

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 TWENTIETH REPORT TO THE COURT

SEPTEMBER 19, 2016

TABLE OF CONTENTS

Section		Page
1.	PREAMBLE 1.1. Introduction 1.2. Purpose of Report 1.3. Restrictions, Limitations & Qualifications of Report	1
2.	PROPOSED SALE OF LOHBRUNNER FARM	4
3.	CONCLUSION	7

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

MONITOR'S TWENTIETH REPORT TO THE COURT

September 19, 2016

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;

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

MONITOR'S TWENTIETH REPORT TO THE COURT

September 19, 2016

- 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. On July 29, 2016 the Court issued an Order extending TLC's self-imposed deadline in the Plan of July 30, 2016, for filing a Revised Plan, to October 31, 2016;
- 1.1.5.9. 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 Twentieth Report to the Court (this "**Report**") is to provide the Court with information and the Monitor's opinion in regards to TLC's application for Court approval of its sale of the real property known as the Lohbrunner Property or "**Lohbrunner Farm**".

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

MONITOR'S TWENTIETH REPORT TO THE COURT

September 19, 2016

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.

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

MONITOR'S TWENTIETH REPORT TO THE COURT

September 19, 2016

2. PROPOSED SALE OF LOHBRUNNER FARM

- 2.1.** The sale of Lohbrunner Farm is shown as a Tranche 2 transaction under the Plan that was estimated to generate \$500,000 of sale proceeds, if sold to a purchaser that had agricultural (farming) and conservation values that were acceptable to TLC.
- 2.2.** TLC has been negotiating a potential sale Lohbrunner Farm to Farmfolk / Cityfolk Society (“**Farmfolk**”) since 2015, but needed to address and overcome significant impediments to a sale transaction, including:
- 2.2.1.** Funding of the proposed transaction;
 - 2.2.2.** Arranging for an easement on Lohbrunner Farm, permitting access to what would otherwise be land locked woodlands sold to Nature’s Trust Conservancy;
 - 2.2.3.** Removing the “inalienable status” imposed on Lohbrunner Farm by TLC under its Bylaws;
 - 2.2.4.** Negotiating the terms and conditions of a conservation covenant that is to be registered on Lohbrunner Farm, in connection with the sale transaction;
 - 2.2.5.** Uncertainty as to the position to be taken by the Attorney General for the Province of British Columbia (“**the AG**”) in regards to the terms and conditions of the conservation covenant and deemed trust, arising from a sale transaction with Farmfolk.
- 2.3.** More recently, TLC has accepted an offer from Farmfolk for the sale of Lohbrunner Farm at a purchase price of \$500,000, subject to Court approval.

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

MONITOR'S TWENTIETH REPORT TO THE COURT

September 19, 2016

- 2.4.** Whereas the Plan contemplated a cash selling price of \$500,000 for Lohbrunner Farm, the Farmfolk offer is for \$500,000, however it is comprised of cash and cash equivalents, as follows:
- 2.4.1.** \$300,000 cash;
 - 2.4.2.** \$200,000 of debt forgiveness (of unsecured claims), which provides a cash equivalent of \$200,000 but only if TLC is able to successfully repay 100 cents on the dollar to the claims by unsecured creditors. The actual cash equivalent will be a factor of the pro-rated amounts TLC is able to pay out to creditors.
- 2.5.** With respect to the proposed Farmfolk sale transaction itself, the Monitor notes that:
- 2.5.1.** Although the sale transaction has a gross selling price of \$500,000, only \$300,000 is immediate cash and there is uncertainty as to the cash equivalent value of the \$200,000 of debt forgiveness;
 - 2.5.2.** All marketing and negotiations with regard to this transaction have taken place without the involvement of the Monitor and the Monitor has not been provided with current evidence as to the value of Lohbrunner Farm. Accordingly, the Monitor makes no comments with regard to the foregoing;
 - 2.5.3.** The contract of purchase and sale contemplates a closing date ten days after the Court Order approving the sale, after certain conditions precedent have been completed including:
 - 2.5.3.1.** The registration of a conservation covenant on title; and
 - 2.5.3.2.** The registration of an easement on title;

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

MONITOR'S TWENTIETH REPORT TO THE COURT

September 19, 2016

- 2.5.4.** The Monitor has not sought a legal opinion about, nor does the Monitor comment upon, the enforceability of the conservation covenant, the easement or terms and conditions contained therein.
- 2.5.5.** The Monitor has no knowledge of, and makes no comment as to, Farmfolk's financial status or its ability to operate and manage Lohbrunner Farm.
- 2.6.** The Monitor also notes that TLC believes important non-financial criteria are addressed and satisfied by this transaction, including:
- 2.6.1.** The Farmfolk transaction is with an arm's length 3rd party whom TLC's Board of Directors and Management believe is dedicated to the conservation and preservation of Lohbrunner Farm;
- 2.6.2.** TLC's Board of Directors and Management believe that the Farmfolk transaction is in keeping with TLC's conservation mandate and with the wishes of TLC's membership.

TLC THE LAND CONSERVANCY OF BRITISH COLUMBIA

MONITOR'S TWENTIETH REPORT TO THE COURT

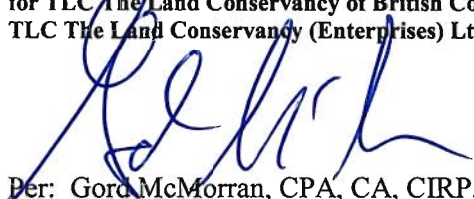
September 19, 2016

3. CONCLUSION

- 3.1.** Subject to the Monitor's comments in paragraphs 2.5 and 2.6, the Monitor believes that the sale of Lohbrunner Farm to Farmfolk is in keeping with TLC's objectives under the Plan of balancing financial recovery for TLC's creditors against TLC's mandate for preservation and conservation of land.

All of which is respectfully submitted on this, the 19th day of September, 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 McMorran, CPA, CA, CIRP, LIT
President

VANCOUVER REGISTRY: No. S-137436

DATED SEPTEMBER 19, 2016

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY & INSOLVENCY**

**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 TWENTIETH REPORT TO THE COURT
