

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE ) FRIDAY, THE 30<sup>TH</sup>  
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.

**STAY EXTENSION AND PRIORITY 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 September 13, 2016, the affidavit of David Roussy sworn September 26, 2016, the affidavit of Robert White sworn September 23, 2016 (the "**White Affidavit**"), and the first report (the "**First 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 First Lien Agent and DIP Agent, and 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.

## EXTENSION OF THE STAY OF PROCEEDINGS

2. **THIS COURT ORDERS** that the Stay Period, as such term is defined in and used throughout the Order of this Court dated September 14, 2016 (the “**Initial Order**”), be and is hereby extended to and including 11:59 p.m. on January 31, 2017 and that all other terms of the Initial Order shall remain in full force and effect, unamended, except as may be required to give effect to this paragraph or as otherwise provided in this Order.

## AMENDMENTS TO THE INITIAL ORDER

3. **THIS COURT ORDERS** that paragraph 53 of the Initial Order shall be deleted in its entirety and replaced with the following:

“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 evidenced by a registration pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (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.”

4. **THIS COURT ORDERS** that the following shall be inserted at the end of paragraph 11(d) of the Initial Order:

“, provided that, notwithstanding anything to the contrary in this paragraph 11, the Golf Town Entities may permanently but not temporarily cease, downsize, or shut down their Business operations in a leased premise and may disclaim the whole, but not part, of a lease agreement with respect to a leased premise;”

5. **THIS COURT ORDERS** that paragraph 17 of the Initial Order shall be deleted in its entirety and replaced with the following:

“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.”

#### **RECOGNITION AND ASSISTANCE**

6. **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.

7. **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.



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

SEP 30 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

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

Proceeding commenced at Toronto

**STAY EXTENSION AND PRIORITY ORDER**

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