

  
**WOLRIGE MAHON LIMITED**  
TRUSTEES IN BANKRUPTCY, RECEIVERS, LIQUIDATORS



**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 FIFTEENTH REPORT TO THE COURT**

**JULY 10, 2015**

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## TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

### MONITOR'S FIFTEENTH REPORT TO THE COURT

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#### 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”) and on January 20, 2014 the Court further extended the Stay Period to April 25, 2014 (the “January 2014 Extension Order”).
- 1.1.4. On March 4, 2014, the Court made an Order setting out the procedure for the determination of validity and values of claims by the Petitioner’s creditors, together with a dispute resolution process (the “Claims Process Order”).
- 1.1.5. Further extensions to the Stay Period have been granted by the Court as follows:
  - 1.1.5.1. On April 25, 2014 the Court extended the Stay Period to June 25, 2014;
  - 1.1.5.2. On June 25, 2014 the Court extended the Stay Period to October 17, 2014;

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- 1.1.5.3. On October 17, 2014 the Court extended the Stay Period to February 2, 2015;
- 1.1.5.4. On February 2, 2015 the Court extended the Stay Period to April 30, 2015;
- 1.1.5.5. On February 18, 2015 TLC filed a Notice of Motion with regard to TLC's Plan of Compromise and Arrangement ("**the Plan**");
- 1.1.5.6. On February 23, 2015 the Court issued a Meeting and Process Order, confirming that TLC was to convene a meeting of creditors to consider the Plan on March 30, 2015;
- 1.1.5.7. On April 2, 2015 the Court issued a Sanction Order, approving the Plan and directing TLC to provide the Monitor with quarterly updates as to TLC's progress in implementation of the Plan;
- 1.1.5.8. Copies of all Orders made by the Court, together with other information on these CCAA proceedings, are posted on the Monitor's website at [www.wmltrustees.com](http://www.wmltrustees.com).

**1.2. Purpose of Report**

- 1.2.1. The purpose of the Monitor's Fifteenth Report to the Court (this "**Report**") is to provide a quarterly report to the Court on the status of TLC's implementation of the Plan.

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**1.3. Restrictions, Limitations & Qualifications of Report**

- 1.3.1. In preparing this Report, WML has relied upon discussions with and representations made by TLC's management and staff, together with other documents and information provided by TLC's staff.
- 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.
- 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. IMPLEMENTATION OF THE PLAN**

**2.1. Tranche 1**

2.1.1. As we previously reported (Monitor's Report #13), most of the proposed transactions identified in Tranche 1 of the Plan have a relatively high degree of certainty, in regards to completion within 6 months of Court Approval (i.e. during the period April 2 to September 30, 2015), and in regards to the estimated value to be recovered.

2.1.2. As at June 30, 2015, TLC's management confirm that:

2.1.2.1. TLC has received an initial installment (\$250,000) of the bequest from the Poole Estate (total bequest estimated at \$500,000 in the Plan), but the timing of the remaining portion remains uncertain;

2.1.2.2. TLC's Board of Directors approved the transfer of the property known as Sooke Potholes to the Capital Regional District and, in conjunction with this transaction, TLC has received confirmation that reimbursement of approximately \$50,000 for property taxes remitted by TLC is to be forthcoming from Shaw Communications, as contemplated by the Plan;

2.1.2.3. TLC is making application to the Court on July 28, 2015, seeking the Court's approval for TLC's sale of 28 ecologically sensitive properties (Core Properties) to Natures Conservancy of Canada ("NCC") and The Nature Trust of British Columbia ("TNTBC"), for \$1.5 million, as contemplated in the Plan. The closing date is to be September 30, 2015;

2.1.2.4. TLC's Board of Directors has approved the sale and transfer of the property known as Hardy Mountain Doukhobor Village to the Regional

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District of Kootenay Boundary (transaction to close on July 16, 2015) and in return, the Regional District of Kootenay Boundary is assuming the debt owing to Grand Forks Credit Union, as contemplated in the Plan;

- 2.1.2.5. TLC obtained Court Approval in April 2015 for the sale of 83% of TLC's 35% undivided interest in the Maltby Lake property for \$750,000 (as contemplated in the Plan) and TLC continues to work with Maltby Lake Watershed Society (a local community group) that is raising funds to purchase the remaining portion of TLC's undivided interest in Maltby Lake for \$250,000;
- 2.1.2.6. TLC is making application to the Court on July 28, 2015, seeking the Court's approval for TLC's sale of the property known as Monk's Point to the District of Tofino for \$1.25 million (\$1 million in debt forgiveness of a secured lender and \$250,000 cash), as contemplated in the Plan. The closing date is to be September 30, 2015 and upon completion a further \$75,000 of debt forgiveness by an unsecured creditor is to occur, also as contemplated in the Plan;
- 2.1.2.7. TLC's Board of Directors has approved the sale and transfer of the property known as Ross Bay Villa to the Ross Bay Villa Society and in return the Ross Bay Villa Society is assuming the mortgage debt owing to Pacific Coast Capital Savings & Credit Union, as contemplated in the Plan. The timing of the completion of this transaction is dependent upon completion of both the NCC/TNTBC and Monk's Point transactions;
- 2.1.2.8. As directed by the British Columbia Court of Appeal, TLC has transferred (returned) title to the property known as Binning House to the Executors of the Will of Jessie Binning (deceased), for the purpose of being sold (a

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private sale is anticipated). There is no firm timeline as to a potential sale of Binning House nor has agreement been reached as to the amount of legal costs TLC is entitled to recover from the sale proceeds (this transaction was contemplated in the Plan, with an estimated cost recovery of \$500,000);

2.1.2.9. TLC's management are awaiting completion of the aforementioned NCC / TNTBC acquisition of 28 ecologically sensitive properties, to use a portion of the funds to facilitate a paydown of the 1<sup>st</sup> mortgage on the property known as the Qualicum Bat House and then pursue a transfer of this property to the 2<sup>nd</sup> ranking mortgage holder, as contemplated in the Plan.

**2.2. Tranche 2**

2.2.1. As we previously reported (Monitor's Report #13), most of the proposed transactions identified in Tranche 2 of the Plan have a lesser degree of certainty, in regards to both the estimated value to be recovered and the estimated time required to complete the transactions.

2.2.2. As at June 30, 2015, TLC's management confirm that:

2.2.2.1. The Malby Lake Watershed Society is continuing in its fund raising activities, with the goal of raising \$250,000 for the purchase of the remainder of TLC's undivided interest in the Maltby Lake property (17% of TLC's former 35% undivided interest). This activity and the uncertainty of timing of completion of the transaction is contemplated in the Plan;



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- 2.2.2.2. A sale of the Lohbrunner Farm for a projected \$500,000 remains uncertain. There is no offer in hand, nor real estate listing at this time, and, as well, TLC still must clarify potential legal and trust. This activity and the uncertainty associated with it is contemplated in the Plan;
- 2.2.2.3. TLC is having ongoing discussions and dialogue with the Eco Forestry Board, which has expressed interest in preserving the property known as Wildwood. The Plan allowed for extended time due to the uncertainty associated with completing a transaction given potential legal and trust issues (similar to the Lohbrunner Farm).

**2.3. Tranche 3**

- 2.3.1. As we previously reported (Monitor's Report #13), most of the proposed transactions identified in Tranche 3 of the Plan have a high degree of uncertainty attached to them, in regards to both the value to be recovered as well as the estimated time required to complete the transactions.
- 2.3.2. As at June 30, 2015, TLC's management confirm that:
  - 2.3.2.1. In Victoria, a transfer of all excess site densities for both Abkhazi properties (Abkhazi Gardens and Abkhazi Lot #2 - the adjacent vacant lot), continues to be a work-in-progress. As contemplated in the Plan, TLC and the municipal government seek an appropriate developer and suitable development project for the proposed density transfers;
  - 2.3.2.2. TLC has received a \$539,000 donation that is linked to Abkhazi Lot #2, which was previously to be sold for this amount. The purpose of the donations (instead of a sale transactions) is to assist TLC in its redemption of the mortgage security on Abkhazi Gardens and Abkhazi Lot #2, while

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enabling TLC to retain possession of Abkhazi Lot #2. This contribution (instead of a sale of Abkhazi Lot #2) is contemplated in the Plan;

- 2.3.2.3. In Vancouver, TLC continues to pursue a Heritage Revitalization Agreement transaction involving the property known as Joy Kogawa House, as well as other potential real estate developments in the vicinity of Joy Kogawa House. This activity is contemplated in the Plan.

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**3. CONCLUSION**

- 3.1.** TLC's management is on track with respect to its completion of the transactions contemplated in Tranche 1 of the Plan, both in regards to timeliness of its activities and the recovery of values contemplated in the Plan.
- 3.2.** The Tranche 2 and Tranche 3 transactions contemplated by the Plan have several complicating factors, most of which are outside of TLC's control. As expected, the issues needing to be resolved are taking time to work through, but TLC's management has made progress.
- 3.3.** Based upon the anticipated closing of various Tranche 1 transactions on or before September 30, 2015, TLC should be in a financial position to complete the initial distribution contemplated by the Plan sometime during October 2015.

All of which is respectfully submitted on this, the 10<sup>th</sup> day of July, 2015.

**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 McMorran, CPA, CA, CIRP  
President

**VANCOUVER REGISTRY: No. S-137436**

**DATED JULY 10, 2015**

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