



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 TWENTY-SECOND REPORT TO THE COURT

OCTOBER 18, 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. 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.

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1.2. Purpose of Report

1.2.1. The purpose of the Monitor's Twenty-Second Report to the Court (this "**Report**") is to provide the Court with the Monitor's opinion in regards to TLC's application for Court approval of the sale of TLC's 6% undivided interest in the real property known as Maltby Lake ("**Maltby Lake 6% Interest**").

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. PROPOSED SALE OF MALTBY LAKE 6% INTEREST

- 2.1. With respect to Maltby Lake, a Tranche 2 transaction under the Plan, TLC estimated it would recover total sale proceeds of \$1 million for TLC's 35% undivided interest in Maltby Lake.
- 2.2. Carmel and Woody Thomson are but two (2) members of the Holmes and Thomson families, whose family members collectively own 65% of the undivided interests in Maltby Lake, prior to TLC filing for creditor protection under the CCAA. Before TLC filed the Plan, Carmel and Woody Thomson already owned a minority percentage share of the existing Holmes and Thomson families' undivided interests in Maltby Lake.
- 2.3. On April 2, 2015, contemporaneous with the Court granting the Sanction Order, Carmel and Woody Thomson successfully acquired 29% of TLC's overall 35% undivided interest in Maltby Lake for \$750,000, leaving TLC with the Maltby Lake 6% Interest.
- 2.4. The sale of Maltby Lake 6% Interest is shown as a Tranche 2 transaction under the Plan that was estimated to generate \$250,000 of sale proceeds, if sold to a purchaser that had conservancy values that were acceptable to TLC. In this regard, TLC has targeted Friends of Maltby Lake Watershed Society ("FMLWS") as the purchaser for Maltby Lake 6% Interest.
- 2.5. In the Monitor's most recent quarterly update report, being the Twenty-First Report to the Court dated October 6, 2016 (the "**21st Report**"), the Monitor advised that completion of a \$250,000 sale agreement with FMLWS for Maltby Lake 6% Interest was pending.
- 2.6. TLC have advised the Monitor that it has received and signed a purchase and sale agreement for Maltby Lake 6% Interest. The sale price is \$250,000, with a \$50,000 deposit, but the purchaser is not FMLWS alone. There are joint purchasers, being FMLWS together

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with Carmel and Woody Thomson, whereby each acquires half of the Maltby Lake 6% Interest and, subject to Court approval, this transaction has a closing date of March 1, 2017.

2.7. With respect to the sale transaction itself, the Monitor notes that:

2.7.1. 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 Maltby Lake 6% Interest. Accordingly, the Monitor makes no comments with regard to the foregoing;

2.7.2. The contract of purchase and sale contemplates an extended closing period, with the transaction to be completed on March 1, 2017;

2.7.3. The Monitor has no knowledge of, and makes no comment as to either FMLWS's financial status or Carmel and Woody Thomson's financial status and each of their ability to complete the transaction.

2.8. The Monitor also notes that TLC believes important non-financial criteria are addressed and satisfied by this transaction, including:

2.8.1. FMLWS is a community group established for conservation and preservation of Maltby Lake;

2.8.2. Carmel and Woody Thomson already own a significant percentage share of the existing undivided interests in Maltby Lake;

2.8.3. TLC's Board of Directors and Management believe that this transaction is in keeping with TLC's conservation mandate and with the wishes of TLC's membership.

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3. CONCLUSIONS & RECOMMENDATIONS

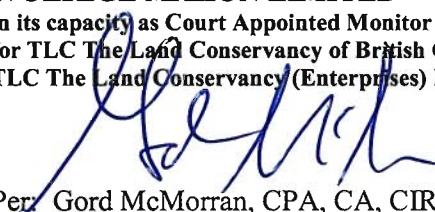
3.1. Subject to the Monitor's comments in paragraphs 2.7 and 2.8, the Monitor believes that:

3.1.1. The sale of Maltby Lake 6% Interest to FMLWS and Carmel and Woody Thomson 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; and

3.1.2. The Maltby Lake 6% Interest transaction price is equal to the \$250,000 contemplated by the Plan.

All of which is respectfully submitted on this, the 18th day of October, 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 OCTOBER 18, 2016

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