



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CL-26-00000053-0000

DATE: February 10, 2026

NO. ON LIST: 2

TITLE OF PROCEEDING: PLAN OF COMPROMISE OR ARRANGEMENT OF LJM
DEVELOPMENT (HAMILTON) INC.

BEFORE: JUSTICE JANA STEELE

PARTICIPANT INFORMATION

For Applicant:

Name of Person Appearing	Name of Party	Contact Info
Ryan Shah; Jeffrey Larry	Applicant- LJM Development (Hamilton) Inc.	Ryan.Shah@paliareroland.com; Jeff.Larry@paliareroland.com

For Other:

Name of Person Appearing	Name of Party	Contact Info
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ENDORSEMENT OF JUSTICE J. STEELE:

- [1] The Applicant, LJM Development (Hamilton) Inc. (“LJM”) seeks an Initial Order under the *Companies’ Creditors Arrangement Act* (Canada) (“CCAA”).
- [2] Capitalized terms used in this endorsement that are not defined herein have the meaning set out in the Applicant’s factum.
- [3] The Proposed Monitor supports the relief sought.
- [4] The Applicant is a single purpose corporation, incorporated under the *Business Corporations Act*, R.S.O. 1990, c. B.16, with its registered office located in Burlington, Ontario. It was established to develop a residential condominium development known as LJM Tower in Hamilton, Ontario (the “Project”). The Project is substantially complete. The Applicant has closed on the 258 out of 313 Units. However, because of recent downturns in the condominium market, several purchasers (approximately 43) failed to close on their units. As a result, the Applicant has been unable to generate sufficient liquidity to meet its ongoing obligations to construction trades and other creditors. A number of construction and condominium fee liens have been registered on title to the remaining 55 Unsold Units. With these liens in place the Applicant is unable to convey title to the Unsold Units to prospective purchasers and thereby generate liquidity to fund its ongoing operations and pay creditors. Accordingly, the Applicant seeks urgent protection under the CCAA to provide it breathing room.
- [5] Among the relief sought in the proposed order, the Applicant had requested that it be authorized to make pre-filing payments in accordance with the Initial Order. Because this relief was not urgently required, nor could the Applicant identify what, if any, obligations (critical trades and suppliers) may be subject to these pre-payments, this relief was deferred to the Comeback Hearing.
- [6] The balance of the relief sought by the Applicant is granted for the reasons below.

Should protection be granted under the CCAA?

[5] I am satisfied that LJM is a debtor company to which the CCAA applies.

[6] The CCAA applies in respect of a “debtor company” that has liabilities in excess of \$5 million. The definition of “debtor company” in the CCAA refers to a company¹ that is bankrupt or insolvent or has committed an act of bankruptcy withing the meaning of the BIA, among other things. The term “insolvent” is not defined in the CCAA. Accordingly, as noted by this court in *Laurentian University of Sudbury*, 2021 ONSC 659, at paras. 30, the court will generally consider whether the company is insolvent within the meaning of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “BIA”): CCAA, s. 2(1). Under the BIA, a company is insolvent where (a) it is unable to meet its obligations as they generally become due; (b) it has ceased paying current obligations in the ordinary course of business; or (c) its aggregate property is, at fair valuation, insufficient to enable payment of all its obligations due and accruing due: s. 2, BIA. The company need only satisfy one of the three prongs of the test to be considered insolvent: *Laurentian University*, at para. 31.

¹ “company” is defined to mean “any company, corporation or legal person incorporated by or under an Act of parliament or of the legislature of a province, any incorporated company having assets or doing business in Canada, wherever incorporated, and any income trust, but does not include [...]”

[7] LJM is insolvent. It has insufficient cash to meet its obligations as they become due. Mr. Ahsan's evidence is the Applicant currently has substantially no cash on hand and no available credit from any other sources (other than the DIP Facility, which is conditional on, among other things, the granting of the Initial Order).

[9] LJM has filed its interim cash flow projection and management's representation letter regarding the cash flow forecast. LJM has provided its most recent financial statements for the year ended December 31, 2024. Accordingly, LJM meets the technical requirements of s. 10(2) of the CCAA.

Should the Court grant the requested Stay?

[7] Section 11.02(1) of the CCAA provides that on an initial application, the court may make an order "on any terms that it may impose," effective for no more than 10 days if circumstances exist that make the order appropriate.

[8] The Comeback Hearing in this matter has been scheduled for February 20, 2026.

[9] The purpose of the initial stay is to, among other things, give the debtor breathing room and preserve the *status quo*: *Century Services Inc. v. Canada (Attorney General)*, 2010 SCC 60, [2010] 3 S.C.R. 379, at paras. 14 and 60. The initial stay period is capped at ten days, and the applicant debtor is required to return to court within that time on proper notice to all affected parties.

[10] Section 11.001 of the CCAA restricts the relief on an initial application to what is reasonably required to allow the debtor to continue operations in the ordinary course during the Initial Stay Period. At the initial hearing, the relief the court will grant is limited to what is needed to maintain the status quo and to give the applicant the breathing room necessary to stabilize their operations.

[11] In the instant case, the Applicant seeks the stay of proceedings so that it may maximize the use of its resources, time and attention to (i) realize on the Unsold Units; (ii) appropriately address warranty claims by Unit purchasers; and (iii) complete outstanding construction tasks on the Project.

[12] I am satisfied that the initial stay should be granted.

Should Schwartz Levitsky Feldman Inc. be appointed as Monitor?

[13] Under s. 11.7 of the CCAA, the court is required to appoint a monitor when the initial order is made.

[14] Section 11.7(2) of the CCAA sets out certain requirements for and restrictions on who may act as a monitor.

[15] LJM seeks the appointment of Schwartz Levitsky Feldman Inc. ("SLF") as Monitor. SLF is a trustee within the meaning of subsection 2(1) of the BIA and is not disqualified under any of the restrictions pursuant to s. 11.7(2) of the CCAA. SLF has consented to act as monitor.

[16] I am satisfied that SLF can be appointed as Monitor.

Should the Administration Charge be granted?

[17] LJM seeks an Administration Charge of up to \$300,000 during the initial stay period. The Administration Charge is to secure the professional fees and disbursements of the Monitor, the Monitor's counsel, and the Applicant's counsel.

[18] In accordance with the requirements of the CCAA², for both Charges (the Administration Charge and the DIP Charge), the proposed Initial Order provides that the Charges shall rank in priority to all other charges and claims in favour of any Person, except for any person who is a “secured creditor” as defined in the CCAA that has not been served with the Notice of Application for the Order. The Initial Order further provides that at the Comeback Hearing, which will be on notice, the Applicant may seek priority of the Charges.

[19] The Court has authority under s. 11.52(1) of the CCAA to grant a charge over the debtor’s property to secure the fees and expenses of the Monitor, its counsel and other key advisors. The Court in *Canwest Publishing Inc.*, 2010 ONSC 222, 63 C.B.R. (5th) 115, at para. 54, identified factors the court may consider when granting an administration charge including the size and complexity of the business being restructured; the role of the professionals involved; the absence of unwarranted duplication of roles; the reasonableness of the proposed quantum; the support of secured creditors; and the endorsement of the Monitor.

[20] The Monitor supports the approval of the proposed charge. The Applicant expects that there will be extensive involvement of the professional advisors from the outset, including preparing a Court-supervised sales process to be implemented as quickly as possible. The Applicant states that there will be no unwarranted duplication of roles.

[21] I am satisfied that the Administration Charge should be granted.

Should the Court approve the DIP Facility and DIP Charge?

[22] The Applicant seeks approval of the DIP Facility³ and the granting of the DIP Charge. The DIP Charge will rank behind the Administration Charge.

[23] The Applicants seek the advancement of up to \$250,000 under the facility in the initial period.

[24] The Court has authority under s. 11.2(1) of the CCAA to approve interim debtor-in-possession financing and to grant a corresponding super-priority charge over the debtor’s property. The court must be satisfied that the financing is required, having regard to the debtor’s cash flow statement, and the terms of the financing are fair, reasonable, and appropriate in the circumstances. Section 11.2(4) of the CCAA sets out a non-exhaustive list of factors to guide the court:

- (a) The period during which the company is expected to be subject to proceedings under the CCAA;
- (b) How the company’s business and financial affairs are to be managed during the proceedings;
- (c) Whether the company’s management has the confidence of its major creditors;
- (d) Whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;
- (e) The nature and value of the company’s property;
- (f) Whether any creditor would be materially prejudiced as a result of the security or charge; and

² CCAA, s. 11.2(1) and 11.52(1)

³ The DIP Facility is in the principal amount of \$2.5 million from RCM Capital Syndication SPV III LP by its general partner RCM (2023) GP Inc.

(g) The Monitor's report, if any

[25] On the initial application, the court must be satisfied that the terms of the loan are limited to what is reasonably necessary for the continued operation of the debtor company in the ordinary course of business for that period: s. 11.2(5), CCAA. While the cash flow statement for the initial period indicates that not all the \$250,000 will be required for operations during the initial period, the Applicant stated that the terms of the DIP Facility only permit advances in tranches of at least \$250,000 (so the \$250,000 requested is the minimum).

[26] The Applicant submits that the factors set out above support the approval of the DIP Facility, the initial advance of \$250,000 and the DIP Charge for the following reasons:

- (a) The Courts is being asked to approve a limited draw required to fund the Applicant's operations for the 10-day initial stay period, which minimizes the diminution of other creditors' positions;
- (b) The Monitor supports the DIP Facility and the DIP Charge;
- (c) All creditors will be better off if the DIP Facility and DIP Charge are approved. Without the DIP Facility, the Applicant, the Security and the Unsold Units would likely become subject to creditor driven enforcement and realization proceedings. The costs of such proceedings would likely exceed a sales process overseen by the Applicant's existing management and would likely require interim financing in any event; and
- (d) The 55 Unsold Units are ready to be realized upon, subject to the Court granting vesting orders. The Applicant intends to use the proceeds of these sales to repay the DIP Facility as soon as possible.

[27] The Applicant is urgently in need of financing to continue operations. The Proposed Monitor is of the view that the DIP Facility terms are reasonable.

[28] I am satisfied that the DIP Facility and DIP Charge should be approved.

[29] Initial Order attached. Order to go as signed by me today. This order is effective from today's date and is enforceable without the need for entry and filing.

Date: February 10, 2026


Justice J. Steele