



No. S-231354
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 THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2022, c. 57, AS
AMENDED

AND

IN THE MATTER OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, C.C-44,
AS AMENDED

AND

IN THE MATTER OF A PLAN OR COMPROMISE AND ARRANGEMENT OF CANWEST
AEROSPACE INC. AND CAN WEST GLOBAL AIRPARTS INC.

REQUISITION - GENERAL

Filed by: FTI Consulting Canada Inc., court-appointed Monitor of CanWest Aerospace Inc.
and Can West Global Airparts Inc.

Required: Please file the attached Second Report of the Monitor

April 5, 2023
Dated _____

DLA Piper (Canada) LLP
Signature of lawyer for filing party
DLA Piper (Canada) LLP (Colin D. Brousson)

NO. S-231354
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 THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c.57, AS AMENDED**

AND

**IN THE MATTER OF THE CANADA BUSINESS CORPORATIONS ACT,
R.S.C. 1985, C. C-44, AS AMENDED**

AND

**IN THE MATTER OF A PLAN OR COMPROMISE AND ARRANGEMENT OF
CANWEST AEROSPACE INC. AND CAN WEST GLOBAL AIRPARTS INC.**

SECOND REPORT OF THE MONITOR

APRIL 4, 2023

Table of Contents

INTRODUCTION AND PURPOSE	3
TERMS OF REFERENCE	5
ACTIVITIES OF THE MONITOR	6
PROJECTED CASH FLOW	7
THE LANGLEY PREMISE	8
MATERIAL ADVERSE CHANGE.....	9

Appendix A – Teaser document

Appendix B – Landlord’s notice to CanWest prior to the commencement of the CCAA proceedings, requesting the Petitioners to vacate the premises prior to March 31, 2023

INTRODUCTION AND PURPOSE

1. This report (“**Second Report**”) has been prepared by FTI Consulting Canada Inc. in its capacity as the court-appointed Monitor (the “**Monitor**”) of CanWest Aerospace Inc. (“**CW Aerospace**”) and Can West Global Airparts Inc. (“**CW Airparts**”) (collectively “**CanWest**” or the “**Petitioners**”) by an order of the Supreme Court of British Columbia (the “**Court**”) pronounced March 8, 2023 (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c.36, as amended (the “**CCAA**”).
2. CW Aerospace was incorporated in British Columbia on May 12, 2004. It was previously known as Canam Components Inc. and prior to that Can West Components Inc. CW Aerospace was established to provide maintenance, repair and overhaul services to helicopter and fixed-wing aircraft customers throughout the world.
3. CW Airparts was incorporated in British Columbia on October 19, 2000. It was previously known as R.T.D. Avionics Ltd. CW Airparts was incorporated to sell new and certified repaired parts to customers, including but not limited to CW Aerospace.
4. The sole director, officer and shareholder of both CW Aerospace and CW Airparts is Thomas Jackson (“**T. Jackson**”).
5. Tara Lundy (“**T. Lundy**”) is the Chief Financial Officer of both CW Aerospace and CW Airparts.
6. On March 8, 2023 the Petitioners sought and obtained a stay of proceedings which the Petitioners deemed necessary to allow them the time to restructure their affairs and meet their obligations to the Royal Bank of Canada (“**RBC**”) and other creditors.

7. On March 17, 2023, the Petitioners sought and obtained an Amended and Restated Initial Order (the “**ARIO**”) that provided for among other things, an extension of the Petitioners stay of proceedings to April 14, 2023.
8. In support of the ARIO, the Petitioners had agreed to allow the Monitor to conduct a sale and investment solicitation process (“**SISP**”) with a view of receiving letters of intent prior to the expiration of the stay of proceedings.
9. This Second Report of the Monitor is a special purpose report intended to provide the Court and the Petitioners’ stakeholders with information with respect to a material adverse change resulting from the landlord of the Petitioners’ facility in Langley locking the Petitioner out of the premise.
10. In addition, the purpose of the Second Report of the Monitor is to provide this Honourable Court with an overview of the following:
 - (a) The activities of the Monitor since the date of the First Report including the SISP; and
 - (b) The Petitioners cash flow for the period from March 13, 2023 to April 2, 2023.
11. The reports of the Monitor and other information in respect of these proceedings are posted on the Monitor’s website at cfcanada.fticonsulting.com/CWA

TERMS OF REFERENCE

12. In preparing this report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").
13. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
14. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
15. Future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

ACTIVITIES OF THE MONITOR

17. Subsequent to the issuance of the ARIO, the Monitor performed the following:
 - (a) Prepared a teaser document (attached as Appendix A) which provides an overview of the Petitioner, its business operations and some high-level financial information;
 - (b) Prepared a list of potential interested parties using the S&P Capital IQ transaction screen for recent Aircraft Maintenance and Repairs merger and acquisition transactions, in addition to parties already engaged in discussions with T. Jackson and parties that had reached out to the Monitor expressing their interest in CanWest;
 - (c) On March 29, 2023 forwarded by email a copy of the teaser to ten parties identified as noted previously; and
 - (d) Forwarded a copy of a Confidentiality Agreement to parties responding to the teaser and requesting access to additional information.
18. As of the date of this report, the Monitor has received enquiries from three parties consisting of two liquidators and one private equity firm. The private equity firm holds interests in other aviation companies in its portfolio.
19. The Monitor is advised that another party that was in discussions with T. Jackson prior to the commencement of the CCAA proceedings has continued to have discussions with T. Jackson.
20. The party in discussions with T. Jackson was included in the list of parties provided with a copy of the teaser. However, this party has not made contact with the Monitor.

21. The Monitor was working with T. Jackson on the finalization of documents, including an inventory of parts to populate the dataroom. However, with the landlord development as detailed subsequently, the ability to complete that work has been impaired.

PROJECTED CASH FLOW

22. The actual receipts and disbursement incurred by CanWest as compared to the cash flow statement included in the Monitor's first report for the period of March 13, 2023 to April 2, 2023 are summarized below:

Cash Flow Variance Analysis			
Three-Week Period Ended April 2, 2023			
(CAD)	Actual	Forecast	Variance
Opening Cash	80,900	80,900	-
Cash Receipts			
Sales	28,498	253,331	(224,833)
Collection of A/R	9,919	10,223	(304)
Total - Operating Receipts	38,417	263,554	(225,137)
Cash Disbursements			
Rent	6,700	-	(6,700)
Utilities	1,957	4,286	2,330
Insurance	2,787	2,787	0
Plant Labour	23,820	15,651	(8,170)
Parts	24,608	16,500	(8,108)
Professional fees	-	25,000	25,000
Office Supplies/Packaging Supplies	56	5,000	4,944
Other Operating Disbursements	1,044	-	(1,044)
Total - Operating Disbursements	60,972	69,224	8,252
Total Net Cash Flow	(22,555)	194,330	(216,884)
Ending Cash	58,345	275,229	(216,884)

23. CanWest realized a negative variance of approximately \$217,000 during the period. The key components of the variance are as follows:

- (a) A negative variance in sales receipts is the result of the Petitioners' inability to continue to rely on existing suppliers and competing demands

for T. Jackson's time limiting his ability to progress the work-in-progress;
and

- (b) A positive variance in professional fees as accrued amounts are yet to be paid.

THE LANGLEY PREMISE

- 24. On April 1, 2023, the Monitor was advised by T. Lundy that the landlord of the hangar from which the Petitioners operated in Langley had changed the locks to the premise and was refusing to permit access to the Petitioners.
- 25. In addition, the Petitioners' electronic file server had been shut down, disabling the Petitioners' ability to operate its business.
- 26. The Monitor contacted the landlord to advise of the stay of proceedings. The landlord responded that despite the ARIO, they had provided a notice to the tenant prior to the commencement of the CCAA proceedings, requesting the Petitioners to vacate the premises prior to March 31, 2023.
- 27. The Monitor requested a copy of the notice which was provided by T. Lundy on April 1, 2023 (attached as Appendix B).
- 28. The Monitor contacted the Petitioners' legal counsel and informed them of the development. In addition, the Monitor forwarded a copy of the landlord's notice to the Petitioners' legal counsel.
- 29. As of April 3, 2023 the Monitor has been advised by T. Jackson that the landlord has granted the Petitioners access to the premise, but solely for the purpose of removing CanWest's assets.

30. The Monitor confirmed with the landlord that it has retained the services of a bailiff. The landlord's bailiff has requested the Petitioners to provide it with a plan for removal of the Petitioners' assets.
31. T. Jackson advised the Monitor that the bailiff had granted the Petitioners with access to the premise on April 3, 2023 to remove its electronic file server which the Petitioners intend to install at their property in Abbotsford.
32. The lack of access to the Langley facility and to the Petitioners' financial records has temporarily impaired the Petitioners' operations, including its ability to complete work-in-progress and access its billing system.
33. The Monitor notes that the Petitioners' cash flow projection included in the Monitor's First Report did not include any allowance for the cost of moving its inventory.

MATERIAL ADVERSE CHANGE

34. It is the Monitor's view that the combination of the landlord's action combined with the variance from the cash flow projection represents a material adverse change.
35. Although the Monitor is advised by T. Jackson that work can continue at the Petitioners' facility in Abbotsford, the Monitor is of the view that the Petitioners' inability to access its financial records for interested parties' due diligence will significantly impair the Monitor's ability to conduct the SISP within the timelines indicated in the First Report.
36. The Petitioners' challenge to readily access parts and services will also continue to be a factor in the Petitioners' ability to achieve its sales projections.
37. Overall, the Monitor is satisfied that the Petitioners are continuing to act in good faith and with due diligence but has concerns about the Petitioners' ability to continue operating beyond the expiration of its current stay of proceedings.

All of which is respectfully submitted this 4th day of April, 2023.

FTI Consulting Canada Inc.,
in its capacity as Monitor of CanWest
Aerospace Inc. and Can West Global Airparts
Inc.

A handwritten signature in black ink, appearing to read 'Craig Munro', positioned above a horizontal line.

Name: Craig Munro
Title: Managing Director,
FTI Consulting Canada Inc.

APPENDIX A

CanWest Aerospace Inc. and Can West Global Airparts Inc. Invitation for Letters of Intent



Background

On March 8, 2023, CanWest Aerospace Inc. ("**CW Aerospace**") and Can West Global Airparts Inc. ("**CW Airparts**") (collectively, the "**Company**" or the "**Petitioners**") sought and obtained an initial order (the "**Initial Order**") from the Supreme Court of British Columbia (the "**Court**") under the Companies' Creditors Arrangement Act R.S.C. 1985, c. C-36, as amended ("**CCAA**"). Pursuant to the Initial Order FTI Consulting Canada Inc. was appointed monitor (the "**Monitor**" or "**FTI**") of the Petitioners.

On March 17, 2023, the company sought and obtained an Amended and Restated Initial Order which approved the commencement of a sale and investment solicitation process by the Monitor with assistance by the Company.

The Monitor is seeking non-binding letters of intent ("**LOIs**") to purchase the shares, or assets of the Company or make an investment in the Company.

Company Information

The Company operates out of two facilities. The first facility is a leased hangar located at the Langley Regional Airport, BC, with monthly rent of approximately \$9,000. The second facility is a workshop located in Abbotsford, BC within a property owned by the Company's shareholder.

CW Aerospace

CW Aerospace is an aviation maintenance, repair and overhaul ("**MRO**") provider in North America. It was incorporated in British Columbia in 2004 to provide specialized aircraft and helicopter MRO services. CW Aerospace is a Transport Canada, Federal Aviation Administration, and European Aviation Safety Agent (the 3 major Aviation Authorities in the world) and is an approved MRO provider with ISO AS9100D certification. About 90% of CW Aerospace's work is for customers located outside Canada. CW Aerospace's global task force is designed for international travel to carry out repairs and work for both commercial and military operations.

One of CW Aerospace's major assets consists of nine individual contractors (the "**Bangladesh Contracts**") with the Government of the People's Republic of Bangladesh, Ministry of Defence. The total value of the contracts is approximately US\$3.7 million.

CW Airparts

CW Airparts was incorporated in British Columbia in 2000 to sell new and certified repair parts, including wheels, brakes, landing gear, avionics and instruments, flight controls, electrical items and spares. CW Airparts sells to both third-party customers and to CW Aerospace for use in its operations.

Summary of Historical Financial Information

	CA Aerospace		CW Airparts	
	2021	2020	2021	2020
Revenue	\$ 3,647,175	\$ 4,205,466	\$ 660,368	\$ 459,865
Gross Profit	811,150	459,843	428,162	284,837
Net Income	(50,302)	(354,677)	212,994	223,265
Gross Margin	22%	11%	65%	62%
Net Margin	-1%	-8%	32%	49%

Submitting LOIs

Upon receipt of a signed non-disclosure agreement, the Monitor will provide all qualified, interested parties with access to an electronic data room containing copies of both CW Aerospace and CW Airparts' financial statements, inventory listing, fixed asset listing and details of the Bangladesh Contracts in addition to a standard form of LOI.

The deadline for receipt of non-binding LOIs is **April 11, 2023 at 5:00 p.m. PST.**

FTI reserves the right to amend or modify the sale and investment solicitation process at any time at its sole discretion.

Contact Details

Inquiries or requests for information should be directed to FTI only and at the contact details below.

FTI Consulting Canada Inc.
701 West Georgia Street, Suite 1450, PO Box 10089, Vancouver, BC V7Y 1B6

APPENDIX B

HELO INVESTMENTS LTD.

19080 - 96th AVENUE, SURREY, B.C. V4N 3R3
TELEPHONE: (604) 888-4041 FAX: (604) 888-4732

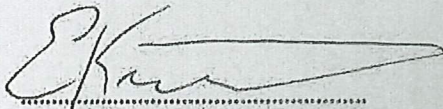
Notice to Tenant

To: Canwest Aerospace Inc.

Attn: Tom Jackson

I hereby give you notice to deliver up possession of the premises Hangar #12 Unit 200 5225 216th Street, Langley, BC that you hold of me as tenant, on March 31, 2023.

Dated February 27, 2023.



Landlord

Helo Investments Ltd.

No. S-231354
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 THE *BUSINESS CORPORATIONS*
ACT, S.B.C. 2022, c. 57, AS AMENDED

AND

IN THE MATTER OF THE CANADA BUSINESS
CORPORATIONS ACT, R.S.C. 1985, C.C-44, AS
AMENDED

AND

IN THE MATTER OF A PLAN OR COMPROMISE AND
ARRANGEMENT OF CANWEST AEROSPACE INC. AND
CAN WEST GLOBAL AIRPARTS INC.

REQUISITION - GENERAL

DLA Piper (Canada) LLP
Barristers & Solicitors
2800 Park Place
666 Burrard Street
Vancouver, BC V6C 2Z7

Tel. No. 604.687.9444
Fax No. 604.687.1612

File No.: 039071-00004

CDB/day