

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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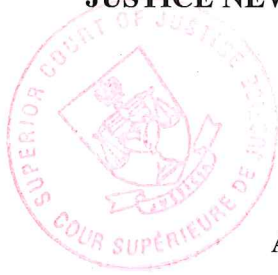
MONDAY, THE 24TH

JUSTICE NEWBOULD

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DAY OF OCTOBER, 2016

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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 GOLF TOWN CANADA HOLDINGS
INC., GOLF TOWN CANADA INC. AND
GOLF TOWN GP II INC.

DIP AMENDMENT ORDER

THIS MOTION, made by Golf Town Canada Holdings Inc., Golf Town Canada Inc., Golf Town GP II Inc., Golfsmith International Holdings LP and Golf Town Operating Limited Partnership (collectively, the "**Golf Town Entities**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of David Roussy sworn October 20, 2016 and the Second Report of FTI Consulting Canada Inc., in its capacity as monitor of the Golf Town Entities (the "**Monitor**") in the within proceedings, and on hearing the submissions of counsel for the Golf Town Entities, the DIP Agent, the Monitor and such other counsel as were present and wished to be heard:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

APPROVAL OF FIRST AMENDMENT TO THE DIP AGREEMENT

2. **THIS COURT ORDERS** that the execution and delivery of the Consent, Conditional Waiver and First Amendment to the Senior, Super-Priority Debtor-in-Possession Credit Agreement (the "**First Amendment**") by Golf Town Canada Holdings Inc., Golf Town Canada Inc., Golf Town GP II Inc. and Golf Town Operating Limited Partnership (collectively, the "**Golf Town Borrowers**") is hereby approved and ratified. The Golf Town Borrowers are hereby authorized and directed to perform their obligations under and pursuant to the First Amendment.

AMENDMENTS TO THE APPROVAL AND VESTING ORDER

3. **THIS COURT ORDERS** that paragraph 11(b) of the Approval and Vesting Order granted September 30, 2016 in these proceedings (the "**Approval and Vesting Order**") shall be deleted and replaced with the following:

“from time to time in its sole discretion, amounts released from any Reserve, the Escrow Funds or any other reserves determined by the Monitor in accordance with this Order (collectively, the "**Reserves**");”

4. **THIS COURT ORDERS** that the following paragraph shall be inserted into the Approval and Vesting Order immediately after paragraph 11 thereof:

“11A. **THIS COURT ORDERS** that if all of the Obligations and Prior Lender Obligations (as such terms are defined in the Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement dated as of September 19, 2016 (the "**DIP Agreement**")) have been irrevocably repaid in full in cash and all Letters of Credit (as defined in the DIP Agreement and the Credit Agreement dated as of July 24, 2012) have been

replaced or cash collateralized, such cash collateral being free of any Encumbrances other than those in favour of the DIP Agent or the First Lien Agent, to the satisfaction of the DIP Agent, acting reasonably (the time at which such conditions are satisfied being referred to herein as the “**Payoff Time**”), in each case from the proceeds of or in connection with a replacement interim financing facility (the “**Replacement DIP Facility**”) that has been approved by the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”) in proceedings in respect of the U.S. Debtors (as defined in the Initial Order granted September 14, 2016 in these proceedings (the “**Initial Order**”)) pursuant to title 11, chapter 11 of the *United States Code* (the “**Chapter 11 Proceedings**”) at such time as a distribution is to be made by the Monitor pursuant to paragraph 11(b) of this Order (a “**Reserve Distribution**”), then, notwithstanding anything to the contrary in this Order, such Reserve Distribution shall be distributed to Golfsmith International Holdings, Inc. (“**GSI**”) or to any agent in respect of a Replacement DIP Facility (a “**Replacement DIP Agent**”) as GSI may direct, subject to the following conditions:

- (a) such Reserve Distribution shall be distributed free and clear of all Encumbrances other than those securing the obligations of a U.S. Debtor pursuant to or in respect of the Replacement DIP Facility;
- (b) such Reserve Distribution shall be made by the Monitor to an account designated by GSI; and
- (c) the aggregate of all Reserve Distributions distributed pursuant to this paragraph 11A shall not exceed the aggregate Obligations and Prior Lender Obligations outstanding immediately following the disbursement of the amount to Antares Capital LP pursuant to subparagraph 11(a) of this Order, and provided further that no

Reserve Distribution shall be disbursed if the obligations pursuant to the Replacement DIP Facility have been repaid in full.”

5. **THIS COURT ORDERS** that the following paragraph shall be inserted into the Approval and Vesting Order immediately after paragraph 11A thereof:

“11B. THIS COURT ORDERS that, effective upon the closing of a Replacement DIP Facility and the occurrence of the Payoff Time, GSI shall be and is hereby granted a charge (the “**Replacement Charge**”) over the assets, property and undertaking of the Golf Town Entities (including, without limitation, the Reserves and amounts held in escrow by the Monitor in connection with the Transition Services Agreement to be entered into by GSI, the Purchaser and the Vendors pursuant to the Purchase Agreement (the “**Transition Services Agreement**”)) to secure the payment of all amounts required to be paid to GSI, or as GSI may direct, pursuant to paragraph 11A of this Order or the Transition Services Agreement and related escrow agreement, which Replacement Charge shall have the same priority as the DIP Lenders’ Charge (as defined in the Initial Order) has or would have but for the repayment or refinancing of the DIP Facility.”

6. **THIS COURT ORDERS** that the following paragraph shall be inserted into the Approval and Vesting Order immediately after paragraph 23 thereof:

“24. THIS COURT ORDERS that, from and after the Payoff Time, the references to the “DIP Agent” in paragraphs 9 and 22 of this Order shall be deemed to be references to the Replacement DIP Agent.”

7. **THIS COURT ORDERS** that the following paragraph shall be inserted into the Approval and Vesting Order immediately after paragraph 24 thereof:

“25. THIS COURT ORDERS that paragraphs 11(A), 11(B) and 24 of the Approval and Vesting Order (the “**Amendment Paragraphs**”) shall only be effective upon the closing of the DIP Replacement Facility and if

the DIP Replacement Facility does not close, the Amendment Paragraphs shall be of no force or effect.”

RECOGNITION AND ASSISTANCE

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, or in any other foreign jurisdiction, to give effect to this Order and to assist the Golf Town Entities, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Golf Town Entities and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding or to assist the Golf Town Entities and the Monitor and their respective agents in carrying out the terms of this Order.



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ON / BOOK NO:
LE / DANS LE REGISTRE NO:

OCT 24 2016

PER / PAR 

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

Court File No: CV-16-11527-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF
TOWN GP II INC.**

Applicants

<p>ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) Proceeding commenced at Toronto</p>	
<p>DIP AMENDMENT ORDER</p>	
<p>GOODMANS LLP Barristers & Solicitors 333 Bay Street, Suite 3400 Toronto, Canada M5H 2S7</p> <p>Robert J. Chadwick LSUC#: 35165K rchadwick@goodmans.ca</p> <p>Melaney Wagner LSUC#: 44063B mwagner@goodmans.ca</p> <p>Bradley Wiffen LSUC#: 64279L bwiffen@goodmans.ca</p> <p>Tel: (416) 979-2211 Fax: (416) 979-1234</p> <p>Lawyers for the Applicants</p>	

Oct-24, 2016

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 GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

Court File No: CV-16-11527-00CL

Applicants

October 24/16

The relief sought is reappointed & supported by the Plaintiffs. The DIP arrangement is expensive but is critical to the operations pending a closing by month's end.

Order to go

Dear J.

ONTARIO

SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

MOTION RECORD OF THE APPLICANTS

(Motion for DIP Amendment Order)

(Returnable October 24, 2016)

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