

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL
No.: 500-11-055122-184

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, RSC
1985, C C-36, AS AMENDED:

LE GROUPE SMI INC./THE SMI GROUP INC. et al.

Debtors

-and-

LE GROUPE S.M. INTERNATIONAL S.E.C. et al.

Mises-en-cause

-and-

9229-4263 QUÉBEC INC., a corporation having its registered office at 433 Chabanel
Ouest, 12th floor, Montréal, Québec H2N 2J8

Additional Mise-en-cause

-and-

ALARIS ROYALTY CORP.

INTEGRATED PRIVATE DEBT FUND V LP.

Applicants

-and-

DELOITTE RESTRUCTURING INC.

Monitor

-and-

LGBM INC.

Chief Restructuring Officer

JOINT APPLICATION TO EXTEND AND MODIFY THE INITIAL ORDER AND TO
APPROVE A SALE AND INVESTMENT SOLICITATION PROCESS
(Sections 11,11.02 (2) and 36 of the *Companies' Creditors Arrangement Act*)

TO THE HONORABLE JUSTICE CHANTAL CORRIVEAU, SITTING IN COMMERCIAL DIVISION IN THE DISTRICT OF MONTREAL, THE APPLICANTS RESPECTFULLY STATE:

I. INTRODUCTION

1. By the present joint application (this “**Application**”), the Applicants seek to continue the Restructuring process commenced pursuant to the Initial Order rendered at their request on August 24, 2018 (the “**Initial Order**”) in respect of the Debtors and the Mises-en-cause (collectively, the “**Debtors**” or the “**SM Group**”) and to grant additional relief that will facilitate the continued implementation of the Restructuring for the benefit of all of the Debtors’ stakeholders.
2. All capitalized terms used but not otherwise defined in this Application have the meanings ascribed to them in the Initial Order.
3. Since the Initial Order, the CRO and the Monitor, in consultation with the Applicants, have notably accomplished the following steps in furtherance of the Restructuring process:
 - (a) Stabilizing the SM Group’s affairs such that the Debtors have been able to continue their activities while retaining nearly all of their 700 employees (“**Employees**”);
 - (b) Removing Bernard Poulin (“**Poulin**”) from his functions, after having been informed of his inappropriate and disruptive conduct, and taking additional measures to prevent him from exerting any further undue influence on the Debtors;
 - (c) Obtaining a temporary commitment from the *Autorité des marchés financiers* (the “**AMF**”) to maintain certain regulatory authorizations, which are essential for the continued viability of the Business and the Restructuring process, and taking additional measures to ensure such authorizations continue to be maintained;
 - (d) Collaborating with Thornhill Investments Inc. (“**Thornhill**”) in connection with its contemplated offer to purchase all or part of the Business (the “**Potential Thornhill Transaction**”) and taking additional measures to bring the Business and the Property to market, if necessary.
4. In order to continue the Restructuring process and to allow the CRO and the Monitor to discharge their duties as effectively as possible, in the interest of all of the SM Group’s stakeholders, the Applicants, with the support of the Monitor and the CRO, request that this Court render an order substantially in the form of the draft order communicated herewith as **Exhibit A-1** and, in particular:
 - (a) extend the Stay Period to November 14, 2018;

- (b) extend the application of the Initial Order to the Additional Mise-en-cause, 9229-4263 Québec Inc. (“**9229**”);
 - (c) grant a CCAA Charge in favour of the CRO Indemnified Parties to secure the indemnity provided for their benefit in the CRO Agreement, as approved by the Initial Order;
 - (d) expand the powers of the Monitor so that it may:
 - (i) conduct examinations under oath of any Person with knowledge that is reasonably relevant to the Business or the Property and to compel the production of relevant documents from that Person; and
 - (ii) execute documents and authorize payments on behalf of the Debtors in the ordinary course of its Business;
 - (e) approve the sale and investment solicitation process developed by the Monitor, the CRO and the Applicants (the “**SISP**”) and authorize its implementation in the event that an offer in respect of the Potential Thornhill Transaction is not received shortly after the upcoming hearing or, if such offer is received, it does not cover all of the Business and/or Property.
 - (f) order the sealing of certain documents filed in support of the Applicants’ *Joint Application for an Initial Order* dated August 23, 2018 (the “**Initial Application**”) and this Application.
5. It is respectfully submitted that the relief sought in this Application is necessary and appropriate in the circumstances and in the best interest of all of the Debtors’ stakeholders.

II. **BACKGROUND**

6. On application of the Applicants, this Court rendered the Initial Order on August 24, 2018 commencing proceedings under the CCAA in respect of the Debtors (the “**CCAA Proceedings**”) and establishing a stay of proceedings in their favour until at least September 21, 2018, the whole as appears from the Court record.
7. The Initial Order also provided for the appointment of the Monitor and of the CRO, the latter being granted various powers, to be exercised in consultation with the Monitor and the Applicants, in connection with the management of the Debtors’ affairs and the development and implementation of Restructuring initiatives. A summary of the powers granted to the CRO and the Monitor pursuant to the Initial Order is communicated herewith as **Exhibit A-2**.
8. Following the Initial Order and in accordance with its statutory obligations, the Monitor set up a website for the Debtor and issued notices to creditors as well as

newspaper notices. The Monitor also issued stay notices to various parties involved in litigation with certain of the Debtors, the whole as will appear from the report of the Monitor (the “**Monitor’s Second Report**”), which will be notified to the Court and the Service List prior to the hearing of this Application.

9. As will be explained more fully below, the CRO and the Monitor, in consultation with the Applicants, have adopted various measures to reassure the SM Group’s stakeholders, stabilize the Debtors’ ongoing operations and to develop and implement a viable mechanism to market and dispose of the Business on favourable terms.

III. PRINCIPAL STEPS ACCOMPLISHED BY THE CRO AND THE MONITOR SINCE THE INITIAL ORDER

10. In the three-week period since the Initial Order was rendered, the CRO and the Monitor, in consultation with the Applicants, have taken major strides towards completing a successful Restructuring of the SM Group, the objectives of which include maintaining the going concern of the Business and maximizing its value, the whole for the benefit of all of the SM Group’s stakeholders.

A. Stabilizing the SM Group’s affairs

11. In the days following the Initial Order, the CRO met with over 90% of the Employees at the SM Group’s various offices across the Province in order to provide information on the CCAA Proceedings and the contemplated Restructuring. In that regard, the CRO and representatives of the Monitor have been responding to questions and have prepared and circulated explanatory materials to Employees.
12. The CRO conducted individual meetings and maintained continuous communication with each of the SM Group’s division heads in order to ensure that the Employees all understand that the CRO’s efforts, in consultation with the Monitor and the Applicants, are geared towards preserving the various businesses forming part of the SM Group and maximizing their value.
13. As part of this exercise and to provide proper incentives to Employees that are essential to the continued viability of the SM Group, the CRO completed its identification of the key Employees to be included in the KERP and transmitted a list of names to the Monitor for the latter’s approval.
14. The Monitor, having received the \$500,000 payment from the Debtors dedicated to funding the KERP, in accordance with the Initial Order, has reviewed and approved the list submitted by the CRO. The finalized KERP will be filed *under seal* at the hearing of this Application.
15. These efforts by the CRO and the Monitor have served to maintain stability and confidence among the Employees as is evidenced by the fact that only four (4)

out of more than 700 Employees have elected to resign since the Initial Order was issued. Since that time, sixteen (16) Employees have also been hired.

16. The CRO has also caused the SM Group's key customers and suppliers to be contacted and provided with assurances regarding the Debtors' capacity to perform their existing contracts and to meet their other post-filing obligations during the pendency of the CCAA Proceedings. Many suppliers have confirmed that they intend to maintain their services to the Debtors and none have sought to terminate or modify their contractual relationships with the SM Group.
17. As at the date hereof and in accordance with the Initial Order, the CRO has taken over the management of the Debtors' operational and financial affairs. The SM Group's ongoing activities as well as its receipts and disbursements are therefore being controlled by the CRO under supervision of the Monitor.
18. The cashflows filed in support the Monitor's first report, prepared in its capacity as Proposed Monitor, have been substantially complied with and there have been no drawdowns on the Interim Facility to date.
19. A detailed review of the SM Group's cashflows since the Initial Order as well as its projected financial position throughout the proposed extension to the Stay Period will be set out in the Monitor's Second Report.

B. Removing Poulin following his disruptive and inappropriate conduct

20. On the Monday following the Initial Order, the CRO met with Poulin and it was agreed between them that the latter would suspend any involvement with the SM Group and would not contact any Employees for a period of two weeks while the CRO and the Monitor determined what, if any, role he would play in the Restructuring process. During this two-week period, Poulin was to prepare and submit to the CRO a written report establishing the reasons why he believed his continued involvement in the SM Group was justified.
21. In the days that followed, however, the CRO was informed that Poulin contacted various Employees requesting information and giving instructions that were inconsistent with the directions coming from the CRO. Moreover, the email accounts of Poulin's children, Vincent and Marie-Bernard, were also used to provide him with information relating to the SM Group.
22. These unauthorized incursions by Poulin prompted the CRO and the Monitor to cancel his children's access to the SM Group's servers and to reiterate formally to Poulin on August 31, 2018 that he was to have no further contact with any of the Debtors' personnel or involvement with the Business, the whole as appears from an email exchange between the CRO and Poulin, communicated herewith as **Exhibit A-3**.
23. Shortly thereafter and given the prior identification of certain suspect payments, charges and/or advances made in favour of Poulin during the year leading up to

the institution of the CCAA Proceedings (the “**Poulin Payments**”), the Monitor, with the support of the CRO and the Applicants, began a forensic analysis of the SM Group’s books and records in order to analyse transactions between the Debtors and Poulin and determine their impact on the SM Group (the “**Forensic Analysis**”).

24. One of the objectives of the Forensic Analysis is to identify possible recourses that may be taken for the benefit of the SM Group. In particular, and as appears from the evidence filed in support of the Initial Application, substantial amounts of Poulin Payments were made by the SM Group during the period from October 31, 2017 to March 31, 2018. These advances would have formed part of the Property and would be susceptible to being repatriated to the Debtors’ estate. Other recourses may also be available in connection with similar transactions.
25. On September 7, 2018 and after having consulted with the Monitor and the Applicants, the CRO dismissed Poulin for cause. The grounds for his termination include, in particular, his repeated interference in the Debtors’ affairs and, as will be addressed below, the fact that his association with the Business jeopardized certain regulatory authorizations that are essential for the Debtors to sustain viable operations, the whole as appears from a copy of Poulin’s termination letter communicated herewith *under seal* as **Exhibit A-4**.
26. Poulin’s personal assistant, Ms. Dominique Reid (“**Reid**”) was also terminated on September 11, 2018. After indicating that she intended to return to her office to collect her personal belongings, Reid proceeded to enter Poulin’s office and to continue a process of shredding documents, which she had begun shortly before being dismissed, unbeknownst to the CRO and the Monitor.
27. Although Reid alleged that the shredding was limited to Poulin’s personal documents that were unrelated to the SM Group, the representative of the Monitor who made the discovery noted that, at the time of his intervention, the document that was about to be shredded related to certain advances made by the SM Group to Poulin. The remains of the shredded documents, consisting of three full bags, have been recovered by the Monitor and sent to a specialized firm to be reconstructed, if possible.
28. In light of these developments, the Monitor and the CRO have limited physical access to any locations at the Debtors’ premises that may contain sensitive information. The Monitor has also implemented measures to monitor and control access to the SM Group’s servers in order to maintain the integrity of the SM Group’s financial and accounting records, which are being examined as part of the Forensic Analysis.
29. The CRO and the Monitor are confident that the measures adopted will ensure that Poulin is not capable of interfering any further with the Restructuring process. Furthermore, once the Forensic Analysis is concluded, the CRO, in consultation with the Applicants and the Monitor, will consider whether recourses should be pursued for the benefit of the SM Group and its stakeholders.

C. Maintaining regulatory authorizations

30. As a significant portion of their operations involve the performance of service or construction contracts with provincial public bodies, the Debtors are required to maintain certain regulatory authorizations under an *Act Respecting Contracting by Public Bodies* and other applicable legislation. These authorizations, which are regulated by the AMF, are essential to the SM Group's continued operations.
31. In October 2017, following the filing of criminal charges against Poulin and another Employee, the AMF issued various notices of revocation (the "**Notices of Revocation**") in respect of the aforementioned authorizations that had been granted to certain of the Debtors (the "**SM Authorizations**").
32. Following their receipt of the Notices of Revocation, the affected Debtors provided, through their attorneys, written observations and supporting documents in an effort to assuage the latter's concerns. In November 2017, the AMF suspended the Notices of Revocation, indicating that an investigator would be designated to review the matter further.
33. Over the following months, the Debtors' representatives met with the designated investigator, provided additional information to the AMF and took measures to limit Poulin's control over the SM Group's operations and assets. From that time, until the institution of the CCAA Proceedings, the Debtors had received no further communication from the AMF in connection with the Notices of Revocation, which remained suspended.
34. Once the Initial Order was issued, both the CCAA filing and the Initial Application were made public. In particular, certain media coverage referred to allegations in the Initial Application relating to Poulin's continued involvement in the SM Group's affairs as well as to the Poulin Payments. The coverage also highlighted the SM Group's involvement in public contracts and quoted a representative of the AMF regarding the ongoing investigation, as appears from an article authored by Mr. Sylvain Larocque published on August 31, 2018 in *Le Journal de Montréal* and communicated herewith as **Exhibit A-5**.
35. In such circumstances, the CRO, the Monitor and the Applicants, agreed that immediate action was required to ensure the maintenance throughout the CCAA Proceedings of the SM Authorizations, which are essential for the continued performance of the Debtors' most important contracts, the retention of the majority of the Employees and the marketability of the Business to prospective investors or purchasers.
36. On September 4, 2018, the Applicants' attorneys contacted the representatives of the AMF and informed them that the CRO and the Monitor had been appointed by the Court, pursuant to the Initial Order, to control and supervise the SM Group's affairs such that any of the AMF's concerns would be adequately addressed during the Stay Period and could be re-evaluated at the conclusion of the Restructuring process.

37. Furthermore, the undersigned attorneys indicated that unless satisfactory assurances were obtained in connection with the maintenance of the SM Authorizations, an urgent application would be presented to the Court the following day in order to ensure that such authorizations were maintained throughout the Stay Period.
38. That same day, the AMF agreed not to reactivate the Notices of Revocation until it received additional submissions on behalf of the Debtors, which were to be communicated no later than September 15, 2018, and to provide the SM Group with notice of thirty (30) days before any action was taken by it in respect of the SM Authorizations, the whole as appears from an email from the undersigned attorneys to the AMF dated September 4, 2018, communicated herewith *under seal* as **Exhibit A-6**.
39. On September 12, 2018, the Applicants' attorneys, after having consulted with the CRO and the Monitor, wrote to the AMF explaining, essentially, that as a result of the Initial Order and other measures taken since, Poulin no longer had any *de facto* or *de jure* control over the Debtors and was no longer an Employee. It was also confirmed that the CRO and the Monitor would remain available to respond to any further inquiries of the AMF, the whole as appears from an email exchange between the undersigned attorneys and the AMF communicated herewith *under seal* as **Exhibit A-7**.
40. On September 17, 2018, counsel for the AMF advised the undersigned attorneys that the AMF was analysing the renewal of the SM Authorizations and requested a confirmation that the undersigned attorneys were authorized to communicate with the AMF in connection with the SM Authorizations.
41. In order to facilitate such communication, to answer any enquiries that the AMF may have and to ensure that the SM Authorizations are maintained during the pendency of the CCAA Proceedings, this Application respectfully requests a declaration that any of the representatives of the CRO, the Monitor or the Applicants are authorized to communicate with the AMF and to respond to their enquiries in connection with the SM Authorizations.

D. Developing a strategy to dispose of the Business

42. Following the Initial Order, the CRO and the Monitor continued to build on their existing knowledge of the Business and its individual divisions with a view to determining the most effective way of disposing of it, in whole or in part, and in a manner that would benefit all of the SM Group's stakeholders, including the approximately 700 Employees and the Applicants, which are owed nearly \$120 million by the Debtors.
43. On August 27, 2018, the CRO and the Monitor met with representatives of Thornhill and thereafter began the process of gathering information in order to respond to the latter's due diligence requests. To that end, a virtual data room (the "**Data Room**") was set up, which will serve as the primary platform for

communication of information to Thornhill as well as to any other prospective investors or purchasers that may be interested in concluding a transaction in respect of all or part of the Business or Property ("**Prospective Bidders**") in the event the SISP is commenced.

44. Thornhill has signed a confidentiality agreement and submitted an amended Letter of Intent following the representations made to this Court at the hearing of the Initial Application. A copy of such Letter of Intent is communicated herewith *under seal* as **Exhibit A-8**.
45. On September 5, 2018, a meeting was held between representatives of Thornhill, the CRO, the Monitor and various heads of the SM Group's divisions. Since that time, the CRO and the Monitor have employed their best efforts to obtain whatever information has been requested by Thornhill for its due diligence and to promptly make that information available.
46. The SM Group's management ("**Management**"), on the instructions of the CRO and the Monitor and in consultation with them, has prepared unaudited consolidated financial statements for the Debtors for the years 2016, 2017 and 2018, which are essential for the marketing of the Business to Thornhill or any other Prospective Bidders. These financial statements have been uploaded to the Data Room.
47. The Monitor and the CRO are also working to segregate the revenues and expenses of each division for the purpose of determining an adjusted EBITDA per division. The objective is for this analysis to be completed prior to the hearing of this Application, as will be explained more fully in the Monitor's Second Report.
48. Since the institution of the CCAA Proceedings, various Prospective Bidders have contacted the CRO and the Monitor. These parties have been advised that no further action can be taken in connection with any indications of potential interest or contemplated offers until Thornhill's period of exclusivity expires and the SISP is commenced.
49. Nevertheless, the Applicants, in consultation with the CRO and the Monitor, have developed the SISP to be put into effect in the event that the Potential Thornhill Transaction either (i) is not confirmed or cannot be implemented by October 3, 2018, or such later time as determined by the Applicants; or (ii) does not cover the entirety of the Business or the Property. The modalities of the SISP are set out in the Sale and Investor Solicitation Procedures (the "**SISP Procedures**"), communicated herewith as **Exhibit A-9**.
50. Essentially, the SISP Procedures (A-9) provide for the SISP to be commenced, if necessary, on or around October 3, 2018 and to be conducted over a period of roughly six (6) weeks, with the process being completed by November 14, 2018. The SISP is to be conducted by the Monitor in consultation with the CRO and the Applicants, which collectively form the SISP Team. Given that the Applicants will

be the primary beneficiaries of the proceeds of any retained transaction, their consent is required for a bid to be accepted.

51. The Monitor and the CRO expect to be in a position to begin implementing the SISP in accordance SISP Procedures (A-9) on the “Commencement Date” provided for therein.
52. Following a meeting between Mr. Claude Delage of Alternative Capital Group Inc. (“**ACG**”), the CRO and the Monitor, the latter two parties, in consultation with the Applicants, determined that ACG’s services would not be required as part of the Restructuring process. This decision is grounded in the facts that the Monitor has a superior understanding of the Business as a result of having acted as financial advisor to the Debtors for over a year prior to the institution of the CCAA Proceedings and that unnecessary costs would be incurred by maintaining any contracts between the Debtors and ACG.
53. Consequently, on September 6, 2018, the CRO issued a disclaimer notice under to section 32 CCAA to ACG on behalf of the Debtors which was approved that same day by the Monitor (the “**ACG Disclaimer Notice**”). The ACG Disclaimer Notice is effective as of October 5, 2018 and covers any mandates between ACG and the Debtors in connection with the Restructuring, the whole as appears from a copy of said notice and a follow-up email from the CRO to ACG dated September 12, 2018, communicated herewith *en liasse* as **Exhibit A-10**.
54. ACG was advised that any offer from potentially interested parties that they may have solicited could still be presented to the Monitor and the CRO and would be dealt with as part of the SISP, should it be implemented.

IV. THE RELIEF SOUGHT IS NECESSARY AND APPROPRIATE

55. The Applicants, the CRO and the Monitor have worked diligently since the Initial Order was rendered such that significant progress has been made towards a viable restructuring of the Debtors that is beneficial to all of their stakeholders.
56. Consequently, it is respectfully submitted that the relief requested pursuant to this Application is necessary and appropriate in the circumstances to continue the Restructuring process as effectively as possible.

A. Extension of the Stay Period

57. In order to build on the successful Restructuring initiatives adopted since the Initial Order, to pursue the Restructuring process under the control and supervision of the CRO and the Monitor and to permit the conclusion of the Potential Thornhill Transaction and/or the implementation of the SISP, if necessary, it is appropriate in the circumstances that the Stay Period be extended.

58. Moreover, as appears from this Application and as will be confirmed in the Monitor's Second Report, the Applicants and the Debtors, with the latter's affairs being managed by the CRO in consultation with the Monitor and the Applicants, have acted, and are acting in good faith and with due diligence.
59. Therefore, it is respectfully submitted that the application of the Initial Order should be extended until November 14, 2018.

B. Extension of the Initial Order to 9229

60. 9229 has its head office in Montreal Quebec, is a subsidiary of Le Groupe S.M. International s.e.c. / The S.M. Group International LP and its activities include the pouring and finishing of concrete, as appears from the Quebec Enterprise Register report for 9229, communicated herewith as **Exhibit A-11**.
61. In the course of its review of the SM Group's affairs, the Monitor discovered that 9229 had assets in the form of equipment and accounts receivable with an aggregate estimated value of \$800,000.
62. The inclusion of 9229 as an entity subject to the CCAA Proceedings could therefore make additional assets available for realization for the benefit of the SM Group's creditors.
63. According to the records of the SM Group, 9229 has intercompany liabilities towards other entities in the SM Group of nearly \$5,000,000 and is a defendant to an action for over \$20 million before the Superior Court of Quebec in court file number 500-17-100631-178.
64. Consequently, 9229 is an affiliated debtor company to which the CCAA applies and it is respectfully submitted that it should be included in the CCAA Proceedings as a Mise-en-cause and subject to the application of the Initial Order.

C. CCAA Charge in favour of the CRO Indemnified Parties

65. Pursuant to the Initial Order, the indemnity in favour of the CRO Indemnified Parties, as provided for in the CRO Agreement, was approved and rendered effective (the "**CRO Indemnity**").
66. However, the CRO Indemnified Parties do not benefit from any security guarantying the obligations of certain of the Debtors under the CRO Indemnity, notwithstanding that the CRO has broad responsibilities under the Initial Order and is playing a central role in the Restructuring process.
67. Moreover and despite the protections afforded to the CRO under the Initial Order, including express limitations of liability, there is a risk that a third party, such as one that was not notified of the Initial Order, could initiate an action against the CRO that would require the latter to defend himself.

68. In such circumstances and to provide additional comfort to the CRO and its team during the upcoming critical stages of the Restructuring process, it is respectfully submitted that it is appropriate to establish a CCAA Charge in favour of the CRO Indemnified Parties to secure the CRO Indemnity in the aggregate amount of \$1,500,000, which will rank behind the Interim Lender Charge (the “**CRO Indemnity Charge**”).
69. Notwithstanding that the Applicants are amongst the parties that will be most affected by the CRO Indemnity Charge, being the Debtors’ most significant secured creditors, they, along with the Monitor, support the establishment of this CCAA Charge in order to provide additional protection to the CRO.

D. Additional powers for the Monitor

70. As discussed above, the Monitor is currently conducting the Forensic Analysis with the support of the CRO and the Applicants in an effort to determine whether and to what extent the SM Group may have recourses against Poulin or others that would permit the recovery of assets for the benefit of the Debtors’ creditors.
71. In recent weeks, documents and information have also been accessed, by or presumably on the instructions of Poulin, without proper authorization and contrary to the directives of the CRO and the Monitor. Moreover, certain potentially relevant and sensitive documents have been destroyed and it is not yet clear whether other electronic data has also been tampered with.
72. In such circumstances, it is respectfully submitted that the Monitor should be empowered and authorized to conduct examinations under oath of any Person that may reasonably be in possession of information relevant to the Business and/or the Property and to compel the production of relevant documents from such Persons.
73. These additional powers will assist the Monitor in discharging its statutory reporting obligations as well as in performing the Forensic Analysis, which may reveal additional transactions that could form the basis of the potential recourses referred to above.
74. Furthermore, in order to facilitate the orderly administration of the SM Group’s operations and in light of the fact that there are considerable delays currently associated with obtaining the requisite signatures to complete various banking and other transactions on behalf of the Debtors, it is respectfully submitted that the Monitor’s representative, Mr. Martin Franco, should be empowered and authorized to sign cheques and execute banking and other transactions on behalf of any of the Debtors.
75. The Monitor is an officer of the Court and a licensed insolvency professional and will exercise any and all of its powers accordingly.

E. Approval of the SISP

76. As noted above, the CRO and the Monitor have already received indications of interest from Prospective Bidders regarding the possibility of concluding a transaction in respect of all or part of the Business or the Property.
77. While the CRO and the Monitor, in consultation with the Applicants, continue to collaborate with Thornhill with a view to completing the Potential Thornhill Transaction, it is necessary to provide for the eventuality, as soon as possible, that such transaction may not be implemented in accordance with the timeline discussed above or may not cover all of the Business or the Property.
78. In the event that its implementation is determined to be necessary, the SISP provided for in the SISP Procedures (A-9), will open up the market to potential bids for the Business or specific divisions thereof and will allow for the selection of one or multiple non-overlapping bids permitting the most complete possible realization on terms most favourable to the Debtors' stakeholders.
79. The SISP will be conducted primarily by a "SISP Team" composed of the Monitor, the CRO and the Applicants, and emphasizes the interests of the Debtors' stakeholders, including its 700 Employees and its major creditors.
80. The SISP also contemplates the possibility of the Applicants submitting a credit bid to acquire the Business and/or the Property in the event that no other bid is sufficient to repay their secured debts in full.
81. Consequently, it is respectfully submitted, with the full support of the CRO and the Monitor, that it is appropriate in the circumstances to approve the SISP in accordance with the SISP Procedures (A-9).

F. Sealing of the CRO Agreement

82. By inadvertence, a sealing order was not requested or obtained with respect to the CRO Agreement, which was filed as Exhibit A-6 in support of the Initial Application. Sealing orders are also requested in respect of various documents filed in support of this application
83. Given that these documents contain certain sensitive information, it is respectfully submitted that such documents should be sealed, kept confidential and not form part of the public record.

V. CONCLUSION

84. In light of the foregoing, the Applicants respectfully submit, with the support of the Monitor and the CRO, that the relief sought pursuant to this Application should be granted.

85. Given the need to advance the Restructuring process as quickly as possible, it is respectfully requested that this Court order the provisional execution of the order sought pursuant to this Application, notwithstanding any appeal.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present *Joint Application to Extend and Modify the Initial Order and to approve a Sale and Investment Solicitation Process* of the Applicants (the “**Application**”);

ORDER that any prior delay for the presentation of the Application is hereby abridged and validated so that the Application is properly returnable on the date of its presentation and dispenses the Applicants with any further service thereof;

RENDER an Order substantially in the form of the draft *Order Extending and Amending the Initial Order and Approving a Sale and Investment Solicitation Process* filed in support of the Application as **Exhibit A-1**;

THE WHOLE WITHOUT COSTS, except in the case of contestation.

Montréal, September 17, 2018

Montréal, September 17, 2018

(s) Miller Thomson LLP

(s) McCarthy Tétrault LLP

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AFFIDAVIT

I, the undersigned, **JEAN-CHRISTOPHE GRECK**, Managing Director of Integrated Asset Management Corporation, having a place of business at 2000 McGill College Avenue, Suite 600, Montréal, Québec, H3A 3H3, solemnly affirm that all the facts alleged in the present *Joint Application to Extend and Modify the Initial Order and to Approve a Sale and Investment Solicitation Process* are true.

AND I HAVE SIGNED:

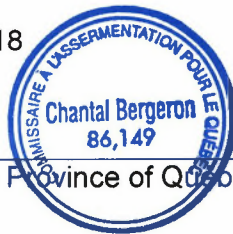


JEAN-CHRISTOPHE GRECK

SOLEMNLY DECLARED before me
at Montréal, Québec
this 17th day of September, 2018



Commissioner of Oaths for the Province of Québec



AFFIDAVIT

I, the undersigned, **AMANDA FRAZER**, Vice President, Investments of Alaris Royalty Corporation, having a place of business at 250, 333 – 24th Avenue S. W., Calgary, Alberta, T2S 3E6, solemnly affirm that all the facts alleged in the present *Joint Application to Extend and Modify the Initial Order and to Approve a Sale and Investment Solicitation Process* are true.

AND I HAVE SIGNED:

AMANDA FRAZER

SOLEMNLY DECLARED before me
at Montréal, Québec
this 17th day of September, 2018

Commissioner of Oaths for the Province of Québec

NOTICE OF PRESENTATION

To: SERVICE LIST

TAKE NOTICE that the present Joint Application for an Initial Order will be presented for adjudication before one of the Honourable Justice Chantal Corriveau of the Superior Court of Quebec, sitting in the commercial division for the district of Montreal, on September 21, 2018, at 9:00 AM, at the Montreal Courthouse, located at 1 Notre-Dame Street East, Montreal, Quebec, H2Y 1B6, in room 15.10.

Montréal, September 17, 2018

(s) Miller Thomson LLP

Miller Thomson LLP
Lawyers for the Applicant
Integrated Private Debt Fund V LP
M^{tre} Kyla Mahar
M^{tre} Michel Laroche

Montréal, September 17, 2018

(s) McCarthy Tétrault LLP

McCarthy Tétrault LLP
Lawyers for the Applicant,
Alaris Royalty Corp.
M^{tre} Alain N. Tardif
M^{tre} Jocelyn T. Perreault
M^{tre} Noah Zucker

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL
No.: 500-11-055122-184

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, RSC 1985, C C-36, AS
AMENDED:

LE GROUPE SMI INC. et al
Debtors

and

LE GROUPE S.M. INTERNATIONAL S.E.C. et al
Mises-en-cause

and

ALARIS ROYALTY CORP. et al
Applicants

and

DELOITTE RESTRUCTURING INC.
Proposed Monitor

and

LGBM INC.
Chief Restructuring Officer

And

AUTORITÉ DES MARCHÉS FINANCIERS
Respondent

**JOINT APPLICATION TO EXTEND AND MODIFY
THE INITIAL ORDER AND TO APPROVE A SALE
AND INVESTMENT SOLICITATION PROCESS**

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