**

MONITOR'S THIRD REPORT TO THE COURT

NOVEMBER 28, 2013

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TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA
MONITOR'S THIRD REPORT TO THE COURT

1. PREAMBLE

1.1. Introduction

- 1.1.1. Wolrige Mahon Limited is the Court appointed Monitor (“**WML**” or the “**Monitor**”) in these CCAA proceedings.
- 1.1.2. On October 7, 2013, the Supreme Court of British Columbia (the “**Court**”) made an Initial Order (the “**Initial Order**”), pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”), granting a stay of proceedings against TLC The Land Conservancy of British Columbia, Inc. No. S36826 and TLC The Land Conservancy (Enterprises) Ltd. (collectively referred to herein as “**TLC**” or the “**Petitioner**”) until November 4, 2013 (the “**Stay Period**”).
- 1.1.3. On November 4, 2013, the Court confirmed the terms of the Initial Order and extended the Stay Period to January 20, 2014 (the “**Comeback Order**”).
- 1.1.4. On November 18, 2013, TLC made an application to Court for approval of the sale of lands legally described as PID 011-263-610, Lot A (Reference Plan 2747) of Lot 64, District Lot 556, Plan 4948, known as Binning House. As a result of opposition to this transaction by several interested parties, TLC’s application has been re-set for a three (3) day hearing commencing December 11, 2013.
- 1.1.5. Copies of the Initial Order and the Comeback Order, together with other information on these CCAA proceedings, are posted on the Monitor’s website at www.wmltrustees.com.

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1.2. Purpose of Report

1.2.1. The purpose of the Monitor's Third Report to the Court (this "**Report**") is to advise the Court that, pursuant to Section 23(1)(d) of the CCAA, the Monitor has ascertained that a material and adverse change has occurred which negatively affects the current expected cash flows as compared to TLC's projected cash flows to January 17, 2014, filed in the Monitor's First Report to the Court (the "**Cash Flow Projection**").

1.3. Restrictions, Limitations & Qualifications of Report

1.3.1. In preparing this Report, WML has relied upon:

1.3.1.1. Discussions with, representations made by, and information provided by:

1.3.1.1.1. TLC's management ("**Management**");

1.3.1.1.2. TLC's directors;

1.3.1.1.3. Professional advisors and other consultants retained by TLC in this matter;

1.3.1.2. TLC's books and records, together with other information provided by Management.

1.3.2. WML has not audited or otherwise verified the information contained herein as to its accuracy or completeness. Accordingly, WML does not express any form of assurance about the information contained herein, except as discussed in Section 2 of this Report.

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- 1.3.3. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars.
- 1.3.4. Capitalized terms not defined in this Report are defined in the motion materials filed by TLC in connection with these CCAA proceedings.

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2. NOTICE OF MATERIAL & ADVERSE CHANGE

2.1. Bequest

- 2.1.1. TLC had been previously advised by Toronto Dominion Bank (“TD”) that it was to be the recipient of a \$450,000 bequest (the “Bequest”) from the estate of a supporter. Based on the strength of TD’s advice, Management included the Bequest in the Cash Flow Projection. Management assumed that the Bequest would be received on or before November 15, 2013.
- 2.1.2. As of November 28, 2013, TLC has not received the Bequest.
- 2.1.3. Further, Management has now obtained additional information related to the Bequest. While Management still anticipates receiving the Bequest, Management has now determined that:
- 2.1.3.1. The Bequest may not be received for several months;
- 2.1.3.2. There are restrictions as to the use of the funds, as the terms of the Bequest state that it can only be used to purchase real property for the purpose of habitat preservation. Accordingly, the Bequest will not be available for general purposes and therefore should be removed from the Cash Flow Projection.
- 2.1.4. As the Bequest represented approximately 45% of the estimated cash inflow in the Cash Flow Projection, this is a material and adverse change.

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2.2. Revised Cash Flow Projection

2.2.1. Management has prepared a revised cash flow projection for the period ended January 17, 2014 (the “**Revised Cash Flow Projection**”). The revisions are as follows:

2.2.1.1. The Bequest that Management originally had assumed to be received on or before November 15, 2013 has been removed;

2.2.1.2. The projected payment of principal and interest on account of amounts owing by the Petitioners, that Management had assumed would be made to some creditors as of the date of the Initial Order, as authorized in the Initial Order, has been removed;

2.2.1.3. Payments to the Monitor, its legal counsel and legal counsel to TLC (the “**professionals**”) shall be accrued, but remain unpaid pending receipt of sufficient additional cash inflows.

2.2.2. With the deferral of payments to the professionals, it is anticipated that TLC will have sufficient cash available to fund operations until January 17, 2014.

2.3. Administration Charge

2.3.1. The Revised Cash Flow Projection now assumes that the fees and disbursements of the professionals will continue to accrue, pending receipt of sufficient additional cash inflows, rather than being paid on a current basis. In order to provide the professionals with adequate and sufficient assurance of recovery of their fees and disbursements, the Administration Charge needs to be amended.

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- 2.3.2. Since commencement of these CCAA proceedings, payment of the professionals' accounts has been withheld. Given the Material and Adverse Change to projected cash inflow, the professionals have agreed to a further deferral of payment of their accounts. The professionals' billed, but unpaid, fees to-date (which include pre-filing and post-filing accounts) are approximately \$436,000 and are approaching the \$500,000 upper limit of the Administration Charge. With the professionals' fees continuing to accrue, and in view of the pending legal proceedings, the quantum and underpinning security of the Administration Charge need to be increased.
- 2.3.3. The Monitor supports an application for an increase in the Administration Charge from \$500,000 to \$1,000,000.
- 2.3.4. Further, the Monitor supports an application to make certain additional assets subject to the Administration Charge as set out in **Appendix B**.

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3. MONITOR'S CONCLUSIONS & RECOMMENDATIONS

- 3.1. There has been a Material and Adverse Change to Management's Cash Flow Projection.
- 3.2. Management's Revised Cash Flow Projection indicates that TLC will have sufficient cash available to fund operations to January 17, 2014. The Revised Cash Flow Projection does not include payment of the fees and disbursements incurred by the professionals, which are to be accrued and secured by the Administration Charge.
- 3.3. To secure the accruing professional fees, the Administration Charge needs to be increased from \$500,000 to \$1,000,000 and the underpinning security should be expanded to include additional property as outlined in **Appendix B**.

All of which is respectfully submitted on this, the 28th day of November, 2013.

WOLRIGE MAHON LIMITED
in its capacity as Court Appointed Monitor
for TLC The Land Conservancy of British Columbia &
TLC The Land Conservancy (Enterprises) Ltd.

Per:


Gord McMorrán, CPA, CA, CIRP
Vice President

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APPENDIX A

REVISED CASH FLOW PROJECTION

NOVEMBER 25, 2013

TO

JANUARY 17, 2014

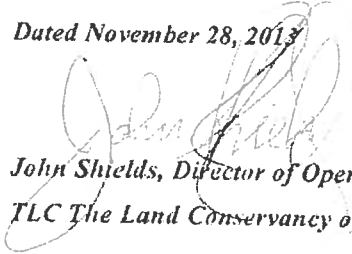
TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

APPENDIX A

**REPORT ON THE REVISED CASH FLOW PROJECTION
FOR THE PERIOD NOVEMBER 25, 2013 TO JANUARY 17, 2014**

1. Pursuant to section 10(2)(a) of the CCAA, TLC Management prepared the attached revised statement of projected cash flows (the "**Revised Cash Flow Projection**") on a weekly basis, for the period ended January 17, 2014. The Revised Cash Flow Projection, together with the Notes to the Revised Cash Flow Projection (the "**Notes**") are attached as **Appendix A**.
2. The Cash Flow Projection was prepared by TLC Management for the purpose of an application pursuant to the CCAA, using probable and hypothetical assumptions set out in the Notes.
3. The hypothetical assumptions contained in the Notes are reasonable and consistent with the purpose of the projection as described in the Notes, and the probable assumptions are suitably supported and consistent with the plans of TLC Management and provide a reasonable basis for the Cash Flow Projection.
4. Since the Cash Flow Projection is based on assumptions and estimates regarding future events, actual results will vary from the information presented herein, and the variances may be material.
5. The Cash Flow Projection has been prepared solely for the purpose described above, using the probable and hypothetical assumptions set out in the Notes. Accordingly, readers are cautioned that the Cash Flow Projection may not be appropriate for other purposes.

Dated November 28, 2013


John Shields, Director of Operations
TLC The Land Conservancy of British Columbia

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APPENDIX "A"

REVISED CASH FLOW PROJECTION - NOVEMBER 25, 2013 TO JANUARY 17, 2014

Week #	1	2	3	4	5	6	7	8
Week Ended	29-Nov	6-Dec	13-Dec	20-Dec	27-Dec	3-Jan	10-Jan	17-Jan
Receipts - Operating								
Memberships / Donations								
Rental Income		3,000				3,000		
Total Receipts - Operating		3,000				3,000		
Disbursements - Operating								
Office Operating	12,575	1,921	335	13,844	5,928	2,858	150	13,985
Property Operating	8,195	535	1,425	2,000	10,035	535	1,425	2,000
Employee Costs (incl Past Service)	5,154	15,984	8,404	31,454	5,154	15,954	8,404	30,954
Total Disbursements - Operating	25,924	18,410	10,164	47,298	21,117	19,347	9,979	46,939
Net Operating Cash In (Out)Flow	(25,924)	(15,410)	(10,164)	(47,298)	(21,117)	(16,347)	(9,979)	(46,939)
Disbursements - Non Operating								
Interest on pre-filing secured debt								
Restructuring Professional Fees	49,845	73,333	17,000		29,280	55,833	7,000	10,000
DIP Loan Service		2,755				2,755		
Total Disbursements - Non-Operating	49,845	76,088	17,000		29,280	58,588	7,000	10,000
Net Receipts (Disbursements)	(75,769)	(91,498)	(27,164)	(47,298)	(50,397)	(74,935)	(16,979)	(56,939)
Cash Balance								
Cash - beginning	166,902	91,133	394,634	367,470	320,172	269,775	244,840	227,861
Net Receipts (Disbursements)	(75,769)	(91,498)	(27,164)	(47,298)	(50,397)	(74,935)	(16,979)	(56,939)
Add back fee accruals		60,000				50,000		
DIP Borrowing (Repayment)		335,000						
Cash - ending	91,133	394,634	367,470	320,172	269,775	244,840	227,861	170,922

PLEASE SEE ACCOMPANYING NOTES WHICH FORM AN INTEGRAL PART OF THIS CASH FLOW PROJECTION

John Shields
John Shields, Director of Operations

November 28, 2013

DATE

**TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA
NOTES TO THE REVISED CASH FLOW PROJECTION
FOR THE PERIOD NOVEMBER 25, 2013 TO JANUARY 17, 2014**

APPENDIX "A"

GENERAL All receipts and disbursements in this Cash Flow Projection are denominated in Canadian dollars.

PURPOSE The Cash Flow Projection was prepared by TLC Management pursuant to proceedings under the CCAA, using probable and hypothetical assumptions set out below.

PROBABLE ASSUMPTIONS

Cash Balance - beginning

This is the opening cash balance as at November 25, 2013

Receipts - Operating

Memberships / Donations

Given the voluntary nature of these receipts it is difficult to predict their quantum and timing. Generally speaking, it is unknown how TLC's members and donors will respond to these CCAA proceedings resulting in additional, significant, uncertainty with respect to these revenue streams. The Cash Flow Projection therefore assumes no membership or donation revenue.

Rental income

TLC receives rental income from several tenants occupying land and/or buildings owned by TLC. It is assumed that this revenue stream will continue in the ordinary course.

Disbursements - Operating

Office Operating

Estimate based on historical costs incurred. Represents payment of telephone and internet, postage and courier, disposal and recycling, Travel, IT services, Bank Charges and lease payments on office equipment. Also includes a contingency related to unanticipated costs.

Property Operating

Estimate based on historical costs incurred to operate and maintain TLC's properties. Costs include repairs and maintenance, property taxes, utilities and insurance.

Employee Costs

Calculated based on current staffing levels and wage rates. Payroll is paid bi-weekly. Includes payment of all benefits and deductions at source. Also includes severance

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NOTES TO THE REVISED CASH FLOW PROJECTION
FOR THE PERIOD NOVEMBER 25, 2013 TO JANUARY 17, 2014**

APPENDIX "A"

payments, as well as deductions at source related thereto, to employees terminated due to recent austerity measures.

Disbursements - Non Operating

Interest on pre-filing secured debt

Payment of principal and interest on account of amounts owing by the petitioners to any of their creditors as of the date of the Initial Order, except as authorized in the Initial Order, have been removed

Restructuring Professional Fees

Represents payments (fees and disbursements) to various professionals engaged by TLC to provide services related to its CCAA filing. This includes Property Consultants, Appraisers, independent legal counsel for each of TLC, the Monitor, the Directors and Officers, and the DIP lenders. It also includes fees and expenses of a restructuring consultant hired by TLC, as well as costs associated with a communications consultant. Payment of pre-filing costs, incurred and accrued by the Monitor, legal counsel to the Monitor as well as TLC's legal counsel, are to be paid out of non-DIP funds. It is also assumed that the Monitor and TLC's legal counsel continue to accrue their fees and disbursements pending receipt of additional funds.

DIP Loan Service

This represents payment of interest-only on DIP loans during the period ended January 17, 2014

HYPOTHETICAL ASSUMPTIONS

Property Sales

While TLC's planned course of action in these CCAA proceedings includes the sale of properties, the timing and quantum of sales and the receipt of proceeds is unpredictable at this time and have therefore, to be conservative, been excluded.

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MONITOR'S THIRD REPORT TO THE COURT**

APPENDIX B

PROPOSED ADDITIONAL SECURITY

FOR ADMINISTRATION CHARGE

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APPENDIX "B"

PROPOSED ADDITIONAL SECURITY FOR ADMINISTRATION CHARGE
LEGAL DESCRIPTIONS AND PERMITTED ENCUMBRANCES

1) Maltby Lake - As to an undivided 35% interest in real property as described below

Description of Land

PID	009-818-995	THAT PART OF SECTION 118, LAKE DISTRICT, SHOWN OUTLINED IN RED ON PLAN MARKED 'A' AND DEPOSITED UNDER DD 21086F
	009-818-979	SECTION 117 LAKE DISTRICT EXCEPT PARCEL C (DD 58589I) THEREOF AND EXCEPT PARTS IN PLANS 2463, 5914 AND 14785
	009-819-029	THE WEST PART OF SECTION 118, LAKE DISTRICT, SHOWN COLOURED RED ON CROWN GRANT DEPOSITED UNDER DD 11623
	009-818-987	PARCEL B (DD 115656I) OF SECTION 118 LAKE DISTRICT
	009-819-053	SECTION 119, LAKE DISTRICT, EXCEPT PART IN PARCEL A (DD 44606I) OF SECTIONS 118 AND 119 OF SAID DISTRICT

Permitted Encumbrances None applicable

2) Sechelt Lands

Description of Land

PID 010-945-091 BLOCK 6 DISTRICT LOT 1331 PLAN 6223

Permitted Encumbrances

Mortgage CA2382715 - Carolyn Holdings Ltd., William Michael Wilson, Donald Bruce Monroe, Pamela Rae Munroe, Georgina Jane Henderson, Robert Trump, Rosemary Anne Trump, Deborah Cran

VANCOUVER REGISTRY: No. S-137436

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