

No. S137436
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, AND TLC THE LAND CONSERVANCY (ENTERPRISES) LTD.

REVISED PLAN OF COMPROMISE AND ARRANGEMENT

October 14, 2016

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**ARTICLE 1
DEFINITIONS AND INTERPRETATIONS**

1.1 Definitions and Interpretation

“**Additional Property**” means the Property which requires additional effort before being sold by TLC pursuant to the Revised Plan (“Abkhazi Garden Density”);

“**Administration Charges**” has the meaning ascribed in the Initial Order, as amended;

“**Amended Claims Register**” means the register of Claims prepared by the Monitor in the Proceeding, as amended on February 23, 2015;

“**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;

“**Board**” means the Board of Directors of TLC;

“**Business Day**” means any day, other than a Saturday, Sunday, or a statutory holiday in British Columbia;

“**CCAA**” means the *Companies' Creditors Arrangement Act* (Canada), R.S.C., 1985, c. C-36, as amended;

“**Certificate of Completion**” means the certificate issued by the Monitor and filed with the Court as provided in Sections 8.5 and 8.6 of the Revised Plan;

“**Chair**” means the chair of the Meeting as designated in the Second Meeting and Process Order;

“**Claim**” means any right of any Person against TLC in connection with any indebtedness, liability or obligation of any kind owed by TLC and any interest accrued thereon or costs payable in respect thereof, whether liquidated, un-liquidated, fixed, contingent, matured, not matured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guaranteed, surety or otherwise, and whether or not such right is executor or anticipatory in nature, including the right or ability of any Person to advance a claim of contribution or indemnity or otherwise with respect to any matter, action,

cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing prior to October 7, 2013 and, any indebtedness, liability or obligation of any kind arising out of the repudiation, restructuring, or termination of any contract, lease, employment agreement or other agreement after October 7, 2013. Without limiting the foregoing and for greater certainty, "Claim" means any indebtedness, liability or obligation of any kind that if unsecured, would be a debt provable in bankruptcy within the meaning of the BIA, as set out in Section 12(1) of the CCAA;;

"Claims Bar Date" means April 25, 2014, pursuant to the Claims Process Order;

"Claims Process Order" means the Order granted by the Court in the CCAA Proceeding on March 4, 2014, approving and directing the claims process in these proceedings;

"Class" means any one or more of the groups of Creditors listed in Section 3.5 of the Revised Plan;

"Core Properties"– means those Properties which are in the process of being sold or transferred (Maltby Lake 6% Interest, Kogawa House, Wildwood, Qualicum Bat House);

"Court" means the Supreme Court of British Columbia;

"CPPA" means the *Charitable Purposes Preservation Act* [SBC 2004], Chapter 59, as amended;

"CRD" means Capital Regional District;

"Creditor" means a Person having a Proven Claim and includes without limitation, the transferee of an assigned Proven Claim;

"Date for any Action" means that in the event that any date on which any action is required to be taken under this Revised Plan by an of the parties is not a Business Day, that action shall be required to be taken on the next succeeding day that is a Business Day;

"Debtor in Possession (DIP) Loan" means the loan to TLC secured by the DIP Lender's Charge as defined in the Initial Order;

"Employee Priority Claims" mean the following Claims of employees and former employees of TLC:

- (i) Claims equal to the amounts that such employees and former employees would have been qualified to receive under paragraph 136(1)(d) of the BIA if TLC had become bankrupt on the Filing Date; and
- (ii) Claims for wages, salaries, commissions or compensation for services rendered by them after the Filing Date and on or before the Revised Plan Commencement Date together with, in the case of travelling salespersons, disbursements properly incurred by them in and about TLC's business during the same period;

"Enterprises" means TLC The Land Conservancy (Enterprises) Ltd.;

"Excluded Claim" means:

- (i) Any claim secured by charge created by an order in the Proceeding;
- (ii) Post-Filing Claims;

- (iii) That portion of a Claim arising from a cause of action for which TLC is covered by insurance, but only to the extent of such coverage;
- (iv) Employee Priority Claims;
- (v) Government Priority Claims; and
- (vi) Any Claims with respect to the reasonable fees and disbursements of counsel for TLC, the Monitor, or any financial advisor retained by the foregoing, as approved by the Court to the extent required;

“Filing Date” means October 7, 2013;

“Government Priority Claims” means any Claim owing to Her Majesty the Queen in right of Canada or any Province as described in Section 6(3) of the CCAA;

“Initial Order” means the Order granted by the Court in the CCAA Proceedings on October 7, 2013 ordering, among other things, a stay of proceedings in respect of TLC, as amended or extended from time to time;

“Initial Sanction Order” means the Order made in the Proceeding on April 2, 2015, sanctioning the Plan and the authorizing implementation of the transactions contemplated therein;

“Land Trust Movement” is used to describe non-profit conservation organizations that either buy land or hold conservation easements, or both, and work in partnership with landowners and communities to permanently conserve natural resources;

“Land Trust Transfer” means the transfer of those Properties which will be transferred to NCC;

“Meeting” means the meeting of the Classes of Creditors to be held pursuant to the Second Meetings and Process Order for the purpose of seeking approval of the Revised Plan, including any adjournment thereof;

“Monitor” means Wolrige Mahon Limited in its capacity as the Monitor appointed pursuant to the Initial Order or any successor thereto appointed in accordance with any further Order;

“Person” means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, joint venture, governmental authority, or any agency, officer thereof or any other entity;

“Plan” or **“POA”** means the initial Plan of Compromise and Arrangement between TLC and its Creditors, dated February 2, 2015 that was approved by TLC’s creditors and sanctioned by the Court on April 2, 2015;

“Post-Filing Claim” means any right or claim of any Person that may be asserted or made in whole or in part against TLC in connections with any indebtedness, liability or obligation of any kind which arose in respect of obligations first incurred on or after the Filing Date (other than Restructuring Claims) and any interest thereon, including any obligation of TLC toward creditors who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to TLC on or after the Filing Date, but only to the extent of their claims in respect of the supply of such services, utilities, goods, materials or funds on or after the Filing Date;

“Proceeding” means the legal Proceeding under the CCAA commenced by TLC in the Court, under Vancouver Registry Action No. S137436;

“Properties” means those properties under the care and administration of TLC;

“Proven Claim” means a Claim that has been accepted or finally settled in accordance with the Claims Process Order;

“Released Party” means a person who will be released by the Revised Plan;

“Remaining Properties” means the seven (7) real properties which will be retained by TLC (Abkhazi Gardens, Second Lake, Nimpo Lake, Madrona Farm, Fort Sheppard, Kurta / Clearwater and Todd Road);

“Revised Plan” means this Revised Plan of Compromise and Arrangement between TLC and its Creditors, as from time to time amended, modified or supplemented pursuant to an Order of the Court, or pursuant to an agreement between TLC and any Creditor or Class, as provided for herein or pursuant to any Meeting of the Creditors;

“Revised Plan Commencement Date” means the date on which the Second Sanction Order is granted;

“Revised Plan Completion Date” means the date on which the Monitor files a Certificate of Completion with the Court;

“Second Meetings and Process Order” means the Order of the Court to be granted in British Columbia Supreme Court Action No.S137436, Vancouver Registry, on October 28, 2016 directing the holding of the Meeting, and providing such other directions as may be appropriate in the circumstances;

“Second Sanction Order” means the Order of the Court made in the Proceeding, sanctioning the Revised Plan and authorizing implementation of the transactions contemplated therein;

“Secured Creditor” means any Person holding a perfected mortgage, pledge, charge or lien on or against the Properties or any part thereof as security for a debt due or accruing due to the Person from TLC.

“Statutory References” means that, unless otherwise specified, any reference in this Revised Plan to a statute includes all regulations made thereunder and all applicable amendments to such statute or regulations in force, from time to time, or any statute or regulations that supplement or supersede such statute or regulations;

“TLC” means TLC The Land Conservancy of British Columbia Inc. No. S36826 and TLC The Land Conservancy (Enterprises) Ltd.;

“Trust Property” means a property held in trust, as specified in the terms of the will that bequeathed the property;

“Trustee” means an individual person or member of a board given control or powers of administration of property in trust with a legal obligation to administer it solely for the purposes specified;

“Unaffected Creditor” means any Creditor that holds an Excluded Claim, in respect of and to the extent of such Excluded Claim;

“Unsecured Creditor” means a creditor other than a Secured Creditor and an Excluded Creditor.

ARTICLE 2 PURPOSE AND EFFECT OF THE REVISED PLAN

2.1 Purpose and Effect of the Revised Plan

On October 7, 2013, TLC was granted creditor protection pursuant to the provisions of the CCAA. TLC's intention from the start has been to pay all the creditors to the fullest extent possible, and to protect the Properties to the greatest extent possible.

On April 2, 2015 the Court issued an Initial Sanction Order for the Plan, which contained a self-imposed deadline of June 30, 2016 requiring TLC to file a Revised Plan should that date pass without the Plan being completed. This Revised Plan has been prepared and filed pursuant to that self-imposed deadline.

TLC is only the second not-for-profit charity to restructure under the CCAA. By way of the Revised Plan herein and subsequent actions TLC will transfer the Properties in order to finish the activities commenced under the Plan and continue to serve the Land Trust Movement in a financially sustainable manner.

This revision is to provide Creditors with TLC's intended actions for completing its restructuring and exiting CCAA.

2.2 Objective of the Revised Plan

TLC's objective in the Revised Plan is to complete the activities commenced under the POA and, in so doing, pay the Creditors to the greatest extent possible, and do the least harm to the Land Trust Movement generally by upholding the charitable purposes of the lands for which they were protected, while restructuring under the CCAA.

Specifically, the objective of the Revised Plan is to complete the restructuring of TLC's financial obligations in order to make an equitable repayment to Creditors via the transfer of the remaining properties identified in the Plan. A secondary objective of the Revised Plan is to significantly reduce the financial obligations of TLC associated with holding long term, secured and unsecured, debt in order that it may operate with long term viability.

2.3 Persons Affected by the Revised Plan

Secured and Unsecured Creditors (as determined pursuant to the Claims Process) will either have their Proven Claims satisfied by the Revised Plan or compromised by the Revised Plan.

ARTICLE 3 SUMMARY OF THE REVISED PLAN

3.1 Summary of the Revised Plan

TLC has completed the sale and transfer of 35 properties as contemplated in the POA. TLC has contributed cash on hand, received contributions from the Poole estate and private donors, and secured debt forgiveness as contemplated in the POA. Currently, there are four outstanding transfers: Kogawa House, Wildwood Ecoforest ("**Wildwood**"), TLC's 6% undivided interest in the property known as Maltby Lake ("**Maltby Lake 6% Interest**"), and the Abkhazi **Garden** density transfer.

TLC commits to the distribution of proceeds from these last remaining transactions to finalize the CCAA process. As outlined below, Kogawa House, Wildwood and Maltby Lake 6% interest are under contract for sale, subject to court approval. Proceeds from these transfers will be used to pay Secured Creditors, (excepting 0793468 B.C. Ltd. which is the second mortgage holder on Qualicum Bat House), and the Convenience Class in full. The remainder will be applied pro-rata to Unsecured Creditors that remain (50 in total) after the repayment of the Convenience Class. When the final distribution is made, it is anticipated that the recovery will be approximately 22.5% to these remaining Unsecured Creditors. The

Abkhazi Garden density transfer remains uncertain as to timing, hence TLC will commit to distributing these funds when received as outlined below.

3.2 Core and Additional Properties

3.2.1 Maltby Lake 6% Interest

Maltby Lake is a family owned property in Victoria consisting of a residence and small lake. An undivided 35% interest in the property was bequeathed to TLC by Catherine Holmes who indicated in her will the wish to have a park created in memory of her husband. The appraised value of the entire Maltby Lake property was estimated to be \$4,847,000, which would equate to TLC's straight interest share being \$1,696,450. Due to the nature of the undivided interest in land bequeathed to TLC, the value of the 35% interest would require substantial discounting as advised by the appraiser. Accordingly, the discounted value of the 35% interest was estimated to be approximately \$1 Million.

In May 2015, TLC sold 29% of the 35% interest to one of the family members, Woody and Carmel Thomson, in exchange for \$750,000.

The Friends of Maltby Lake Watershed Society, a local conservation group supported by the community and various levels of government, together with Carmel and Woody Thomson are under contract to purchase the remaining Maltby Lake 6% Interest for \$250,000. This contract is subject to Court approval with a closing date of **March 1, 2017**.

3.2.2 Abkhazi Garden density transfer and donation

The Abkhazi Garden in Victoria is comprised of a residence (subsequently converted to a tea house and gift shop by TLC) and extensive private gardens on two legal lots.

Following the passing of the owners, the property was purchased by a developer who subdivided the larger of the two lots (aka "**the Garden**") for a 12 townhome development. TLC, backed by substantial community support, purchased both legal lots from the developer in 2000 with the intention of preserving the idyllic qualities of the property.

It was originally determined by appraisal that the value of the densities associated with the townhouse zoning would be worth approximately \$1.5 Million, while the smaller lot (aka "Abkhazi Lot 2") was valued at approximately \$539,000. A generous benefactor has contributed as a donation to TLC the appraised value of Abkhazi Lot 2 conditional upon TLC declaring Abkhazi inalienable. These funds were distributed to Secured Creditors.

The City of Victoria has agreed in principle to allow TLC to transfer the densities from the Garden to another property within the City of Victoria. It has been determined that the appraisal for the value of the densities contemplated in the POA was overstated. TLC has signed an agreement with Lefevre and Company, whereby Lefevre and Company agree to purchase the Abkhazi Garden densities for **\$250,000**, which reflects the current value of the densities based on recent transactions between the City of Victoria and area developers. Mr. Lefevre is working to bring a project to the City of Victoria for approval that incorporates the additional densities from Abkhazi Garden. If approved by the City, the value of the densities would be paid to TLC upon completion of the project. The City would then place Heritage designation on the Abkhazi Garden site. **Timing is uncertain.**

3.2.3 Wildwood

TLC acquired the Wildwood property in Nanaimo, from Merv Wilkinson and family prior to his passing in 2011. The practices undertaken on this land are to serve as an example of Merv's practice of sustainable eco-forestry.

The POA estimated a sale price of \$860,000. TLC entered into an agreement with the Ecoforestry Institute Society ("EIS") in November of 2015 for this amount, which included \$110,000 in Creditor forgiveness. Court approval was scheduled for December 2015, however EIS was unable to complete and the court hearing was cancelled. A subsequent offer from EIS was accepted for the same amount and court approval was scheduled for June 2016. Again, EIS was unable to complete the transaction and the court hearing was cancelled.

TLC has re-negotiated the sale of Wildwood to Mark Randen, for **\$725,000** which includes **\$100,000** of Creditor forgiveness. A court date is scheduled for November 14 and 15, 2016 to approve the sale. The sale agreement includes a covenant and management Plan to ensure that the ecoforestry practice established by Merv Wilkinson is maintained. Closing is **February 15, 2017**.

3.2.4 Qualicum Bat House

The Qualicum Bat House near Qualicum Beach was acquired through a private purchase. This small property has a derelict house which is the habitat for endangered Townsend bats. Although TLC has not obtained an appraisal or current market valuation, the value of this property for property tax purposes (current BC Assessment Authority assessment) was less than \$115,000. The property has 2 mortgages totalling approximately \$160,500. The first mortgage of approximately \$42,000 is fully secured and hence will be paid out.

TLC does not believe that the second mortgage of approximately \$118,500 is fully secured, as claimed in these proceedings. TLC intends to improve the equity position of the second mortgage holder by paying out the first mortgage and consenting to the lifting of the Stay of Proceedings with respect to the second mortgage on Qualicum Bat House. In so doing, this will permit the second mortgage holder to foreclose on this property.

3.2.5 Anticipated Cash Recovery and / or debt forgiveness from Core Properties

Kogawa House	\$634,000	November 1, 2016
Maltby Lake (6%) transfer	\$250,000	March 1, 2017
Wildwood transfer	\$725,000	February 15, 2017
Abkhazi density transfer	\$250,000	Uncertain
Total	\$1,859,000	

3.3 Remaining Properties

Upon exiting CCAA TLC will hold 7 properties: Kurta/Clearwater, Todd Road, Fort Shepherd, Madrona Farm, Second Lake, Nimpo Lake and Abkhazi Garden.

Three of these properties are Ecogifts, and cannot be transferred for value. These are Kurta/Clearwater, Todd Road and Fort Shepherd.

Two of these properties are encumbered with long term lease arrangements which limit the ability to transfer title for value. Madrona Farm has a 29 year farm lease, and Second Lake has a residential lease that expires in 2030. Second Lake is further encumbered with a restrictive covenant, which includes a

veto provision for the CRD on any transfer. For these reasons, while they hold value, TLC does not have the ability to realize sales revenue from these properties at this time.

Nimpo Lake is a small cabin in an isolated region specifically used as a vacation cabin and available for rent by TLC. The family who donated the cabin do not support a sale. Approximate value is \$125,000. TLC does not plan to sell this property.

Abkhazi Garden provides revenue to TLC in the form of entrance donations, and a lease to a teahouse operator. A generous benefactor donated \$539,000 to ensure the property remains with TLC, and a second donor provided a further \$40,000, both amounts were distributed to Secured Creditors. As discussed in paragraph 3.2.2., TLC has an agreement with Lefevre and Company of Victoria to purchase the densities that were created when the property was zoned for development to townhouses. Lefevre and Company would utilize the densities on a separate project, and is in the process of putting a proposal to the City of Victoria. If the Council approves the proposal, a rezoning application would proceed. This process requires time, and also contains significant uncertainty as to outcome. This agreement expires February 2018, at which time TLC would seek an extension, or a new agreement with a different developer if a project was not underway.

3.4 Revenue from debt forgiveness and Cash on Hand

As mentioned previously, in conjunction with a sale of Wildwood, \$100,000 of unsecured debt is to be forgiven.

TLC received \$200,000 as repayment of legal fees associated with Binning House. \$90,000 was paid to outstanding legal fees to September 30, 2016. TLC holds \$110,000 as cash on hand.

3.5 Distribution Under the Revised Plan

There will be two classes of Creditors voting at the Meeting:

- (1) Secured; and
- (2) Unsecured.

3.5.1 Secured Creditors

Secured Creditors will have their claims satisfied in one of two ways:

- (a) Secured Creditors that are fully secured by their security interest in TLC assets are to be paid in full; specifically the first mortgage on the Qualicum Bat House, the mortgage on Kogawa House, and the mortgage on Abkhazi Garden. Currently, these Secured Creditors have claims totalling approximately \$377,000.
- (b) Secured Creditors that are not, in TLC's view, fully secured will be permitted to enforce their security. In this regard, the second mortgage holder on the Qualicum Bat House will have their security position improved by the repayment of the first mortgage, and then have the ability to either foreclose or take title to the property for repayment of their debt. Currently, this Secured Creditor has a claim totaling approximately \$118,500.

3.5.2 Administration Charges (Professional fees)

The Administration Charges are paid in full to September 30, 2016. Administration Charges include Counsel for TLC, the Monitor and the Monitor's Counsel. These costs will continue until TLC exits CCAA. For this reason TLC encourages the Creditors to consider the approval of the Revised Plan, thus allowing

the payouts from cash on hand, and the residual value of the remaining transactions to remain uneroded. To date, TLC has paid in excess of \$2.5 Million in Administration Charges.

3.5.3 Summary of Distribution for Creditors Upon Approval of Revised Plan

3.5.3.1 Immediate Distribution

Upon Creditor acceptance and Court approval of this Revised Plan, Secured Creditors would be paid in full (with the exception of 0793468 BC Ltd. which will have the ability to foreclose on the Qualicum Bat House in full compensation for their mortgage on the property) from cash on hand. Payments to Secured Creditors would require approximately \$377,000.

The Convenience Class of Unsecured Creditors would be partially repaid from the balance remaining (the Convenience Class represents the first \$5,000 of all proven unsecured claims).

Kogawa House	\$634,000	November 1, 2016
Less mortgage	-134,000	Trump mortgage repaid November 1, 2016
Cash on hand TLC	\$110,000	
Less Secured Creditors	<u>-\$377,000</u>	General Solids and Coast Capital repaid in full
Balance Remaining	\$233,000	

3.5.3.2 Future Distributions

In order for TLC to exit CCAA it is necessary for all financial transactions to have certainty. Two properties will close in 2017, therefore TLC will issue two (2) separate Promissory Notes, as follows:

- a) To all the Convenience Class creditors, Promissory Notes equal to the value of each Creditor's Convenience Class claim (lesser of actual claim or \$5,000), which will be partially repaid from above mentioned funds on hand and funds to be received in February and March 2017 (draft example attached as Appendix A);
- b) To all Unsecured Creditors remaining after repayment in full of the Convenience Class creditors, Promissory Notes equal to 22.5% of the remaining balance of each Unsecured Creditor's claim (draft example attached as Appendix B);

thus allowing the Monitor to issue the Certificate of Completion.

The balance remaining from the sale of Kogawa House and the proceeds from the sale of Wildwood and Maltby Lake 6% interest would be committed for distribution and payment as outlined below:

Balance of Kogawa	\$233,000	Convenience Class partial payment	
Wildwood	\$625,000	cash	February 2017
	<u>-260,000</u>	balance of Convenience Class	
	\$365,000	pro rata	
Maltby Lake 6% Interest	\$250,000	pro rata	March 2017

The transfer of densities from Abkhazi Garden remains uncertain. By way of Commitment Letter, TLC would commit to distributing (on a pro rata basis) the proceeds from the sale of Abkhazi

densities (less 5% sales commission) upon receipt to all of the Unsecured Creditors with remaining balances after payment of the Convenience Class creditors. For clarity, this potential payment would be in addition to the value of the Promissory Notes discussed in paragraph 3.5.3.2.(b) above.

Abkhazi Garden densities	\$250,000	pro rata	uncertain timing
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ARTICLE 4 PROOF of CLAIMS

4.1 Claims Process

Pursuant to the Claims Process Order, the Monitor has overseen a Claims Process and maintains a Claims Register.

ARTICLE 5 MEETINGS

5.1 Meetings

A vote on the Revised Plan will take place at a meeting to be held **Friday, December 2, 2016** at the **Sandman Inn**, 2852 Douglas Street Victoria, from 11 am to 2 pm.

The Meetings shall be conducted in accordance with the terms of this Revised Plan and the Second Meetings and Process Order.

5.2 Persons

Persons entitled to attend the Meetings are:

- (i) The Monitor and any Person designated by the Monitor;
- (ii) Officers, directors and other advisors of TLC;
- (iii) Unsecured Creditors with Proven Claims (including the holders of proxies);
- (iv) Secured Creditors with Proven Claims (including the holders of proxies);
- (v) Legal counsel to any Person entitled to attend the Meeting; and
- (vi) Any Person admitted to the Meetings on the invitation of the Chairperson.

5.3 Procedure

In order for the Revised Plan to be accepted, it must be approved by both;

- (i) A majority in number of each class of Creditors who actually vote upon the Revised Plan (in person or by proxy) at the Meeting; and
- (ii) A two-thirds majority in value of the Proven Claims in each class of Creditors who actually vote upon the Revised Plan (in person or by proxy) at the Meeting.

5.4 Voting

For the purposes of voting as a member of a Class, each Creditor of each Class shall have one vote for the purposes of determining a majority in number and each Creditor shall be entitled to one vote for each \$1.00 of its Proven Claim for the purposes of determining a two-thirds majority in value.

Creditors may vote by proxy before the meeting according to the process outlined in the Second Meeting and Process Order.

5.5 Adjournment of Meeting

The Chairperson of the Meeting may in their compete discretion and with the consent of TLC, adjourn the Meeting from time to time.

ARTICLE 6 AMENDMENTS AND MODIFICATIONS

6.1 Amendment of the Revised Plan

TLC reserves the right, at any time, to amend this Revised Plan. Any amendment will only be re-submitted to the Creditors if the amendment, in the opinion of the Monitor, has a negative or detrimental effect on the Creditors or the Revised Plan. This Revised Plan may also be amended between TLC and any Class of Creditor at any Meeting, with the consent of the Monitor.

6.2 Modification of the Revised Plan

After the Meeting, the Revised Plan may be modified:

- (i) by TLC with the consent of the Monitor, provided that any amendment to the Revised Plan made subsequent to the Meeting is not, in the opinion of the Monitor, material to one or more Creditors or other Person (i.e. is merely of a technical or administrative nature); and
- (ii) if the proposed amendment is material to one or more Creditors or other Persons, by the Court at any time on application of TLC or the Monitor and upon notice to those determined by TLC or the Monitor to be directly affected by the proposed modification, on which application the Revised Plan may be modified as may be reasonably necessary to ensure the successful reorganization of TLC in accordance with the purpose of the Revised Plan.

6.3 Effect of Amendments and Modification

Any amendment or modifications to the Revised Plan, in accordance with this Article will, for all purposes, be deemed to be part of, and incorporated into, this Revised Plan.

6.4 Severability

In the event that any provision of the Revised Plan is determined to be unenforceable, at TLC's sole option, such determination shall in no way limit or effect the enforceability and operative effect of any other provision of the Revised Plan.

6.5 Waivers

Any provision of this Revised Plan may be waived by a Creditor or Class directly affected by the provision.

ARTICLE 7 EFFECT OF REVISED PLAN

7.1 Effect of Revised Plan Generally

Subject to the performance of the Revised Plan, on the Revised Plan Completion Date, the treatment of Claims under this Revised Plan will be final and binding on the TLC and all Creditors (and their respective heirs, executors, administrators, legal personal representatives, successors and assigns) irrespective of the jurisdiction in which such Creditor resides or the Claims arise, and this Revised Plan shall constitute a full, final and absolute settlement of all rights of the Creditors in consideration of the distributions to such Creditors contemplated by this Revised Plan in accordance with the terms of the Revised Plan.

7.2 Waiver of Defaults and Permanent Injunction

From and after the Revised Plan Completion Date:

- (i) all Creditors and other Persons shall be deemed to have waived any and all defaults of TLC then existing or previously committed by TLC or caused by TLC, or non-compliance with any covenant, warranty, representation, term, provisions, condition, obligation, express or implied in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereof, existing between such Person and TLC, and any and all notices of default and demands for payment under any instrument, including any guarantee, shall be deemed to have been rescinded; and
- (ii) all Creditors and other Persons shall be permanently and forever barred, stopped, stayed and enjoined with respect to Claims from:
 - A. commencing, conducting or continuing in any manner, directly, or indirectly, any action, suits or demands, including without limitation by way of contribution or indemnity or other relief, in common law, or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against TLC;
 - B. creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind other than as expressly permitted hereunder; and
 - C. taking any actions to interfere with the implementation or consummation of this Revised Plan.

7.3 Release

On the Revised Plan Completion Date, the following Persons (being herein referred individually as "Released Party" and collectively as the "Released Parties"):

- (i) TLC and its legal counsel in the CCAA Proceeding;
- (ii) the Monitor and its legal counsel in the CCAA Proceeding;
- (iii) present and former directors, officer and employees of TLC; and
- (iv) any Person claimed to be liable derivatively through any and all of the foregoing Persons;

shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert including, without limitation, any claims in respect of potential statutory liabilities of the present and former directors, officers and employees of TLC, and any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Revised Plan Completion Date in any way relating to, arising out of or in connection with Claims, the Business and affairs of TLC, this Revised Plan and the CCAA Proceedings to the full extent permitted by law, and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Company's obligations under the Revised Plan or any related document) provided that nothing herein:

- (i) shall affect the rights of any Person:
 - A. to recover indemnity from any insurance coverage under which that Person is an insured; or
 - B. to obtain recovery on a Claim against a Released Party from any insurance coverage pursuant to which that Released party is uninsured,but, for certainty, any Claim to which an insurer is or would otherwise be subrogated is released hereunder and the recovery to which such Person shall be entitled to the proceeds of insurance actually paid by the insurer with respect to the Claim; or
- (ii) shall release or discharge present or former directors of any of the Petitioners with respect to matters set out in Section 5.1(2) of the CCAA;

and provided further, however, that notwithstanding the forgoing release under the Revised Plan, any Claim asserted against TLC shall remain subject to any right of set-off that otherwise would be available to TLC in the absence of such release.

ARTICLE 8 APPLICATION FOR SECOND SANCTION ORDER AND CONDITIONS PRECEDENT

8.1 Application for Second Sanction Order

Should the Revised Plan be approved by each Class at the Meeting by the requisite majorities as established under the CCAA, TLC will immediately apply to the Court for the Second Sanction Order.

8.2 Continuation of the Stay of Proceedings.

The stay of proceedings granted by the Court in the Initial Order will be continued in full force and effect save as is expressly provided herein and as was amended by the Sanction Order and the Second Sanction Order until the Monitor files a Certificate of Completion with the Court.

8.3 Terms of Second Sanction Order

In addition to sanctioning the Revised Plan, the Second Sanction Order shall, among other things:

- (i) declare that the arrangements effected by the Revised Plan were approved, binding and effective upon all Creditors and other Persons affected by the Revised Plan, and released and discharged TLC from any and all indebtedness, obligations and liabilities, as and to the extent provided in the Revised Plan;
- (ii) release and discharge TLC from any and all Claims subject to and in accordance with the Revised Plan and stayed any and all steps or proceedings, including, without limitation, administrative orders, declarations or assessment commenced, taken or proceeded with against any and all past, present and future directors, officers and employees of TLC (in those capacities) in respect of all Claims and discharge all past and present directors, officers and employees of TLC from any liability with respect to all Claims, all to the extent provided for in this Revised Plan;
- (iii) confirm and gave effect to the releases, waivers, permanent injunctions and other provisions contemplated by this Revised Plan;
- (iv) declare that the stay of proceedings under the Initial Order (as extended and amended by Order made in the CCAA Proceedings) continued generally until the Monitor files a Certificate of Completion with the Court;
- (v) order that the TLC shall be released from the CCAA Proceedings upon the filing of the Certificate of Completion by the Monitor; and
- (vi) order that the Monitor be discharged and released in relation to TLC except as provided for in this Revised Plan.

8.4 Conditions Precedent to Commencement

The commencement of this Revised Plan is expressly subject to the fulfillment of all of the following conditions:

- (i) the approval of the Revised Plan by the requisite majorities of each of the Classes of Creditors pursuant to the CCAA;
- (ii) the granting of the Second Sanction Order on the terms contemplated by this Revised Plan or such other terms as are satisfactory to the Petitioners.

8.5 Monitor's Certificate of Completion

Upon TLC fulfilling the payment obligations set out in Articles 3.5.1, 3.5.2., and 3.5.3. of the Revised Plan, the Monitor shall issue and file with the Court a certificate confirming the same. In so certifying, the Monitor shall be entitled to rely upon the representations and confirmations from TLC.

8.6 Emergence from CCAA Proceedings

Upon the filing of the Certificate of Completion by the Monitor, TLC shall be released from CCAA protection.

ARTICLE 9 GENERAL

9.1 Further Assurances

Notwithstanding that the transactions and events set out in the Revised Plan shall be deemed to occur without any additional act or formality other than as set out herein, each of the Persons affected hereby, including TLC, shall make, do and execute or cause to be made, done or executed all such further acts, deeds, agreements, transfers, assurances, instruments, documents or discharges as may be reasonable required by TLC or the Monitor in order to better implement the Revised Plan.

9.2 Paramountcy

Except as otherwise provided in the Revised Plan, from and after the Revised Plan Commencement Date, any conflict between this Revised Plan and the terms, conditions, covenants, representations, warranties, provisions or obligations, expressed or implied, of any contract, creditor document, agreement for sale, arrangement, constating or organizational documents of TLC, lease or other agreement, written or oral and any and all amendments or supplements thereto existing among one or more of the Creditors and TLC as of the Revised Plan Commencement Date will be deemed to be governed by the terms, conditions and provisions of this Revised Plan and the Second Sanction Order which will take precedence and priority in respect thereof.

9.3 Different Capacities

Persons who are affected by the Revised Plan may be affected in more than one capacity. Unless expressly provided herein by the contrary, a Person will be entitled to participate hereunder in each such capacity, unless expressly agreed by the Person in writing or provided for in the Revised Plan or unless its Claims overlap or are otherwise duplicative.

9.4 Notices

All notices and correspondence required or permitted or desired to be made pursuant to this Revised Plan shall be in writing and shall be delivered personally, by fax, by registered or certified mail, return receipt requested, or by email to TLC at the following address:

The Land Conservancy of BC
PO Box 50054 Fairfield Plaza
Victoria, BC V8S 5L8
Fax: 250.744.2251
Email: admin@conservancy.bc.ca

With a copy being sent to:

Brad Friesen
Barrister and Solicitor

1157A Newport Avenue
Victoria, B.C., V8S 5E6
tel: 250.370.2590
fax: 250.370.1585
bradfriesen@telus.net

And if to a Creditor or Claimant, at its address set forth in the last Proof of Claim deposited with TLC or such other address of which notice may be given as herein provided.

9.5 Date and Reference

This Revised Plan may be referred to as being the Revision to the Reorganization Revised Plan of TLC dated for reference February 2nd 2015.

TLC may assign its rights and obligations under this Revised Plan.

9.6 Successors and Assigns

This Revised Plan is binding upon TLC, the Creditors, the Claimants and their respective heirs, executors, administrators, successors and assigns.

Dated at the City of Victoria, Province of British Columbia this _____ day of _____, 2016.

TLC The Land Conservancy of British Columbia

Per:

Authorized Signatory

Per:

Authorized Signatory

TLC The Land Conservancy (Enterprises) Ltd.

Per:

Authorized Signatory

Per:

Authorized Signatory

