

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF LJM DEVELOPMENTS (HAMILTON)
INC.**

NOTICE OF APPLICATION

TO THE RESPONDENTS

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing on February 10, 2026 at 11:00 a.m. EST

- In person
- By telephone conference
- By video conference

at the following location: Zoom coordinates to be available on Case Centre.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date _____ Issued by _____
Local Registrar

Address of **SUPERIOR COURT OF JUSTICE**
court office: 330 University Avenue, 9th Floor
Toronto, ON M5G 1R7

TO: **SERVICE LIST**

APPLICATION

The Applicant makes an application for an Order, substantially in the form attached as Tab 4 of the Application Record (the “**Initial Order**”) including, among other things:

- (a) abridging the time for and validating the manner of service of the Notice of Application, Application Record and the Applicant’s Factum and dispensing with further service thereof;
- (b) declaring that the Applicant is a company to which the *Companies Creditors’ Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”) applies;
- (c) appointing Schwartz Levitsky Feldman Inc. (“**SLF**” or the “**Proposed Monitor**”) as an officer of the Ontario Superior Court of Justice to monitor the business and financial affairs of the Applicants (if appointed in such capacity, the “**Monitor**”);
- (d) staying, for an initial period of not more than ten days, all proceedings, demands, remedies and enforcement processes taken in respect of the Applicant, the Monitor, and their respective directors, officers, employees, or representatives, or affecting the Applicant’s business, the Property (as defined below) or the Project (as defined below), except as otherwise set forth in the Proposed Initial Order or with leave of the Court (the “**Stay of Proceedings**”);

- (e) authorizing the Applicant to obtain a debtor-in-possession credit facility (the “**DIP Facility**”) in the principal amount of \$2,500,000 from RCM Capital Syndication SPV III LP by its general partner RCM (2023) GP Inc. (the “**DIP Lender**”) pursuant to an offer to lend dated January 30, 2026 and a debtor-in-possession term sheet to be executed on February 9, 2026 (the “**DIP Agreement**”) and authorizing the Applicant to obtain an initial advance of up to \$250,000 thereunder in order to finance the Applicant’s working capital requirements including payment of administrative, legal and restructuring expenses and costs over the ten days following the granting of the Initial Order;
- (f) granting the following priority charges (collectively, the “**Charges**”) over the Property (as defined below), listed in the following order of priority:
 - (i) a charge in favour of the Proposed Monitor, its counsel and counsel to the Applicant as security for their respective fees and disbursements relating to services rendered in connection with these CCAA proceedings up to a maximum amount of \$300,000 (the “**Administration Charge**”); and
 - (ii) a charge in favour of the DIP Lender securing all funds advanced under the DIP Facility (the “**DIP Lender’s Charge**”);
- (g) granting the Applicant authority to make payments, with the consent of the Monitor and the DIP Lender and in accordance with the Cash Flow

Forecast, in respect of pre-filing amounts owing for goods or services supplied to the Applicant or the Project, if, in the opinion of the Applicant, such supplier or service provider is critical to the ongoing progress, advancement and completion of the Project; and

(h) such further and other relief which this Honourable Court deems appropriate and just.

2. If the Proposed Initial Order is granted, the Applicant intends to bring a motion within ten days of the granting of the Initial Order (the “**Comeback Hearing**”) to seek an Amended and Restated Initial Order, which shall include, among other things:

(a) an extension of the Stay of Proceedings to March 22, 2026;

(b) authorization for the Applicant to draw further advances under the DIP Facility, to the extent these advances are consistent with the DIP Agreement and the Cash Flow Forecast (as defined below) and approved by the Monitor;

(c) an increase of the Administration Charge to \$1,000,000;

(d) approval of a process for the sale of the Unsold Units (as defined below) including, among other things:

(i) authorization for the Applicant to retain EXP Realty Inc. to market the Unsold Units;

- (ii) authorization for the Applicant to sell, convey and transfer the Unsold Units so long as:
 - 1) the net consideration payable under an agreement to purchase an Unsold Unit is not less than a minimum target price (such price being the “**Target Price**”) to be filed confidentially with the Court; and
 - 2) the agreement of purchase and sale is substantially in the form of a Template APS (as defined below) to be approved by the Court (transactions that satisfy both of these conditions being “**Permitted Transactions**”);
- (iii) authorization for the Registrar of the Ontario Superior Court of Justice to issue Approval and Vesting Orders in respect of Permitted Transactions, without the need for any attendance in Court by counsel for any party; and
- (iv) approval of a form of Approval Vesting Order and template agreement of purchase and sale (a “**Template APS**”) for use in connection with Permitted Transactions.

THE GROUNDS FOR THE APPLICATION ARE:

A. Background

1. The Applicant is a privately-held corporation governed by the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16. It is currently developing a residential condominium project known as LJM Tower – *Urban Living in the City* (the “**Project**”). The Project is located in Hamilton, Ontario and consists of 313 residential units (collectively, the “**Units**”).
2. The Applicant is entirely owned by LJM Group Inc.
3. The Applicant is insolvent and a company to which the CCAA applies.
4. The claims against the Applicant exceed \$5,000,000.
5. The Project is located on the real property municipally known as 2782 Barton St. E., Hamilton, Ontario (the “**Real Property**”).
6. In December 2016, the Applicant started developing the Project. On May 22, 2025, the Applicant registered the declaration for the condominium in respect of the Project, which created Wenworth Standard Condominium Corporation No. 664 (the “**Condo**”).
7. Since the registration of the Condo, the Applicant has sold and transferred title to 258 Units (collectively, the “**Sold Units**”) to their respective purchasers.
8. The Applicant currently owns 55 Units (the “**Unsold Units**”) which, together with unsold parking units and storage lockers in the Project, represent substantially all of the assets of the Applicant (collectively, the “**Property**”).

9. Due to significant downturns in the condominium market in Hamilton, the Applicant has suffered liquidity challenges that have prevented the Applicant from meeting its obligations as they come due, including obligations owing to construction trades. This has created the following challenges for which the Applicant urgently requires relief under the CCAA to address:

- (a) due to the registration of construction liens and other encumbrances on title to the Unsold Units, the Applicant has been unable to sell the Unsold Units and generate liquidity through such sale transactions; and
- (b) the Applicant lacks funding to complete the outstanding constructions steps on the Project and/or respond to warranty claims from Unit purchasers. Failure to complete these steps is expected to result in enforcement steps being taken against the Applicant and the Property, and an ensuing diminution of value of the Applicant's Property, which is held as security.

B. Indebtedness and obligations of the Applicant

10. The Applicant is subject to claims in the approximate amount of \$30,700,000.

11. The Applicant is subject to obligations that include:

- (a) indemnity obligations to Westmount Guarantee Services Inc. ("**Westmount**") in connection with guarantee and surety services provided by Westmount in respect of:
 - (i) deposit insurance regarding deposits injected into the Project; and

- (ii) a bond issued in favour of Tarion Warranty Corporation (“**Tarion**”), with a face value of \$6,260,000, to secure the Applicant’s obligations to Tarion vis-à-vis the Applicant’s construction and deposit warranties;
- (b) approximately \$5,740,304.85 in amounts owing to various construction trades that supplied labour and materials to the Project;
- (c) approximately \$7,685,223 in development charges owing to the City of Hamilton (the “**City**”);
- (d) approximately \$123,685 in unpaid condominium liens owing to the Condo ;
- (e) various warranty claims by Unit purchasers;
- (f) approximately \$1,530,562 in property taxes owing to the City; and
- (g) approximately \$12,500,000 owing to Canada Revenue Agency in respect of harmonized sales tax.

C. Debtor-in-Possession Financing

12. In order to fund its operations, which include paying the remaining costs to complete the Project and responding to warranty claims from Unit purchasers, the Applicant has arranged for the DIP Facility to be provided by the DIP Lender.

13. As set out in the DIP Agreement, the DIP Lender has agreed to provide the DIP Facility to the Applicant by way of a super-priority, debtor in possession, non-revolving loan up to the principal amount of \$2,500,000 (the “**Maximum Amount**”).

14. On January 30, 2026, the Applicant and DIP Lender executed a commitment letter in respect of the DIP Facility (the “**Commitment Letter**”). The Applicant and DIP Lender intend to execute a term sheet forthwith which embodies the terms of the Commitment Letter.

15. Pursuant to the DIP Agreement, funds will be advanced as draws against the Maximum Amount as follows:

- (a) a first advance in the amount of \$250,000 (the “**Initial Advance**”);
- (b) a second advance in the additional amount of \$250,000 (the “**Comeback Advance**”); and
- (c) one or more subsequent advances (each an “**Advance**”) each up to the Maximum Amount of \$500,000 and to occur no more frequently than once per month.

16. All of the Advances are to be secured by the DIP Lender’s Charge.

17. The DIP Agreement is subject to certain conditions precedent for both the Initial Advance and subsequent Advances. The Initial Advance conditions precedent include the issuance of an Order (which terms may be incorporated into the Initial Order) approving the DIP Facility, the DIP Lender’s Charge and the stay of proceedings.

18. The DIP Agreement provides that the outstanding principal amount of all Advances shall bear interest from the date of advance at an annual rate of 15.5%.

19. The DIP Facility is subject to an advance fee of 1.75% of the loan amount, which shall be deducted *pro rata* from each Advance.

20. The DIP Facility and the DIP Lender's Charge are necessary to fund the operations of the Applicant, market the Units for sale and complete outstanding warranty and development tasks. Completion of these tasks will benefit the Applicant's stakeholders.

21. The terms of the DIP Agreement are reasonable, and approval of the DIP Facility and the granting of the DIP Lender's Charge will be accretive to the estate of the Applicant and will not prejudice any of the Applicant's stakeholders.

22. The Applicant canvassed other sources of interim financing and received one other proposed interim financing commitment, in addition to the DIP Facility. The terms of the DIP Facility were more advantageous to the Applicant than this other proposed interim financing commitment.

D. The need for CCAA protection

23. The Applicant is no longer able to meet its financial obligations as they become due.

24. While significant progress has been made towards completing the Project and selling all remaining Units, a recent downturn in the Hamilton condominium market and

the registration of various construction liens against the Units have created a liquidity crisis for the Applicant. This creates an urgent need for:

- (a) an additional credit facility to fund near term obligations;
- (b) the Stay of Proceedings; and
- (c) a Court-supervised process for conveying title to Unsold Units free and clear of encumbrances.

25. Absent protections afforded by the CCAA and the approval of the proposed DIP Facility, the Applicant is at risk of the Project becoming subject to various enforcement proceedings.

26. A CCAA stay of proceedings is needed to ensure that the Applicant, with the support of the Proposed Monitor, can develop a path forward in an efficient and orderly way, under the protection of the Court and without the threat of legal proceedings or unilateral actions that could be harmful to its business operations.

27. With the benefit of the DIP Facility, the Applicant seeks to complete its outstanding development tasks and warranty obligations in a supervised, organized and stable environment, with a view to maintaining the value of the Property for the benefit of all stakeholders.

28. The granting of the Administration Charge is appropriate in the circumstances and will facilitate the active involvement of restructuring professionals during these CCAA proceedings.

E. Additional Grounds

29. SLF has consented to act as the Monitor in these CCAA proceedings.

30. The provisions of the CCAA and the statutory, inherent and equitable jurisdiction of this Honourable Court.

31. Rules 2.03, 3.02, 14.05(2) and 16 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, and section 106 and 137 of the *Courts of Justice Act*, R.S.O., c. C. 43, as amended.

32. Such further and grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this Application:

- (a) The Affidavit of Muhammad Ahsan sworn February 9, 2026, to be filed, and the exhibits appended thereto;
- (b) The Supplemental Affidavit of Muhammad Ahsan sworn February 9, 2026, to be filed, and the exhibits appended thereto;
- (c) The Consent of SLF to act as Monitor;
- (d) The Pre-Filing report of SLF, as Proposed Monitor, to be filed; and
- (e) Such further and other evidence as counsel may advise and this Honourable Court may permit.

February 9, 2026

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PROCEEDING COMMENCED AT
TORONTO

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