



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 SEVENTEENTH REPORT TO THE COURT

JANUARY 11, 2016

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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.

1.2. Purpose of Report

- 1.2.1. The purpose of the Monitor's Seventeenth Report to the Court (this "**Report**") is to provide the Court with the Monitor's 3rd quarterly report (December 31, 2015) on TLC's progress with 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 ("**Management**"), 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 at December 31, 2015, Management confirm that all the proposed property sales and / or funding transactions in Tranche 1 of the Plan have been completed, except for the following:

2.1.1.1. TLC is awaiting receipt of an interim distribution of funds from the Poole Estate (approximately \$200,000) within the next few weeks, but the timing of this interim distribution and a final distribution (estimated to be \$50,000) remains uncertain;

2.1.1.2. Management continues in discussions with the Executors of the Will of Jessie Binning (deceased) and University of British Columbia as to TLC's recovery of legal costs, as directed by the British Columbia Court of Appeal in the Binning House decision. Management have advised that Binning House is subject to a sale agreement, with a closing date of February 1, 2016. Assuming this sale is completed, Management is reasonably certain that it will recover legal costs related to the Binning House litigation;

2.1.1.3. Management continues to seek sufficient funds so as to facilitate a pay down of the 1st mortgage (approximately \$41,000) on the property known as the Qualicum Bat House and then pursue a transfer of this property to the 2nd ranking mortgage holder, as contemplated in the Plan.

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2.2. Tranche 2

2.2.1. As previously reported (Monitor's Thirteenth Report to the Court), most of the proposed transactions identified in Tranche 2 of the Plan have a lesser degree of certainty than transactions in Tranche 1 (in regards to both the estimated value to be recovered and the estimated time required to complete the transactions).

2.2.2. As at December 31, 2015, Management confirm that:

2.2.2.1. TLC entered into a sale agreement with the Eco Forestry Institute for the sale / transfer of the property known as Wildwood at a total transaction price of \$900,000 (\$790,000 cash, \$20,000 promissory note and \$90,000 of unsecured debt forgiveness). Management had hoped to obtain Court approval of the sale in December 2015, but the Eco Forestry Institute requested an extension, due to a delay it encountered when clearing subject conditions. Management is confident this sale will be completed early in 2016;

2.2.2.2. The Maltby Lake Watershed Society ("MLWS") is continuing in its fund raising activities, with the goal of raising \$250,000 for the purchase of the remaining 6% of TLC's undivided interest in the Maltby Lake property (17% of TLC's former 35% undivided interest), as contemplated in the Plan. The timing of MLWS's completion of this purchase remains uncertain and is dependent upon the success of the fund raising activity;

2.2.2.3. A sale of the Lohbrunner Farm 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 issues. This activity and the uncertainty associated with it is contemplated in the Plan.

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2.3. Tranche 3

2.3.1. As previously reported (Monitor's Thirteenth Report to the Court), 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 December 31, 2015, 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. TLC has recently retained the services of the realty firm Colliers International, to assist TLC and the municipal government in locating an appropriate developer and suitable development project for the proposed density transfers;

2.3.2.2. 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. INTERIM DISTRIBUTION OF FUNDS

3.1. Secured Creditors

3.1.1. Since April 2, 2015 TLC has repaid approximately \$3.692 million of secured creditors' claims (including Debtor in Possession Chargeholder and Administration Chargeholders).

3.1.2. Excluding the 2nd ranking secured mortgage on the Qualicum Bat House, as at December 31, 2015 TLC owed approximately \$1.046 million to the following secured creditors:

3.1.2.1. Mortgage holders with priority secured charges on Abkhazi Gardens (2 lots) are collectively owed approximately \$531,000;

3.1.2.2. Mortgage holder with priority secured charge on Joy Kogawa House is owed approximately \$129,000;

3.1.2.3. Mortgage holder with 1st ranking secured charge on Qualicum Bat House is owed approximately \$41,000;

3.1.2.4. Administration Chargeholders are collectively owed approximately \$345,000.

3.2. Unsecured Creditors

3.2.1. TLC anticipates making an initial distribution to the unsecured creditors in the near term, commencing with the Convenience Class payment (approximately \$495,700).

3.2.2. The proposed \$90,000 forgiveness of unsecured debt that is contemplated in the pending Wildwood sale is to be provided by three (3) separate unsecured creditors,

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and will reduce the Convenience Class payment from \$495,700 to \$480,700 (down by \$15,000).

- 3.2.3. Further, after the Convenience Class payment has been made, the unsecured claims will be reduced to \$2,946,800 and the total number of unsecured claimants will be reduced from 143 to 35 (counting Employment Standards as 1 claimant, but representing 17 former employees with claims remaining after the Convenience Class payment).

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4. CONCLUSION

- 4.1.** Notwithstanding that the two (2) outstanding transactions contemplated in Tranche 1 of the Plan (Binning House cost recovery / Poole Estate interim distribution) are both outside TLC's control, in regards to timing, based upon current information the Monitor agrees with the expectation that both will complete in the near term (January to May 2016).
- 4.2.** Of the three (3) outstanding transactions contemplated in Tranche 2 of the Plan (Wildwood / Maltby Lake / Lohnbrunner Farm):
- 4.2.1. The Monitor does not disagree with TLC's expectations, that the Eco Forestry Institute will resolve the financing issue that delayed the Wildwood sale in December 2015, giving rise to a sale transaction in the near term (for \$900,000);
- 4.2.2. Based upon activities to-date, the Monitor believes it is not unreasonable to expect that MLWS will complete its fundraising (\$250,000) in the mid-term (May to September 2016), which will facilitate MLWS's acquisition of TLC's remaining fractional interest (6%) of Maltby Lake;
- 4.2.3. The Monitor believes that issues complicating a sale of the Lohnbrunner Farm will delay a sale transaction, with no certainty as to timing or value.
- 4.3.** Of the two (2) outstanding transactions contemplated in Tranche 3 of the Plan (Abkhazi Gardens & Joy Kogawa House):
- 4.3.1. The Monitor supports the retention of Colliers International, in Victoria, to assist TLC with identifying potential density transferees / developers for Abkhazi Gardens. Further, the Monitor believes that the timing and value of this transaction remain uncertain due to economic and local political issues beyond TLC's control;

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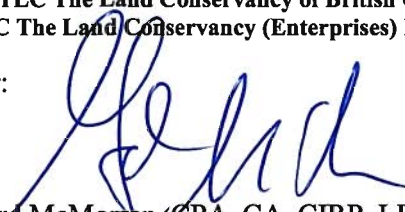
4.3.2. The Monitor believes that a Heritage Revitalization Agreement transaction, involving Joy Kogawa House in Vancouver, has been hampered by local government administrative, consequently the timing and value of this transaction remain uncertain.

4.4. Given the various Tranche 1 transactions that have closed on or before December 31, 2015, and the progress being made with Tranche 2 transactions, TLC may soon be in a financial position to reduce the amounts owing to some of the remaining secured creditors, as well as complete the Convenience Class distribution, as contemplated by the Plan. However, the timing of such payments remains uncertain.

All of which is respectfully submitted on this, the 11th day of January, 2016.

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 McMorrin, CPA, CA, CIRP, LIT
President

VANCOUVER REGISTRY: No. S-137436

DATED JANUARY 11, 2016

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