

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

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

SEVENTH REPORT OF THE MONITOR

DECEMBER 8, 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.

**SEVENTH 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 (as amended, 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. 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.
4. Over the course of the CCAA Proceedings, the Stay of Proceedings has been extended a number of times. Most recently, on July 28, 2017, the Stay of Proceedings was extended to December 15, 2017.
5. The purpose of this, the Monitor’s Seventh Report (the “**Seventh Report**”), is to provide the Court with information regarding:
 - (a) the Golf Town Entities’ request for an extension of the Stay of Proceedings to March 30, 2018 (the “**Stay Extension**”);
 - (b) the Golf Town Entities’ and the Monitor’s activities since the Monitor’s Sixth Report dated July 25, 2017 (the “**Sixth Report**”);
 - (c) the status of the Chapter 11 proceedings (the “**Chapter 11 Proceedings**”) initiated by the Golf Town Entities’ U.S. affiliate, Golfsmith International Holdings, Inc. (“**Golfsmith International**”) 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**”);
 - (d) the Golf Town Entities’ request for a limited expansion of the Monitor’s powers pending the completion of the CCAA Proceedings; and
 - (e) the financial status of the Golf Town Entities.

6. In preparing this Seventh 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 the Company's chief restructuring officer (the "CRO") 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.
7. 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 Seventh Report or relied on in its preparation. Future-oriented financial information reported or relied on in preparing this Seventh Report is based on the Company's assumptions regarding future events; actual results may vary from the forecast and such variations may be material.
8. 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

9. Since the date of the Sixth Report, the Company and its advisors and staff have continued to provide the Monitor with their full co-operation and all necessary access to the Golf Town Entities' remaining personnel, premises, and books and records.
10. 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.
11. The Monitor continues to work closely with 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.

12. As detailed in previous reports of the Monitor, in connection with the closing of the Golf Town Transaction, the Vendors, the Purchaser and Golfsmith International entered into a Transition Services Agreement (the “**TSA**”) to facilitate the transition of the Golf Town Business to the Purchaser. Pursuant to the TSA, Golfsmith International provided transition services to the Purchaser in respect of the Golf Town Business for a one-year period after closing and the costs of such services were paid by the Vendors through the release of escrow amounts held by the Monitor pursuant to the TSA Escrow Agreement. The TSA expired on October 31, 2017, and the Company and the Monitor have no further transition obligations with respect to the Golf Town Business. As a result of the expiration of the TSA, the Company no longer has any employees and its remaining wind-down activities are being undertaken and co-ordinated by the CRO.

B. STATUS OF THE CHAPTER 11 PROCEEDINGS

13. 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.

14. The Monitor has been advised that the Golfsmith Entities and certain of their key stakeholders have reached an agreement in principle on a consensual global settlement (the “**Global Settlement**”) that would resolve a dispute with respect to the payment of certain administrative priority claims and facilitate a dismissal of the Chapter 11 Proceedings. The contemplated Global Settlement would address the payment of claims asserted against the Golfsmith Entities in respect of stub period rent and goods supplied to the Golfsmith Entities in the 20 days prior to commencement of the Chapter 11 Proceedings for which priority is asserted pursuant to Section 503(b)(9) of the US Bankruptcy Code (the “**503(b)(9) Claims**”).

15. As described in the Affidavit of Brian Cejka sworn December 8, 2017 (the “**Cejka Affidavit**”), under the contemplated Global Settlement the Golfsmith Entities would pay stub period rent claims in full and reserve a pool of funds (in an amount which remains subject to discussion) for the *pro rata* payment of allowed 503(b)(9) Claims. Stub period rent is rent for the period from the commencement of the Chapter 11 Proceedings to the

next scheduled rent payment for a particular leased location. Rent for the corresponding post-filing period was previously paid to landlords of the Golf Town Business pursuant to the terms of the Initial Order.

16. The Monitor understands that an initial distribution will be made to holders of the second lien Secured Notes upon approval of the Global Settlement and that the remaining proceeds of the Golfsmith Entities, following payment of other wind-down costs, will also be distributed to the second-lien Secured Noteholders.¹
17. It is anticipated that the Global Settlement will include a mutual release of all claims between the parties subject to the Global Settlement, including the Golfsmith Entities and their affiliates (including the Golf Town Entities), together with their respective officers, directors and related persons.
18. The Monitor is advised that the U.S. Debtors are in discussions with the unsecured creditors committee of the Golfsmith Entities and the trustee of the second-lien Secured Notes to finalize the terms of the Global Settlement. Once the terms are finalized, the Golfsmith Entities intend to seek Bankruptcy Court approval of the Global Settlement at a hearing in January or February 2018 through orders: (i) authorizing and approving procedures for the allowance, settlement and *pro rata* payment of the 503(b)(9) Claims; and (ii) authorizing the dismissal of the Chapter 11 Proceedings and granting related relief.
19. The contemplated Global Settlement, if approved by the Bankruptcy Court, would achieve a consensual resolution of claims against the Golfsmith Entities and facilitate the completion of the Chapter 11 Proceedings through a dismissal process supported by key stakeholders of the Golfsmith Entities. The Monitor has been advised that the

¹ As detailed in previous Reports of the Monitor, having regard to the Company's expected cash-on-hand upon completion of the CCAA Proceedings and the Chapter 11 Proceedings, there will be insufficient value to repay the Company's second-lien Secured Noteholders in full. Accordingly, except with respect to certain administrative and priority claims, there is no value for unsecured creditors of the Company, including unsecured creditors of the Golf Town Entities.

contemplated dismissal would enable the Golfsmith Entities to terminate the Chapter 11 Proceedings following the completion of certain wind-down activities.

20. As noted in the Cejka Affidavit, once the Global Settlement has been finalized and considered by the Bankruptcy Court, the Golf Town Entities intend to bring a final motion in the CCAA Proceedings seeking an order: (i) authorizing the Monitor to distribute the Golf Town Entities' remaining proceeds for the benefit of the second-lien Secured Noteholders; (ii) approving certain releases in favour of the Golf Town Entities and their directors and officers; and (iii) authorizing the termination of the CCAA Proceedings and the discharge of the Monitor upon the delivery of a Monitor's certificate.
21. The Monitor is of the view that this approach should allow the Company to conclude all remaining matters and exit creditor protection in Canada and the US on a coordinated and efficient basis during the first quarter of 2018.

C. EXPANSION OF THE MONITOR'S POWERS

22. As a result of the completion of the Golf Town Transaction and the transition of the Golf Town Business to the Purchaser, the Golf Town Entities and the Golfsmith Entities no longer have any operations or employees. Remaining wind-down activities are being undertaken and co-ordinated under the direction of the CRO.
23. Given the limited financial and personnel resources available to the Golf Town Entities, the Golf Town Entities are seeking a limited expansion of the Monitor's powers during the brief period leading up to the termination of the CCAA Proceedings in order to ensure that the Golf Town Entities have the resources and capacity required to complete the remaining tasks necessary to ensure an orderly wind-down of their estate.
24. The proposed order sought by the Golf Town Entities (the "**Proposed Order**") provides that the Monitor is authorized, but not obligated, to take such actions, execute such documents and enter into such arrangements, in the name and on behalf of the Golf Town Entities, as the Monitor, in consultation with counsel to the Golf Town Entities and the CRO, considers necessary or desirable to facilitate the administration and wind-down of the Golf Town Entities' estate and the CCAA Proceedings.

25. The Proposed Order provides that the Monitor shall continue to have the rights and protections afforded to the Monitor by the CCAA, the Initial Order and other orders made in the CCAA Proceedings, and that the Monitor shall not be liable for any act or omission on its part in carrying out the provisions of the Proposed Order, save and except for any gross negligence or willful misconduct on its part.
26. The Monitor has a high degree of familiarity with the Golf Town Entities and their current circumstances by virtue of its involvement with the Company since the commencement of the CCAA Proceedings. The activities to be completed as part of the final wind-down of the Golf Town Entities are limited in scope and the Monitor has the experience and resources necessary to assist the Golf Town Entities with the completion of their wind-down activities. This includes, among other things, assistance in respect of cash flow and sales tax reporting functions, obtaining sales tax refunds, and executing ancillary documents on behalf of the Golf Town Entities.
27. The Monitor is also of the view that the expansion of its powers to take actions in the name and on behalf of the Golf Town Entities will facilitate the wind-down of the Golf Town Entities in an efficient manner and avoids the duplication of costs and the unnecessary expenditure of additional resources.
28. In the circumstances, the Monitor supports the Golf Town Entities' request for the expansion of its powers pursuant to the Proposed Order and believes that the Proposed Order is in the best interests of the Golf Town Entities and their stakeholders.

D. FINANCIAL STATUS OF THE GOLF TOWN ENTITIES

(i) *Receipts & Disbursements for the 21 Week Period Ending November 25, 2017*

29. The Golf Town Entities' actual net cash flow on a consolidated basis for the 21 week period ending November 25, 2017 was approximately CAD\$(3.22) million compared to a forecast amount of CAD\$(3.38) million as noted in the Extended Cash Flow Forecast filed as Appendix "B" to the Sixth Report, resulting in a positive variance of approximately CAD\$0.16 million as summarized below:

Golf Town Entities

Cash Flow Budget-to-Actual Variance Analysis

(CAD, 000s)

	<u>Ref.</u>	<u>For the 21 Week Period Ending November 25, 2017</u>		
		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Total Receipts	A	\$ 127	\$ 112	\$ 15
<u>Operating and Non-Operating Disbursements</u>				
Operating Disbursements	B	(127)	(424)	297
Non-Operating Cash Flows	C	(3,217)	(3,068)	(149)
Total Disbursements	D=B+C	(3,343)	(3,492)	148
Net Cash Inflows / (Outflows)	E=A+D	\$ (3,216)	\$ (3,380)	\$ 163
Book Cash				
Opening Book Cash Balance		\$12,331	\$12,331	\$ -
Add: Receipts	E	(3,216)	(3,380)	163
Ending Book Cash Balance⁽¹⁾		\$ 9,115	\$ 8,951	\$ 163

(1) Please note that Golf Town Operating Limited Partnership (GTOLP) closed all of its bank accounts at the end of October upon expiry of the TSA period. Upon closure of the GTOLP bank accounts, all funds were transferred to, and are currently held in, the Monitor's trust account.

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

30. Explanations for the material variances in actual receipts and disbursements for the 21 week period ending November 25, 2017 are summarized below:
- (a) Total receipts were CAD\$0.13 million compared to a forecast amount of CAD\$0.11 million, resulting in a positive variance of CAD\$0.02 million. The positive variance is primarily due to higher than expected refunds received from vendors with unapplied security deposits that were issued to vendors to secure goods and services during the CCAA Proceedings.
 - (b) Total operating disbursements were CAD\$0.13 million compared to a forecast amount of CAD\$0.43 million, which resulted in a positive variance of CAD\$0.30 million. The positive variance is primarily due to lower than forecast operating expenses, which were partially offset by higher than forecast employee-related taxes remitted to the government.

(c) Total non-operating disbursements were CAD\$3.22 million compared to a forecast amount of CAD\$3.07 million, which resulted in a negative variance of CAD\$0.15 million. The following factors contributed to this variance:

- i. Disbursements for payments in respect of the TSA (“**TSA Payments**”) were CAD\$2.98 million compared to a forecast amount of CAD\$2.69 million, which resulted in a negative timing variance of CAD\$0.29 million. This negative variance is attributable to a partial reversal from the positive timing variance noted at paragraph 23(c) of the Sixth Report of the Monitor. The TSA period ended as anticipated on October 31, 2017. All TSA Payments have now been made and no further distributions are expected to be made by the Monitor in accordance with the TSA and TSA Escrow Agreement.
- ii. Disbursements for Professional Fees were CAD\$0.24 million compared to a forecast amount of CAD\$0.37 million, resulting in a positive timing variance of CAD\$0.13 million. This variance is expected to partially reverse in the future as invoices for outstanding professional fees are received and paid.
- iii. As discussed in the Sixth Report and based on updated financial information, the Monitor continues to expect that there will be no recovery for unsecured creditors of the Golf Town Entities.

(ii) *December 2017 Cash Flow Forecast for the 18 week period ending March 31, 2018*

31. The Golf Town Entities, with the assistance of the Monitor, have updated their cash flow forecast for the 18 week period ending March 31, 2018 (the “**December 2017 Cash Flow Forecast**”). The December 2017 Cash Flow Forecast shows the estimated cash receipts and disbursements to be incurred until March 31, 2018 in connection with the wind-down of the Golf Town Entities:

Golf Town Entities	
December 2017 Cash Flow Forecast (CAD, 000s)	
	18-Week Total
Total Receipts	\$ 11
Total Operating Disbursements	(90)
Cash Flow From Operations	(79)
<u>Non-Operating Disbursements:</u>	
Professional Fees	(420)
Total Non-Operating Disbursements	(420)
Net Cash Inflows / (Outflows)	\$ (499)
Book Cash	
Opening Book Cash Balance	\$ 9,115
Adjust: Net Cash Inflows / (Outflows)	(499)
Ending Book Cash Balance	\$ 8,616

Please refer to Appendix “B” attached hereto for the December 2017 Cash Flow Forecast.

- i. The December 2017 Cash Flow Forecast shows cash outflows from operations of CAD\$0.08 million, total non-operating disbursements of CAD\$0.42 million and net cash outflows of CAD\$0.50 million.
- ii. The December 2017 Cash Flow Forecast has been prepared, with the assistance of the Monitor, based on the Company’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”.

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

32. As noted above, the current Stay of Proceedings expires on December 15, 2017.
33. Although significant progress has been made towards the conclusion of the CCAA Proceedings and the related Chapter 11 Proceedings, including all matters relating to the transition of the Golf Town business to the Purchaser, a short amount of additional time is required to resolve all outstanding matters and complete the CCAA Proceedings. The

Golf Town Entities are seeking a brief Stay Extension to March 30, 2018 to enable the Golfsmith Entities to finalize and seek Bankruptcy Court approval of the Global Settlement and to allow the Golf Town Entities, with the assistance of the Monitor, to complete a limited number of administrative matters, all with the goal of completing a coordinated completion of the Chapter 11 Proceedings and CCAA Proceedings in the first quarter of 2018.

34. Once the Golfsmith Entities have sought Bankruptcy Court approval of the Global Settlement and the process for the completion of the Chapter 11 Proceedings, the Monitor understands that the Golf Town Entities intend to bring a final motion in the CCAA Proceedings to obtain approval for the distribution of their remaining assets to the second-lien Secured Noteholders, the discharge of the Monitor and the termination of the CCAA Proceedings.
35. The Monitor supports this approach as it will assist in finalizing the remaining wind-down activities in as efficient a manner as possible and is projected to result in the completion of the CCAA Proceedings in the first quarter of 2018.
36. Based on the information provided to the Monitor and as indicated in the December 2017 Cash Flow Forecast, the Monitor is of the view that the remaining cash-on-hand is sufficient to provide the Golf Town Entities with the liquidity required to fund remaining wind-down activities through the period of the proposed Stay Extension.
37. Based on the information presently available, the Monitor believes that none of the Golf Town Entities' stakeholders will be materially prejudiced by the proposed Stay Extension.
38. 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.

F. MONITOR'S RECOMMENDATIONS

39. For the reasons described above, the Monitor respectfully recommends that the Proposed Order be granted by the Court.

The Monitor respectfully submits this Seventh Report to the Court.

Dated this 8th day of December, 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.

A handwritten signature in black ink that reads "Paul Bishop". The signature is written in a cursive style and is positioned above the typed name and title.

Paul Bishop
Senior Managing Director

APPENDIX “A” – DETAILED BUDGET TO ACTUAL ANALYSIS

Golf Town Entities		For the 21 Week Period Ending November 25, 2017		
Detailed Cash Flow Budget-to-Actual Variance Analysis (CAD, 000s)				
	Ref.	Actual	Budget	Variance
Interest Income and Other Receipts		127	112	15
Total Receipts	A	127	112	15
Operating Disbursements				
Other Operating Costs		(116)	(424)	308
Taxes		(11)	-	(11)
Total Operating Disbursements	B	\$ (127)	\$ (424)	\$ 297
Non-Operating Cash Flows				
Professional Fees		(241)	(374)	134
TSA Payments		(2,976)	(2,693)	(283)
Total Non-Operating Cash Flows	C	\$ (3,217)	\$ (3,068)	\$ (149)
Total Disbursements	D=B+C	\$ (3,343)	\$ (3,492)	\$ (446)
Net Cash Inflows / (Outflows)	E=A+D	\$ (3,216)	\$ (3,380)	\$ (431)
Book Cash				
Opening Book Cash Balance		\$ 12,331	\$ 12,331	\$ -
Net Cash Inflows / (Outflows)	E	(3,216)	(3,380)	163
Ending Book Cash Balance⁽¹⁾		\$ 9,115	\$ 8,951	\$ 163

(1) Please note that Golf Town Operating Limited Partnership (GTOLP) closed all of its bank accounts at the end of October upon expiry of the TSA period. Upon closure of the GTOLP bank accounts, all funds were transferred to, and are currently held in, the Monitor's trust account.

APPENDIX “B” – DECEMBER 2017 CASH FLOW FORECAST

Golf Town Entities		December 2017 Cash Flow Forecast <i>(CAD, 000s)</i>									
	Week Ending:	12/2	12/9	12/16	12/23	12/30	1/6	1/13	1/20	1/27	
	Notes	Ref									
Interest Income and Other Receipts	2		-	-	-	-	3	-	-	-	3
Total Receipts	A		\$ -	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ 3
Operating Disbursements											
Other Operating Costs	3		-	-	-	(10)	-	-	-	-	(10)
Taxes	4		-	-	-	-	-	-	-	-	-
Total Operating Disbursements	B		\$ -	\$ -	\$ -	\$ (10)	\$ -	\$ -	\$ -	\$ -	\$ (10)
Non-Operating Disbursements											
Professional Fees	5		-	-	-	(190)	-	-	-	-	(60)
Total Non-Operating Disbursements	C		\$ -	\$ -	\$ -	\$ (190)	\$ -	\$ -	\$ -	\$ -	\$ (60)
Total Disbursements	D=B+C		\$ -	\$ -	\$ -	\$ (200)	\$ -	\$ -	\$ -	\$ -	\$ (70)
Net Cash Inflows / (Outflows)	A + D		\$ -	\$ -	\$ -	\$ (200)	\$ 3	\$ -	\$ -	\$ -	\$ (67)
Opening Book Cash Balance			\$ 9,115	\$ 9,115	\$ 9,115	\$ 9,115	\$ 8,915	\$ 8,918	\$ 8,918	\$ 8,918	\$ 8,918
Adjust: Net Cash Inflows / (Outflows)			-	-	-	(200)	3	-	-	-	(67)
Ending Book Cash Balance			\$ 9,115	\$ 9,115	\$ 9,115	\$ 8,915	\$ 8,918	\$ 8,918	\$ 8,918	\$ 8,918	\$ 8,850

Golf Town Entities		December 2017 Cash Flow Forecast <i>(CAD, 000s)</i>									
	Week Ending:	2/3	2/10	2/17	2/24	3/3	3/10	3/17	3/24	3/31	Total
	Notes	Ref									
Interest Income and Other Receipts	2		-	-	-	3	-	-	-	3	11
Total Receipts	A		\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ 3	\$ 11
Operating Disbursements											
Other Operating Costs	3		-	-	-	(10)	-	(50)	-	(10)	(90)
Taxes	4		-	-	-	-	-	-	-	-	-
Total Operating Disbursements	B		\$ -	\$ -	\$ -	\$ (10)	\$ -	\$ (50)	\$ -	\$ (10)	\$ (90)
Non-Operating Disbursements											
Professional Fees	5		-	-	-	(50)	-	-	-	(120)	(420)
Total Non-Operating Disbursements	C		\$ -	\$ -	\$ -	\$ (50)	\$ -	\$ -	\$ -	\$ (120)	\$ (420)
Total Disbursements	D=B+C		\$ -	\$ -	\$ -	\$ (60)	\$ -	\$ (50)	\$ -	\$ (130)	\$ (510)
Net Cash Inflows / (Outflows)	A + D		\$ -	\$ -	\$ -	\$ (57)	\$ -	\$ (50)	\$ -	\$ (127)	\$ (499)
Opening Book Cash Balance			\$ 8,850	\$ 8,850	\$ 8,850	\$ 8,850	\$ 8,793	\$ 8,793	\$ 8,743	\$ 8,743	\$ 9,115
Adjust: Net Cash Inflows / (Outflows)			-	-	-	(57)	-	(50)	-	(127)	(499)
Ending Book Cash Balance			\$ 8,850	\$ 8,850	\$ 8,850	\$ 8,793	\$ 8,793	\$ 8,743	\$ 8,743	\$ 8,616	\$ 8,616

DECEMBER 2017 CASH FLOW FORECAST OF THE GOLF TOWN ENTITIES NOTES AND SUMMARY OF ASSUMPTIONS

Disclaimer

In preparing this December 2017 Cash Flow Forecast, the Company, with the assistance of the Monitor, has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The December 2017 Cash Flow Forecast includes assumptions discussed below with respect to the requirements of the Golf Town Entities' filing under the CCAA. Since the December 2017 Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the December 2017 Cash Flow Forecast period will vary from the December 2017 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 December 2017 Cash Flow Forecast based primarily on historical results and financial information, and the Company's current expectations for operations during the 18 week forecast period. The December 2017 Cash Flow Forecast is presented in thousands of Canadian dollars.

Assumptions to the Golf Town Entities Cash Flow Forecast

1. The purpose of the December 2017 Cash Flow Forecast is to determine the liquidity requirements of the Golf Town Entities during the 18 week period ending March 31, 2018.
2. Interest Income and Other Receipts includes interest income from trust accounts, and any other miscellaneous receipts.
3. Other Operating Costs include payments for miscellaneous operating expenditures to be incurred during the wind-down of the Golf Town Entities.

4. Taxes include sales taxes, employee-related taxes, and income taxes remitted (collected) to (from) the provinces and federal governments.
5. Professional Fees include fees of consultants, advisors, and lawyers involved in the CCAA Proceedings.

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Applicants

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

Proceeding commenced at Toronto

**SEVENTH REPORT OF THE MONITOR,
FTI CONSULTING CANADA INC. DATED
DECEMBER 8, 2017**

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
P.O. Box 50
Toronto, ON M5X 1B8

Tracy C. Sandler (LSUC#32443N)
Tel: (416) 862-5890

Jeremy Dacks (LSUC#41851R)
Tel: (416) 862-4923

Michael Shakra (LSUC#64604K)
Tel: (416) 862-6643
Fax: (416) 862-6666

**Lawyers for the Monitor, FTI Consulting
Canada Inc.**