

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

**GOLF TOWN CANADA HOLDINGS INC.,
GOLF TOWN CANADA INC., and
GOLF TOWN GP II INC.**

SIXTH REPORT OF THE MONITOR

JULY 25, 2017

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

SIXTH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.
IN ITS CAPACITY AS MONITOR

INTRODUCTION

1. On September 14, 2016 (the “**Filing Date**”), Golf Town Canada Holdings Inc., Golf Town Canada Inc. (“**GT Canada**”) and Golf Town GP II Inc. (collectively, the “**Applicants**”) made an application under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and an initial order (the “**Initial Order**”) was made by the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granting, among other things, a stay of proceedings against the Applicants until October 14, 2016 (the “**Stay of Proceedings**”) and appointing FTI Consulting Canada Inc. as monitor (the “**Monitor**”). The benefits of the protections and authorizations provided by the Initial Order were also extended to Golf Town Operating Limited Partnership (“**Golf Town LP**”) and Golfsmith International Holdings L.P. (“**Holdings LP**” and, together with the Applicants and Golf Town LP, the “**Golf Town Entities**”). The proceedings commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.

2. On September 30, 2016, the Court granted an Approval and Vesting Order (the “**Approval and Vesting Order**”) approving the sale of the Golf Town Entities’ business (the “**Golf Town Transaction**”) pursuant to the terms of a Purchase Agreement dated September 14, 2016 (the “**Purchase Agreement**”) among GT Canada and Golf Town LP, as sellers (collectively, the “**Vendors**”), and Golf Town Limited (formerly 9918167 Canada Inc.) (the “**Purchaser**”), an entity owned by Fairfax Financial Holdings Limited and certain investment funds managed by CI Investments Inc., as purchaser.
3. Also on September 30, 2016, the Court extended the Stay of Proceedings against the Applicants until January 31, 2017.
4. In accordance with the Purchase Agreement, on October 31, 2016, the Golf Town Transaction was successfully completed and the Monitor delivered the Monitor’s Certificate confirming that the Golf Town Transaction had closed.
5. On January 25, 2017, the Court further extended the Stay of Proceedings against the Applicants until July 31, 2017.
6. The purpose of this, the Monitor’s Sixth Report (the “**Sixth Report**”), is to provide the Court with information regarding:
 - (a) the Golf Town Entities’ and the Monitor’s activities since the Monitor’s Fifth Report dated January 20, 2017 (the “**Fifth Report**”);
 - (b) the status of the Chapter 11 proceedings (the “**Chapter 11 Proceedings**”) initiated by the Golf Town Entities’ U.S. affiliate, Golfsmith International Holdings, Inc. and its wholly-owned subsidiaries and Golf Town USA, L.L.C. (collectively, the “**Golfsmith Entities**”, and together with the Golf Town Entities, the “**Company**”);
 - (c) the financial status of the Golf Town Entities, including an update on certain reserves established by the Monitor in connection with the closing of the Golf Town Transaction (the “**Reserves**”); and
 - (d) the Golf Town Entities’ request for an extension of the Stay of Proceedings to December 15, 2017 (the “**Stay Extension**”).

7. In preparing this Sixth Report, the Monitor has relied upon audited and unaudited financial information of the Golf Town Entities, the Golf Town Entities' books and records, certain financial information and forecasts prepared by the Golf Town Entities, and discussions with various parties, including senior management ("**Management**") of and advisors to the Company (collectively, the "**Information**"). To the extent necessary and appropriate, the Monitor has also reviewed audited and unaudited financial information and forecasts of the Golfsmith Entities.
8. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information. Accordingly, the Monitor expresses no opinion or other form of assurance on the Information contained in this Sixth Report or relied on in its preparation. Future-oriented financial information reported or relied on in preparing this Sixth Report is based on Management's assumptions regarding future events; actual results may vary from the forecast and such variations may be material.
9. Capitalized terms not otherwise defined herein have the meanings given to them in the Initial Order or previous reports filed by the Monitor.

A. UPDATE ON THE GOLF TOWN ENTITIES' AND THE MONITOR'S RECENT ACTIVITIES

10. Since the date of the Fifth Report, the Company's Management, advisors and staff have continued to provide the Monitor with their full co-operation and all necessary access to the Golf Town Entities' personnel, premises, and books and records.
11. The Monitor has continued to monitor the Golf Town Entities' wind-down, cash receipts and disbursements, and the Company's cash management system – including the monitoring of intercompany amounts accruing between the Golf Town Entities and the Golfsmith Entities.
12. The Monitor continues to work closely with Management, the Company's chief restructuring officer (the "**CRO**") and Alvarez & Marsal North America LLC and Alvarez & Marsal Canada ULC (collectively, "**A&M**"), the Company's financial advisor,

to address various wind-down matters that have arisen in the CCAA Proceedings since the completion of the Golf Town Transaction.

13. The Monitor has also continued to work with the Purchaser to assist with the resolution of transition related issues that have arisen in the CCAA Proceedings since the completion of the Golf Town Transaction, including verification of ownership of funds received, responsibility for disbursements between the Golf Town Entities and the Purchaser, and other vendor inquiries.
14. The Monitor has also responded to a number of email and telephone inquiries from various stakeholders.
15. Pursuant to the Employee Services Agreement (the “**ESA**”), certain former employees of the Golf Town Entities now employed by the Purchaser provided assistance, as necessary, to the Vendors and the Monitor relating to the orderly transition and wind-down of the Golf Town Entities’ business up to April 30, 2017 as stipulated in the ESA, including but not limited to, assistance in respect of:
 - (a) human resources matters, including payroll, employee tax remittances and corresponding with various provincial ministries of labour; and
 - (b) the organization and retention of documents from the Golf Town Entities’ business that must continue to be retained or provided to the Purchaser.
16. In accordance with paragraph 11 of the Approval and Vesting Order and in connection with the Purchase Agreement, the Purchase Escrow Agreement and the TSA Escrow Agreement, the Monitor established the Reserves from the proceeds of the Golf Town Transaction. The current status of the Reserves is set out below. Additional information in respect of the Reserves is contained in the Monitor’s Fourth Report and Fifth Report.
17. In accordance with the Approval and Vesting Order, the Purchase Agreement, the Purchase Escrow Agreement and the TSA Escrow Agreement, the Monitor has managed and will continue to manage and make distributions from the remaining Reserves as stipulated in the various documents.

18. As described in the affidavit of Brian Cejka sworn July 20, 2017 (the “**Cejka Affidavit**”), the Monitor, on behalf of the Golf Town Entities, previously paid to Antares Capital L.P., in its capacity as DIP Agent and First Lien Agent, the net proceeds from the Golf Town Transaction after establishing the Reserves. As a result of these distributions and amounts distributed to Antares Capital L.P. from the estate of the Golfsmith Entities, the Company has repaid all amounts owing under the DIP Facility and the first-lien pre-filing Credit Facility.

B. STATUS OF THE CHAPTER 11 PROCEEDINGS

19. The Golfsmith Entities continue to undertake certain wind-down activities and are currently in discussions with their stakeholders to finalize their exit from the Chapter 11 Proceedings.

20. The Monitor has been advised that the unsecured creditors committee of the Golfsmith Entities (the “**Committee**”) and the trustee of the second-lien Secured Notes (the “**Trustee**”) are engaged in discussions regarding a resolution of certain claims (the “**Claims**”) asserted by the Committee in respect of stub period rent and certain goods supplied to the Golfsmith Entities prior to the commencement of the Chapter 11 Proceedings.

21. As described in the Cejka Affidavit, the Committee and the Trustee appear to have reached an agreement in principle regarding the Claims, which, subject to the execution of definitive documentation and the receipt of necessary approvals, would result in a consensual resolution of the Claims and facilitate a structured dismissal of the Chapter 11 Proceedings following the completion of remaining wind-down matters.

C. FINANCIAL STATUS OF THE GOLF TOWN ENTITIES

(i) Receipts & Disbursements for the 25 Week Period Ending July 1, 2017

22. The Golf Town Entities’ actual net cash flow on a consolidated basis for the 25 week period ending July 1, 2017 was approximately CAD\$(2.46) million compared to a forecast amount of CAD\$(6.28) million as noted in the Post-Transaction Cash Flow

Forecast filed as Appendix “F” to the Fifth Report, resulting in a positive variance of approximately CAD\$3.82 million as summarized below:

Golf Town Entities				
Cash Flow Budget-to-Actual Variance Analysis				
<i>(CAD, 000s)</i>				
	For the 25 Week Period Ending July 1, 2017			
	<u>Ref.</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Total Receipts	A	\$ 618	\$ 219	\$ 399
<u>Operating and Non-Operating Disbursements</u>				
Operating Disbursements	B	(227)	(858)	631
Non-Operating Cash Flows	C	(2,853)	(5,640)	2,787
Total Disbursements	D=B+C	(3,080)	(6,498)	3,418
Net Cash Inflows / (Outflows)	E=A+D	<u>\$ (2,462)</u>	<u>\$ (6,279)</u>	<u>\$ 3,817</u>
Book Cash				
Opening Book Cash Balance		\$14,793	\$14,793	\$ 0
Add: Receipts	E	(2,462)	(6,279)	3,817
Ending Book Cash Balance		<u>\$12,331</u>	<u>\$ 8,514</u>	<u>\$ 3,817</u>

Please refer to Appendix “A” attached hereto for the detailed Cash Flow Budget-to-Actual Variance Analysis.

23. Explanations for the material variances in actual receipts and disbursements for the 25 week period ending July 1, 2017 are summarized below:
- (a) Total receipts were CAD\$0.62 million compared to a forecast amount of CAD\$0.22 million, resulting in a positive variance of CAD\$0.40 million. The positive variance is primarily due to higher than expected repayments from vendors of unapplied security deposits issued during the CCAA Proceedings, and higher than forecast expense reimbursements received from Golf Town Limited.
 - (b) Total operating disbursements were CAD\$0.23 million compared to a forecast amount of CAD\$0.86 million, which resulted in a positive variance of CAD\$0.63 million. The positive variance is primarily due to lower than forecast employee costs and other operating expenses.

- (c) Total non-operating disbursements were CAD\$2.85 million compared to a forecast amount of CAD\$5.64 million, which resulted in a positive variance of CAD\$2.79 million. The following factors contributed to this variance:
- i. Disbursements for payments in respect of the TSA (“**TSA Payments**”) were CAD\$2.20 million compared to a forecast amount of CAD\$4.24 million, which resulted in a positive variance of CAD\$2.04 million. This variance is primarily due to timing and is expected to reverse in the future as TSA invoices are received and TSA Payments are disbursed in accordance with the TSA Escrow Agreement.
 - ii. Disbursements for Professional Fees were CAD\$0.44 million compared to a forecast amount of CAD\$1.16 million, resulting in a positive variance of CAD\$0.72 million. Professional fees were lower than forecast during the period; however, it is expected that this variance is expected to partially reverse in the future as invoices for outstanding professional fees are received and paid.

(ii) *Current Reserves as of the Week Ending July 1, 2017*

24. The summary below provides an overview of the change in the Reserves between the weeks ending January 7, 2017 and July 1, 2017. The changes in the Reserves represent amounts that have been disbursed by the Monitor on a category-by-category basis.

Golf Town EntitiesReserve Summary
(CAD, 000 000s)

Reserve Categories:	Reserves as of the week ending January 7, 2017	Reserves as of the week ending July 1, 2017	Change in Reserves
Working Capital Adjustment (Note 1)	\$ 0.14	\$ -	\$ (0.14)
Transition Services Escrow Amount (Note 2)	6.01	3.81	(2.20)
Other Transaction Costs (Note 3)	0.16	0.08	(0.08)
Reserve for Court-Ordered Charges (Note 4)	4.50	4.07	(0.43)
Reserve for Post-Petition Disbursements and Other Reserves (Note 5)	3.39	3.19	(0.20)
Total Reserves	\$ 14.20	\$ 11.15	\$ (3.05)

Note 1: The remaining Working Capital Adjustment included in the reserve as at the week ending January 7, 2017 was paid.

Note 2: The current reserve remaining for Transition Services Escrow Amount represents funds available for settlement of amounts owing pursuant to the Transition Services Agreement.

Note 3: The current reserve remaining for Other Transaction Costs represents funds available for settlement of any remaining seller cure costs owing.

Note 4: The current reserve remaining for Reserve for Court-Ordered Charges includes amounts for the Administration Charge, and remaining Directors' Charges.

Note 5: The current reserve remaining for the Reserve for Post-Petition Disbursements and Other Miscellaneous Reserves represents funds available for settlement of the remaining post-petition operating disbursements and other miscellaneous reserves, which include but are not limited to employee costs, utility costs, sales taxes, professional fees, and a contingency amount.

25. During the 25 week period ending July 1, 2017, a total of CAD\$3.05 million was released from the Reserves. The remaining amount of CAD\$11.15 million as at July 1, 2017 has been reserved to settle remaining expenses and liabilities incurred during the wind-down of the Golf Town Entities and the completion of the CCAA Proceedings.
26. As discussed in the Cejka Affidavit, subject to further Orders from the Court and the U.S. Bankruptcy Court, the remaining proceeds of the Company's estate, following the payment of any priority amounts and the completion of remaining wind-down matters, will be used to repay amounts owing in respect of the second-lien Secured Notes. The Secured Notes are secured by a security interest in substantially all of the assets and property of the Golf Town Entities and the Golfsmith Entities. Given the Company's current resources, there is insufficient value to repay in full the obligations under the Secured Notes and accordingly, the Monitor expects that there will be no recovery for unsecured creditors of the Golf Town Entities.
- (iii) *Extended Cash Flow Forecast for the 24 week period ending December 16, 2017*
27. The Golf Town Entities, with the assistance of the Monitor, have updated their cash flow forecast for the 24 week period ending December 16, 2017 (the "**Extended Cash Flow**

Forecast”). The Extended Cash Flow Forecast shows the estimated cash receipts and disbursements to be incurred until December 16, 2017 in connection with the wind-down of the Golf Town Entities:

Golf Town Entities	
Extended Cash Flow Forecast Summary	
<i>(CAD, 000s)</i>	
	24-Week Total
Total Receipts	\$ 112
Total Operating Disbursements	(449)
Cash Flow From Operations	(337)
<u>Non-Operating Disbursements:</u>	
Professional Fees	(374)
Working Capital Adjustment	-
Transition Services Agreement	(2,693)
Other	-
Total Non-Operating Disbursements	(3,067)
Net Cash Inflows / (Outflows)	\$ (3,404)
Book Cash	
Opening Book Cash Balance	\$ 12,331
Adjust: Net Cash Inflows / (Outflows)	(3,404)
Ending Book Cash Balance	\$ 8,927

Please refer to Appendix “B” attached hereto for the Extended Cash Flow Forecast.

28. The Extended Cash Flow Forecast shows cash outflows from operations of CAD\$0.34 million, total non-operating disbursements of CAD\$3.07 million and net cash outflows of CAD\$3.40 million.
29. The Extended Cash Flow Forecast has been prepared based on Management’s expectations of future disbursements required to wind-down the operations of the Golf Town Entities and should be read in conjunction with the notes to the Extended Cash Flow Forecast as included in Appendix “B”.

D. STAY EXTENSION AND TIMEFRAME FOR COMPLETION OF THE CCAA PROCEEDINGS

30. As noted above, the current Stay of Proceedings expires on July 31, 2017.

31. Although progress has been made towards the conclusion of the CCAA Proceedings, additional time is needed to resolve all outstanding matters. The Golf Town Entities are seeking the Stay Extension to, among other things, continue and, as appropriate, complete certain post-closing and wind-down matters, including:
- (a) the completion of the transition of the Golf Town Entities' business to the Purchaser pursuant to the TSA;
 - (b) the completion of their wind-down activities and other remaining matters in consultation with the Monitor and affected stakeholders;
 - (c) finalization of the distribution of amounts held in the Golf Town Entities' remaining Reserves to the extent required;
 - (d) working with the Golfsmith Entities to finalize a coordinated wind-down between the Chapter 11 Proceedings and the CCAA Proceedings and a distribution of remaining proceeds; and
 - (e) the orderly completion of the CCAA Proceedings.
32. Based on the information provided to the Monitor and as indicated in the Extended Cash Flow Forecast, the Monitor is of the view that the remaining Reserves are sufficient to provide the Golf Town Entities with the liquidity required to fund required post-closing activities through the period of the proposed Stay Extension.
33. Based on the information presently available, the Monitor believes that none of the Golf Town Entities' stakeholders will be materially prejudiced by the Stay Extension.
34. The Golf Town Entities have advised that they intend to bring a final motion before the Court at the appropriate time to terminate the CCAA Proceedings and to deal with final distribution and related matters. The Golf Town Entities have also advised that they hope to bring this final motion prior to the expiry of the proposed Stay Extension, but are seeking an extension until December 15, 2017 to avoid the cost of bringing an additional motion if all remaining matters are not complete. The Monitor supports this approach as it will assist in finalizing the remaining wind-down activities in as efficient a manner as

possible and avoid the expense of multiple court appearances at this stage of the CCAA Proceedings.

35. The Monitor is not aware of any non-compliance by the Golf Town Entities with requirements under the CCAA or pursuant to any Order issued by the Court in the CCAA Proceedings. The Monitor believes that the Golf Town Entities have acted, and are continuing to act, in good faith and with due diligence and that circumstances exist which make the Stay Extension appropriate.

E. MONITOR'S RECOMMENDATIONS

36. For the reasons described above, the Monitor respectfully recommends that the proposed Stay Extension be granted by the Court.

The Monitor respectfully submits this Sixth Report to the Court.

Dated this 25th day of July, 2017.

FTI Consulting Canada Inc.
In its capacity as Monitor of
Golf Town Canada Holdings Inc., Golf Town Canada Inc. and Golf Town GP II Inc.



Paul Bishop
Senior Managing Director

APPENDIX “A” – DETAILED BUDGET TO ACTUAL ANALYSIS

Golf Town Entities				
Detailed Cash Flow Budget-to-Actual Variance Analysis (CAD, 000s)				
For the 25 Week Period Ending July 1, 2017				
	<u>Ref.</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Sales Receipts		\$ 350	\$ 219	\$ 131
Misc Receipts		268	-	268
Total Receipts	A	<u>618</u>	<u>219</u>	<u>399</u>
<u>Operating Disbursements</u>				
Merchandise and Freight		(11)	(79)	68
Employee Costs		(3)	(106)	103
Rent and Other Operating Costs		(213)	(673)	460
Sales Taxes		-	-	-
Capex and Maintenance		-	-	-
Total Operating Disbursements	B	<u>\$ (227)</u>	<u>\$ (858)</u>	<u>\$ 631</u>
<u>Non-Operating Cash Flows</u>				
Professional Fees		(440)	(1,158)	718
KEIP, Transaction Fees, and Other Fees		-	(90)	90
Net Working Capital Adjustment		(152)	(149)	(3)
TSA Payments		(2,203)	(4,243)	2,040
Miscellaneous Fees and Disbursements		(58)	-	(58)
Total Non-Operating Cash Flows	C	<u>\$ (2,853)</u>	<u>\$ (5,640)</u>	<u>\$ 2,787</u>
Total Disbursements	D=B+C	<u>\$ (3,080)</u>	<u>\$ (6,498)</u>	<u>\$ 3,418</u>
Net Cash Inflows / (Outflows)	E=A+D	<u>\$ (2,462)</u>	<u>\$ (6,279)</u>	<u>\$ 3,817</u>
<u>Book Cash</u>				
Opening Book Cash Balance		\$ 14,793	\$ 14,793	\$ 0
Net Cash Inflows / (Outflows)	E	<u>(2,462)</u>	<u>(6,279)</u>	<u>3,817</u>
Ending Book Cash Balance		<u>\$ 12,331</u>	<u>\$ 8,514</u>	<u>\$ 3,817</u>

APPENDIX “B” – EXTENDED CASH FLOW FORECAST

Golf Town Entities														
Extended Cash Flow Forecast (CAD, 000s)														
	Week #:	2017-27	2017-28	2017-29	2017-30	2017-31	2017-32	2017-33	2017-34	2017-35	2017-36	2017-37	2017-38	2017-39
	Week Ending:	7/8	7/15	7/22	7/29	8/5	8/12	8/19	8/26	9/2	9/9	9/16	9/23	9/30
	Notes													
	Ref													
Interest Income and Other Receipts	2	-	-	-	3	-	38	-	64	-	-	-	-	3
Total Receipts	A	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ 38	\$ -	\$ 64	\$ -	\$ -	\$ -	\$ -	\$ 3
Operating Disbursements														
Other Operating Costs	3	-	(34)	(80)	-	-	-	(25)	(50)	(85)	-	-	(50)	-
Total Operating Disbursements	B	\$ -	\$ (34)	\$ (80)	\$ -	\$ -	\$ -	\$ (25)	\$ (50)	\$ (85)	\$ -	\$ -	\$ (50)	\$ -
Non-Operating Disbursements														
Professional Fees	4	-	-	(53)	(6)	-	-	-	(210)	-	-	-	-	(35)
TSA Payments	5	-	(652)	-	-	(510)	-	-	(874)	-	-	(360)	-	-
Total Non-Operating Disbursements	C	\$ -	\$ (652)	\$ (53)	\$ (6)	\$ (510)	\$ -	\$ -	\$ (1,084)	\$ -	\$ -	\$ (360)	\$ -	\$ (35)
Total Disbursements	D=B+C	\$ -	\$ (686)	\$ (133)	\$ (6)	\$ (510)	\$ -	\$ (25)	\$ (1,134)	\$ (85)	\$ -	\$ (360)	\$ (50)	\$ (35)
Net Cash Inflows / (Outflows)	A + D	\$ -	\$ (686)	\$ (133)	\$ (3)	\$ (510)	\$ 38	\$ (25)	\$ (1,070)	\$ (85)	\$ -	\$ (360)	\$ (50)	\$ (32)
Opening Book Cash Balance		\$ 12,331	\$ 12,331	\$ 11,645	\$ 11,512	\$ 11,509	\$ 10,999	\$ 11,037	\$ 11,012	\$ 9,942	\$ 9,857	\$ 9,857	\$ 9,497	\$ 9,447
Adjust: Net Cash Inflows / (Outflows)		-	(686)	(133)	(3)	(510)	38	(25)	(1,070)	(85)	-	(360)	(50)	(32)
Ending Book Cash Balance		\$ 12,331	\$ 11,645	\$ 11,512	\$ 11,509	\$ 10,999	\$ 11,037	\$ 11,012	\$ 9,942	\$ 9,857	\$ 9,857	\$ 9,497	\$ 9,447	\$ 9,415

Golf Town Entities														
Extended Cash Flow Forecast (CAD, 000s)														
	Week #:	2017-40	2017-41	2017-42	2017-43	2017-44	2017-45	2017-46	2017-47	2017-48	2017-49	2017-50	24 Week	
	Week Ending:	10/7	10/14	10/21	10/28	11/4	11/11	11/18	11/25	12/2	12/9	12/16	Total	
	Notes													
	Ref													
Interest Income and Other Receipts	2	-	-	-	2	-	-	-	2	-	-	-	-	112
Total Receipts	A	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ 112
Operating Disbursements														
Other Operating Costs	3	-	-	(50)	-	-	-	(50)	-	-	(25)	-	(449)	
Total Operating Disbursements	B	\$ -	\$ -	\$ (50)	\$ -	\$ -	\$ -	\$ (50)	\$ -	\$ -	\$ (25)	\$ -	\$ (449)	
Non-Operating Disbursements														
Professional Fees	4	-	-	-	(35)	-	-	-	(35)	-	-	-	(374)	
TSA Payments	5	-	-	(265)	-	-	-	(32)	-	-	-	-	(2,693)	
Total Non-Operating Disbursements	C	\$ -	\$ -	\$ (265)	\$ (35)	\$ -	\$ -	\$ (32)	\$ (35)	\$ -	\$ -	\$ -	\$ (3,067)	
Total Disbursements	D=B+C	\$ -	\$ -	\$ (315)	\$ (35)	\$ -	\$ -	\$ (82)	\$ (35)	\$ -	\$ (25)	\$ -	\$ (3,516)	
Net Cash Inflows / (Outflows)	A + D	\$ -	\$ -	\$ (315)	\$ (33)	\$ -	\$ -	\$ (82)	\$ (33)	\$ -	\$ (25)	\$ -	\$ (3,404)	
Opening Book Cash Balance		\$ 9,415	\$ 9,415	\$ 9,415	\$ 9,100	\$ 9,067	\$ 9,067	\$ 9,067	\$ 8,985	\$ 8,952	\$ 8,952	\$ 8,927	\$ 12,331	
Adjust: Net Cash Inflows / (Outflows)		-	-	(315)	(33)	-	-	(82)	(33)	-	(25)	-	(3,404)	
Ending Book Cash Balance		\$ 9,415	\$ 9,415	\$ 9,100	\$ 9,067	\$ 9,067	\$ 9,067	\$ 8,985	\$ 8,952	\$ 8,952	\$ 8,927	\$ 8,927	\$ 8,927	

EXTENDED CASH FLOW FORECAST OF THE GOLF TOWN ENTITIES NOTES AND SUMMARY OF ASSUMPTIONS

Disclaimer

In preparing this Extended Cash Flow Forecast, the Company has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Extended Cash Flow Forecast includes assumptions discussed below with respect to the requirements of the Golf Town Entities' filing under the CCAA. Since the Extended Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Extended Cash Flow Forecast period will vary from the Extended Cash Flow Forecast even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

Overview

The Company, with the assistance of A&M, the CRO and the Monitor, has prepared the Extended Cash Flow Forecast based primarily on historical results and financial information, and Management's current expectations for operations during the 24 week forecast period. The Extended Cash Flow Forecast is presented in thousands of Canadian dollars.

Assumptions to the Golf Town Entities Cash Flow Forecast

1. The purpose of the Extended Cash Flow Forecast is to determine the liquidity requirements of the Golf Town Entities during the 24 week period ending December 16, 2017.
2. Interest Income and Other Receipts includes interest income from trust accounts, and any other miscellaneous receipts.
3. Other Operating Costs include payments for utilities, maintenance, cure costs, and any other operating costs.

4. Professional Fees include fees of consultants, financial advisors, the Monitor and legal counsel involved in the CCAA Proceedings.
5. TSA Payments are the amounts to be paid to the Golfsmith Entities to facilitate the provision and subsequent transition of certain shared services required by the Purchaser as a condition precedent to the Golf Town Transaction and as detailed in the TSA.

**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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

**SIXTH REPORT OF THE MONITOR, FTI
CONSULTING CANADA INC. DATED
JULY 25, 2017**

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