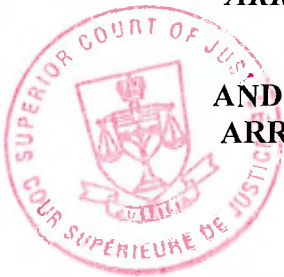


ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) WEDNESDAY, THE 14TH
)
JUSTICE NEWBOULD) DAY OF SEPTEMBER, 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.



INITIAL ORDER

THIS APPLICATION, made by Golf Town Canada Holdings Inc., Golf Town Canada Inc. (“**GT Canada**”) and Golf Town GP II Inc. (collectively, the “**Applicants**”), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCA**”) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of David Roussy sworn September 13, 2016 and the exhibits thereto (the “**Roussy Affidavit**”) and the pre-filing report dated September 13, 2016 of the proposed monitor, FTI Consulting Canada Inc. (the “**Monitor**”) and on hearing the submissions of counsel for the Golf Town Entities (as hereinafter defined), the Monitor, the First Lien Agent and such other counsel as were present and wished to be heard, and on reading the consent of FTI Consulting Canada Inc. to act as the Monitor,

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used but not defined in this Order shall have the meanings given to them in the Roussy Affidavit.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies. Although not Applicants, Golf Town Operating Limited Partnership (“**Golf Town LP**”) and Golfsmith International Holdings LP (“**Holdings LP**” and, together with the Applicants and Golf Town LP, the “**Golf Town Entities**” and each a “**Golf Town Entity**”) shall have the benefit of the same protections and authorizations provided to the Applicants by this Order.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Golf Town Entities shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Golf Town Entities shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Golf Town Entities shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Golf Town Entities are authorized and empowered to continue to retain and employ the employees, consultants, advisors, agents, experts, accountants, counsel and such other persons (collectively, “**Assistants**”) currently retained or employed by them, with liberty to retain such

further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Golf Town Entities shall be entitled to continue to utilize the cash management system currently in place as described in the Roussy Affidavit or replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Golf Town Entities of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Golf Town Entities, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that, in accordance with the Approved Budget (as defined in the DIP Agreement), the Golf Town Entities shall be entitled but not required to pay the following expenses and satisfy the following obligations whether incurred prior to, on or after the date of this Order to the extent that such expenses are incurred and payable by the Golf Town Entities:

- (a) all outstanding and future wages, salaries, commissions, compensation, incentive payments, employee benefits (including, without limitation, employee medical, dental, vision and similar benefit plans or arrangements), vacation pay and expenses, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements and all payroll processing expenses;
- (b) all outstanding and future contributions to or payments in respect of the Group RRSP and the DPSP in the ordinary course of business and consistent with existing compensation policies and arrangements;

- (c) the fees and disbursements of any Assistants retained or employed by the Golf Town Entities in respect of these proceedings or any other similar or ancillary proceedings in other jurisdictions or in respect of related corporate matters, in accordance with the terms of their respective engagements;
- (d) all outstanding and future amounts owing in respect of Customer Programs and Customer Deposits or other amounts on account of similar customer programs or obligations;
- (e) all outstanding and future amounts related to honouring gift cards;
- (f) with the consent of the Monitor, amounts owing for goods or services supplied to the Golf Town Entities prior to the date of this Order by:
 - (i) logistics or supply chain providers, including transportation providers, customs brokers and freight forwarders;
 - (ii) providers of credit, debit, gift card or other payment processing services; and
 - (iii) other third party suppliers if, in the opinion of the Golf Town Entities, such payment is necessary to maintain the uninterrupted operations of the Business or the Golf Town Entities.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Golf Town Entities shall be entitled but not required to pay all reasonable expenses incurred by the Golf Town Entities in carrying on the Business in the ordinary course on or after the date of this Order, and in carrying out the provisions of this Order and any other Order of this Court, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance and directors and officers run-off insurance), maintenance and security services; and

- (b) payment for goods or services supplied or to be supplied to the Golf Town Entities on or after the date of this Order or to obtain the release of goods contracted for prior to the date of this Order.

9. **THIS COURT ORDERS** that the Golf Town Entities shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan and (iv) income taxes;
- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Golf Town Entities in connection with the sale of goods and services by the Golf Town Entities, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Golf Town Entities.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Golf Town Entities are hereby directed, until further Order of this Court to:

- (a) make no payments of principal, interest thereon or otherwise on account of amounts owing by the Golf Town Entities to any of their creditors as of this date, provided however that the Golf Town Entities are authorized and directed to make all such payments as required pursuant to and in accordance with the DIP Agreement (as

hereinafter defined), including, without limitation, payments on account of principal, interest, fees and reimbursable costs in respect of the Credit Facility;

- (b) grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and
- (c) not grant credit or incur liabilities except in the ordinary course of the Business or pursuant to this Order or any other Order of this Court.

RESTRUCTURING

11. **THIS COURT ORDERS** that the Golf Town Entities shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Definitive Documents (as hereinafter defined) or the Golf Town APA, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their Business or operations, and to dispose of redundant or non-material assets not exceeding \$1 million in any one transaction or \$2 million in the aggregate;
- (b) sell assets not exceeding \$1 million in any one transaction or \$2 million in the aggregate;
- (c) terminate the employment of such of their employees or temporarily or indefinitely lay off such of their employees as they deem appropriate;
- (d) subject to the requirements of the CCAA and paragraphs 13 and 14 of this Order, vacate, abandon or quit any leased premises and disclaim or resiliate any real property lease and any ancillary agreements relating to any leased premises;
- (e) disclaim, in whole or in part, such of their arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the Golf Town Entities deem appropriate, in accordance with Section 32 of the CCAA, provided that the Golf Town Entities shall not be permitted to disclaim any of the DIP Definitive Documents;

- (f) with the consent of the Monitor, engage an agent and/or consultant (a “**Consultant**”) to assist in respect of a sale of inventory, furniture, equipment and fixtures forming part of the Property; and
- (g) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Golf Town Entities to proceed with an orderly restructuring of the Business.

REAL PROPERTY LEASES

12. **THIS COURT ORDERS** that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Golf Town Entities shall pay, without duplication, all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease but, for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Golf Town Entities or the making of this Order) or as otherwise may be negotiated between the applicable Golf Town Entity and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

13. **THIS COURT ORDERS** that each Golf Town Entity shall provide each of the relevant landlords with notice of such Golf Town Entity’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes such Golf Town Entity’s entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and such Golf Town Entity, or by further Order of this Court upon application by such Golf Town Entity on at least two (2) days’ notice to such landlord and any such secured creditors. If such Golf Town

Entity disclaims or resiliates the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to such Golf Town Entity's claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA by any Golf Town Entity, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant Golf Town Entity and the Monitor 48 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against such Golf Town Entity in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE GOLF TOWN ENTITIES OR THE PROPERTY

15. **THIS COURT ORDERS** that until and including October 14, 2016 or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of any of the Golf Town Entities or the Monitor, or affecting the Business or the Property, except with the written consent of the applicable Golf Town Entity and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Golf Town Entities or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of any

of the Golf Town Entities or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the applicable Golf Town Entity and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Golf Town Entities to carry on any business which the Golf Town Entities are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Golf Town Entities except with the written consent of the Golf Town Entities and the Monitor, or leave of this Court. Without limiting the foregoing, no right, option, remedy and/or exemption in favour of a Golf Town Entity shall be or shall be deemed to be negated, suspended, waived and/or terminated as a result of this Order.

CONTINUATION OF SERVICES

18. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Golf Town Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll and benefits services, insurance, warranty services, transportation services, freight services, utility, customs clearing, warehouse and logistics services or other services, to the Business or the Golf Town Entities are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Golf Town Entities, and that the Golf Town Entities shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Golf Town Entities in accordance with normal payment practices of the

Golf Town Entities or such other practices as may be agreed upon by the supplier or service provider and each of the Golf Town Entities and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

19. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Golf Town Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA. Nothing in this Order shall alter, impair, limit, affect or stay the rights of the DIP Agent, the DIP Lenders, the First Lien Agent or the First Lien Lenders with respect to the OMERS LC, including the right to draw the OMERS LC following the occurrence of an LC Draw Event (as defined in the DIP Agreement).

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Golf Town Entities or of Golf Town International Holdings GP Inc. ("**Holdings GP**") with respect to any claim against such directors or officers that arose before the date hereof and that relates to any obligations of the Golf Town Entities whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

21. **THIS COURT ORDERS** that the Golf Town Entities shall indemnify (i) the current directors and officers of the Golf Town Entities and Holdings GP and (ii) all directors and officers who served as directors and officers of the Golf Town Entities or Holdings GP in the six month period prior to the date of this Order (collectively, the "**Directors and Officers**") against obligations and liabilities that they may incur as directors or officers of the Golf Town Entities or Holdings GP after the commencement of the within proceedings, including, without limitation,

in respect of any failure to pay wages and source deductions, vacation pay, severance and termination amounts or other payments of the nature referred to in paragraphs 7 to 9 of this Order, except to the extent that, with respect to any Director or Officer, the obligation or liability was incurred as a result of the Director's or Officer's gross negligence or wilful misconduct.

22. **THIS COURT ORDERS** that the Directors and Officers shall be entitled to the benefit of and are hereby granted a charge on the Property, which charge shall not exceed an aggregate amount of \$3.7 million, as security for the indemnity provided in paragraph 21 of this Order in respect of any failure to pay wages and source deductions, vacation pay, severance and termination amounts, other employee-related amounts or Sales Taxes (the "**Priority Directors' Charge**"), and a charge on the Property, which charge shall not exceed an aggregate amount of \$3.0 million, as security for the indemnity provided in paragraph 21 of this Order (the "**Directors' Charge**" and together with the Directors' Priority Charge, the "**Directors' Charges**"). The Directors' Charges shall have the priority set out in paragraphs 51 and 53 herein.

23. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charges and (b) the Directors and Officers shall only be entitled to the benefit of the Directors' Charges to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

APPROVAL OF JEFFERIES ENGAGEMENT

24. **THIS COURT ORDERS** that the agreement dated as of June 6, 2016 (the "**Jefferies Engagement Letter**") pursuant to which GT Canada has engaged Jefferies LLC ("**Jefferies**") to provide the services referenced therein is hereby approved as of the date of the Jefferies Engagement Letter, including, without limitation, the payment of fees and expenses contemplated thereby, and GT Canada is authorized to continue the engagement of Jefferies on the terms set out in the Jefferies Engagement Letter.

25. **THIS COURT ORDERS** that Jefferies shall be entitled to the benefit of and is hereby granted a charge (the “**Financial Advisor Charge**”) on the Property, which charge shall not exceed an aggregate amount of US\$1,062,500, as security for the Transaction Fee. The Financial Advisor Charge shall have the priority set out in paragraphs 51 and 53 hereof. The monthly fees and reasonable expenses of Jefferies payable to Jefferies pursuant to the Jefferies Engagement Letter shall be entitled to the benefit of the Administration Charge (as defined below).

26. **THIS COURT ORDERS** that any claims of Jefferies under the Jefferies Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under the *Bankruptcy and Insolvency Act* of Canada (the “**BIA**”) in respect of the Golf Town Entities.

APPROVAL OF A&M ENGAGEMENT

27. **THIS COURT ORDERS** that the agreement dated as of September 14, 2016 (the “**A&M Engagement Letter**”) pursuant to which GT Canada has engaged Alvarez & Marsal North America, LLC and Alvarez & Marsal Canada ULC (collectively, “**A&M**”) to provide the services referenced therein, including, without limitation, the services of Brian E. Cejka as chief restructuring officer of GT Canada (the “**CRO**”), is hereby approved as of the date of the A&M Engagement Letter, including, without limitation, the payment of fees and expenses contemplated thereby, and GT Canada is authorized to continue the engagement of A&M and the CRO on the terms set out in the A&M Engagement Letter.

28. **THIS COURT ORDERS** that A&M shall be entitled to the benefit of the Administration Charge (as hereinafter defined) in respect of any obligations of GT Canada under the A&M Engagement Letter, whether for payment of compensation, fees, expenses, indemnities or otherwise.

29. **THIS COURT ORDERS** that any claims of A&M under the A&M Engagement Letter shall be treated as unaffected and may not be compromised in any Plan or proposal filed under the BIA in respect of the Golf Town Entities.

APPOINTMENT OF MONITOR

30. **THIS COURT ORDERS** that FTI Consulting Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Golf Town Entities with the powers and obligations set out in the CCAA and as set forth herein and that the Golf Town Entities and their shareholders, affiliates, officers, directors, advisors and Assistants shall advise the Monitor of all material steps taken by the Golf Town Entities pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and the discharge of its obligations and shall provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

31. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Golf Town Entities' receipts and disbursements, including advances and availability under the DIP Facility, compliance with the DIP Definitive Documents and Approved Budget and the operation of the Cash Management System;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business and such other matters as may be relevant to the proceedings herein;
- (c) assist the Golf Town Entities, to the extent required by the Golf Town Entities, in their dissemination to the DIP Agent and its counsel on a periodic basis of financial and other information as agreed to between the Golf Town Entities and the DIP Agent under the DIP Definitive Documents or otherwise including reporting on a basis to be agreed with the DIP Agent;
- (d) advise the Golf Town Entities in their preparation of the Golf Town Entities' cash flow statements and reporting required by the DIP Agent, which information shall be reviewed with the Monitor and delivered to the DIP Agent and its counsel on a periodic basis in accordance with the terms of the DIP Definitive Documents;

- (e) advise and assist the Golf Town Entities in (i) their development and implementation of the Plan and any amendments to the Plan, and (ii) the development and implementation of a claims process if necessary;
- (f) assist the Golf Town Entities, to the extent required by the Golf Town Entities, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Company, to the extent that is necessary to adequately assess the Golf Town Entities' business and financial affairs (including the Cash Management System) or to perform its duties arising under this Order;
- (h) monitor and consult with the Golf Town Entities, any Consultant and the Assistants, to the extent required, with any and all wind-down or store closure activities and/or any marketing or sale of any of the Property or Business of the Golf Town Entities;
- (i) assist the Golf Town Entities in connection with the Golf Town Transaction;
- (j) assist the Golf Town Entities with respect to any insolvency proceedings commenced by or with respect to any entities forming part of the Company in the United States or any other foreign jurisdiction (collectively, "**Foreign Proceedings**"), monitor and report to this Court, as it deems appropriate, on the Foreign Proceedings with respect to matters relating to the Golf Town Entities;
- (k) be at liberty to serve as a "foreign representative" of the Golf Town Entities in any Foreign Proceedings;
- (l) be at liberty to engage independent legal counsel, agents, experts, or such other persons as the Monitor deems necessary or advisable, including the services or employees of its affiliates, respecting the exercise of its powers and performance of its obligations under this Order;

- (m) assist the Company and A&M in monitoring amounts secured by the Charges (as defined below) and in tracking receipts, paydowns of the DIP Facility and costs, expenses and disbursements pursuant to the Cash Management System or otherwise during the CCAA Proceedings and Chapter 11 Proceedings and reporting to the Court, as it deems appropriate, with respect to the allocation of such amounts, receipts, paydowns, costs, expenses and disbursements by and between the Golf Town Entities and the Golfsmith Entities; and
- (n) perform such other duties as are required by this Order or by this Court from time to time.

32. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

33. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

34. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Golf Town Entities and the DIP Agent with information provided by the Golf Town Entities in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Golf Town Entities is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Golf Town Entities may agree.

35. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

36. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Golf Town Entities, A&M and Jefferies (collectively, the “**Administrative Parties**”) shall be paid their reasonable fees and disbursements, in each case on the terms set forth in their respective engagement letters and at their standard rates and charges and whether incurred prior to, on or after the date hereof, by the Golf Town Entities as part of the costs of these proceedings. The Golf Town Entities are hereby authorized and directed to pay the accounts of the Administrative Parties in accordance with the payment terms agreed between the Golf Town Entities and such parties and, in addition, the Golf Town Entities are hereby authorized to have paid to each of the Monitor, the Monitor’s counsel and A&M a retainer to be held as security for the payment of the fees and disbursements outstanding to the Monitor, the Monitor’s counsel and A&M, as applicable, from time to time.

37. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

38. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Golf Town Entities, A&M and Jefferies (in respect of its monthly fees and expenses, but not in respect

of the Transaction Fee) shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$1.6 million, as security for the professional fees and disbursements of the Monitor, counsel to the Monitor, counsel to the Golf Town Entities and A&M (incurred at their standard rates and charges and on the terms set forth in their respective engagement letters) and the monthly fees and expenses of Jefferies (in accordance with the Jefferies Engagement Letter), both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 51 and 53 hereof.

DIP FINANCING

39. **THIS COURT ORDERS** that the Golf Town Entities are hereby authorized and empowered to obtain and borrow under a credit facility (the “**DIP Credit Facility**”) pursuant to the Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement (as it may be amended, the “**DIP Agreement**”) among the Applicants, Golf Town Operating Limited Partnership and the other credit parties thereto, Antares Capital LP (the “**DIP Agent**”) and the lenders party thereto (the “**DIP Lenders**”), for the purposes set out in the DIP Agreement and the Approved Budget, provided that borrowings under the DIP Credit Facility shall not exceed US\$135 million unless permitted by further Order of this Court.

40. **THIS COURT ORDERS** that the DIP Credit Facility shall be on the terms and subject to the conditions of the DIP Agreement in substantially the form attached as Exhibit “E” to the Roussy Affidavit.

41. **THIS COURT ORDERS** that the Golf Town Entities are hereby authorized and empowered to execute and deliver the DIP Agreement and such other credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other documents (collectively, and together with the DIP Agreement, the “**DIP Definitive Documents**”) as may be reasonably required by the DIP Agent on behalf of the DIP Lenders in connection with the DIP Credit Facility, and the Golf Town Entities are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Agent and the DIP Lenders under and pursuant to the DIP Credit Facility and the DIP Definitive Documents as and when the same become due and are to be performed, notwithstanding any

other provision of this Order, and for greater certainty, are from and after the date hereof, to comply with the covenants and conditions of the DIP Agreement in the form attached to the Roussy Affidavit unless otherwise consented to by the DIP Agent or ordered by the Court.

42. **THIS COURT ORDERS** that the DIP Credit Facility and the DIP Agreement are hereby approved and the DIP Lenders shall be entitled to the benefit of and are hereby granted a charge (the “**DIP Lenders’ Charge**”) on the Property as security for the Golf Town Entities’ obligations to the DIP Lenders pursuant to the DIP Credit Facility and the DIP Definitive Documents, which DIP Lenders’ Charge shall not secure an obligation that exists before this Order is made. The DIP Lenders’ Charge shall have the priority set out in paragraphs 51 and 53 hereof.

43. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lenders may take such steps from time to time as they may deem necessary or appropriate to file, register, record or perfect the DIP Lenders’ Charge or any of the DIP Definitive Documents;
- (b) upon the occurrence of an event of default under the DIP Definitive Documents or the DIP Lenders’ Charge, the DIP Agent may, on behalf of the DIP Lenders, (i) cease making advances to the Golf Town Entities; and (ii) upon three (3) business days’ written notice to the Golf Town Entities and the Monitor, exercise any and all of the respective rights and remedies of the DIP Agent and the DIP Lenders against the Golf Town Entities or the Property under or pursuant to the DIP Definitive Documents and the DIP Lenders’ Charge, including without limitation (and without limiting the generality of paragraph 6 hereof), to set off and/or consolidate any amounts owing by the DIP Lenders to the Golf Town Entities against the obligations of the Golf Town Entities to the DIP Lenders under the DIP Definitive Documents or the DIP Lenders’ Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Golf Town Entities and for the appointment of a trustee in bankruptcy of the Golf Town Entities; and

- (c) the foregoing rights and remedies of the DIP Agent on behalf of the DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of any of the Golf Town Entities or the Property.

44. **THIS COURT ORDERS AND DECLARES** that, unless otherwise agreed to in writing by the DIP Agent on behalf of the DIP Lenders, the DIP Agent and the DIP Lenders shall be treated as unaffected in any plan of arrangement or compromise filed by the Golf Town Entities under the CCAA, or any proposal filed by the Golf Town Entities under the BIA, with respect to any advances made pursuant to the DIP Facility or the DIP Definitive Documents.

KEIP GUARANTEE CHARGE

45. **THIS COURT ORDERS** that the execution of the KEIP Guarantee by GT Canada and Golf Town LP is hereby ratified and approved and GT Canada and Golf Town LP are hereby authorized and directed to perform their obligations under the KEIP Guarantee as such obligations may arise.

46. **THIS COURT ORDERS** that the beneficiaries of the KEIP are hereby granted a charge (the “**KEIP Guarantee Charge**”) on the Property, which charge shall not exceed an aggregate amount of US\$1,803,750, to secure the obligations of GT Canada and Golf Town LP under the KEIP Guarantee. The KEIP Guarantee Charge shall have the priority set out in paragraphs 51 and 53 hereof.

TRANSITION EMPLOYEE PLAN

47. **THIS COURT ORDERS** that the Transition Employee Plan described in the Roussy Affidavit is hereby approved and the Golf Town Entities are authorized to make payments to such of their employees as they may designate with the consent of the Monitor (the “**Transition Employees**”) in accordance with the terms and conditions of the Transition Employee Plan.

48. **THIS COURT ORDERS** that the Transition Employees are hereby granted a charge (the “**Transition Employee Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$80,000, to secure the obligations of the Golf Town Entities under the

Transition Employee Plan. The Transition Employee Charge shall have the priority set out in paragraphs 51 and 53 hereof.

INTERCOMPANY CHARGE

49. **THIS COURT ORDERS** that to the extent that a Golf Town Entity (in such capacity, the “**Beneficiary Entity**”) receives a transfer from, or becomes indebted to, a U.S. Debtor (in such capacity, the “**Protected Entity**”) from and after the date of this Order, including, without limitation, in connection with the provision of goods or services by a U.S. Debtor or the operation of the Cash Management System (each, an “**Intercompany Advance**”), then:

- (a) the Protected Entity shall have a proven and valid claim against such Beneficiary Entity for the amount of such Intercompany Advance (an “**Intercompany Claim**”); and
- (b) the Protected Entity is hereby granted a charge (an “**Intercompany Charge**”) on the Property to secure the payment of the Intercompany Claim by the applicable Beneficiary Entity. The Intercompany Charge shall have the priority set out in paragraphs 51 and 53 hereof.

50. **THIS COURT ORDERS** that, pending further order of this Court, each Protected Entity shall forbear from exercising, and shall not be entitled to exercise, any right or remedy relating to an Intercompany Charge, including, without limitation, seeking relief from the stay of proceedings granted hereunder, seeking any sale, foreclosure, realization or liquidation of any Property of the Golf Town Entities, or taking any position with respect to any disposition of the Property.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

51. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Priority Directors’ Charge, the DIP Lenders’ Charge, the Directors’ Charge, the KEIP Guarantee Charge, the Transition Employee Charge, the Financial Advisor Charge and the Intercompany Charge (collectively, the “**Charges**”) as among them, shall be as follows:

First – the Administration Charge;

Second – the Priority Directors' Charge;

Third – the DIP Lenders' Charge;

Fourth – the Directors' Charge;

Fifth – the KEIP Guarantee Charge and the Transition Employee Charge (*pari passu*);

Sixth – the Financial Advisor Charge; and

Seventh – the Intercompany Charge.

52. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

53. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, the “**Encumbrances**”) in favour of any Person, notwithstanding the order of perfection or attachment, subject to the following:

- (a) any validly perfected security interest in favour of a “secured creditor” as defined in the CCAA existing as of the date hereof (the “**Secured Claims**”), other than any validly perfected security interest in respect of the Credit Facility and the Secured Notes, shall rank in priority to the Charges;
- (b) the Administration Charge, the Priority Directors' Charge and the DIP Lenders' Charge shall rank in priority to any validly perfected security interest in respect of the Credit Facility or the Secured Notes; and

- (c) the Directors' Charge, the KEIP Guarantee Charge, the Transition Employee Charge, the Financial Advisor Charge and the Intercompany Charge shall rank subordinate to any validly perfected security interest in respect of the Credit Facility and in priority to any validly perfected security interest in respect of the Secured Notes.

54. **THIS COURT ORDERS** that the Golf Town Entities shall be entitled to seek priority of the Charges ahead of all or certain of the Secured Claims on a subsequent motion on notice to those parties likely to be affected thereby.

55. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Golf Town Entities shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Golf Town Entities also obtain the prior written consent of the Monitor and any Persons entitled to the benefit of the Charges (the "**Chargees**") affected thereby or further Order of this Court.

56. **THIS COURT ORDERS** that the Charges and the DIP Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees and the rights and remedies of the DIP Lenders under the DIP Definitive Documents shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease, indenture or other agreement (collectively, an "**Agreement**") which binds any of the Golf Town Entities, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Definitive Documents shall create or be deemed to constitute a breach by the Golf Town Entities of any Agreement to which an Golf Town Entity is a party;

- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any obligation or Agreement caused by or resulting from the creation of the Charges or the execution, delivery or performance of the DIP Definitive Documents; and
- (c) the payments made by the Golf Town Entities pursuant to this Order or the DIP Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

57. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Golf Town Entities' interest in such real property leases.

SERVICE AND NOTICE

58. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe and Mail (National Edition) and La Presse a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Golf Town Entities of more than \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make publicly-available the claims, names and addresses of those creditors of the Golf Town Entities that are individuals.

59. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure.

Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a case website shall be established in accordance with the Protocol with the following URL: <http://cfcanada.fticonsulting.com/GolfTown> (the “**Website**”).

60. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the “**Service List**”). The Monitor shall post the Service List, as may be updated from time to time, on the Website, provided that the Monitor shall have no liability in respect of the accuracy of, or the timeliness of making any changes to, the Service List.

61. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Golf Town Entities and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or other electronic transmission to the Golf Town Entities’ creditors or other interested parties at their respective addresses as last shown on the records of the Golf Town Entities and that any such service or distribution shall be deemed to be received: (a) if sent by courier, on the next business day following the date of forwarding thereof, (b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing.

62. **THIS COURT ORDERS** that, except with respect to any motion to be heard on the Comeback Date (as defined below), and subject to further Order of this Court in respect of urgent motions, any interested party wishing to object to the relief sought in a motion brought in these proceedings shall, subject to further Order of this Court, provide the Service List with responding motion materials or a written notice (including by e-mail) stating its objection to the motion and the grounds for such objection no later than 5:00 p.m. EST on the date that is four (4) days prior to the date such motion is returnable (the “**Objection Deadline**”). The Monitor shall have the ability to extend the Objection Deadline after consulting with the Applicants.

63. **THIS COURT ORDERS** that following the expiry of the Objection Deadline, the Monitor or counsel to the Applicants shall inform the Court, including by way of a 9:30 a.m.

appointment, of the absence or the status of any objections to the motion and the judge having carriage of the motion may determine whether the motion should proceed at a 9:30 a.m. chambers appointment or otherwise on consent, or whether a hearing will be held in the ordinary course on the date specified in the notice of motion.

SEALING

64. **THIS COURT ORDERS** that the Confidential Supplement be permanently sealed, kept confidential and not form part of the public record, but rather shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

GENERAL

65. **THIS COURT ORDERS** that the Golf Town Entities or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions concerning the discharge of their respective powers and duties under this Order or the interpretation or application of this Order.

66. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any of the Golf Town Entities, the Business or the Property.

67. **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.

68. **THIS COURT ORDERS** that each of the Golf Town Entities and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

69. **THIS COURT ORDERS** that any interested party (other than the Golf Town Entities and the Monitor) that wishes to amend or vary this Order shall bring a motion before this Court on a date to be set by this Court upon the granting of this Order (the "**Comeback Date**"), and any such interested party shall give seven (7) days' notice to any other party or parties likely to be affected by the relief sought by such party in advance of the Comeback Date.

70. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

SEP 14 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-16-11527-00C1

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

INITIAL ORDER

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