

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C.
1985, c. C-44

AND

IN THE MATTER OF STERLING SHOES INC. and STERLING SHOES GP INC.

PETITIONERS

NOTICE OF APPLICATION

Names of applicants: Sterling Shoes Inc. and Sterling Shoes GP Inc.

To: The Service List as set out in Schedule "A"

TAKE NOTICE that an application will be made by the applicants to Mr. Justice Pearlman at the courthouse at 800 Smithe Street, Vancouver, BC, V6Z 2E1, on Monday, the 30th day of April, 2012 at 9:00 a.m. for the Order as set out in Part 1 below.

Part 1: ORDERS SOUGHT

1. An Order in the draft form attached as Schedule "B" approving, *inter alia*, the asset purchase agreement dated April 16, 2012.
2. An Order in the draft form attached as Schedule "C" approving the assignment of certain real property leases and contracts.

Part 2: FACTUAL BASIS

1. On October 21, 2011, the Petitioners and Sterling Shoes Limited Partnership (collectively, the "**Company**") obtained an initial order, pursuant to the *Companies Creditors' Arrangement Act*, which was amended by orders dated November 18, 2011 and December 9, 2011 (collectively, the "**Initial Order**"). The Initial Order provided, *inter alia*, a stay of proceedings of all claims against the Company until April 2, 2012.

2. On April 2, 2012, the Court approved an extension of the stay of proceedings until June 30, 2012.

Sale and Investor Solicitation Process

3. Pursuant to a sale and investor solicitation process (the “SISP”), approved by the Court by Order dated December 9, 2011, the Company, with the assistance of its financial advisor, conducted an extensive marketing process soliciting offers for an investment in or the sale of all or substantially all of the assets of the Company.

4. Following extensive efforts, made over the course of a number of months, the Company received several non-binding proposals to purchase substantially all of the assets of the Company (the “**Non-Binding Proposals**”).

5. The Company, with the assistance of its financial advisor and the Monitor, reviewed and evaluated the Non-Binding Proposals to determine which proposal presented the best deal for the Company and its stakeholders in the circumstances.

6. The Company determined that the offer presented by Town Shoes Limited (“**Town Shoes**”) for the purchase of substantially all of the assets of the Company was the superior proposal.

7. Town Shoes is an Ontario-based company that operates numerous retail shoe locations in British Columbia, Alberta, Manitoba, Ontario and Nova Scotia.

8. Over the course of approximately six weeks, Town Shoes conducted extensive due diligence and the Company and Town Shoes engaged in detailed negotiations regarding a potential asset purchase agreement.

The Asset Purchase Agreement

9. On April 16, 2012, Sterling Shoes GP Inc., Sterling Shoes Limited Partnership, Town Shoes and the Monitor executed an asset purchase agreement whereby Town Shoes agreed to purchase certain assets of Sterling Shoes Limited Partnership for \$17.5 million, subject to certain adjustments, as well as the assumption of certain liabilities (the “**APA**”).

10. Upon executing the APA, Town Shoes delivered a \$1 million deposit, which deposit is being held in trust by the Monitor.

11. There are a number of conditions precedent in the APA, including court approval of the APA and the assignment of certain contracts and real property leases, outlined in greater detail below.

12. The APA must close on or before May 22, 2012.

The APA is in the Best Interests of the Company and its Stakeholders

13. The Company and its professional advisors undertook significant efforts during the SISP to obtain the most favourable agreement for the Company and its stakeholders in the circumstances.

14. The purchase price reflects the best possible price for the assets under the circumstances, exceeds the consideration offered in the other Non-Binding Proposals and exceeds liquidation value.

15. A number of additional benefits will result from the APA. In particular, Town Shoes' acquisition of the Company will result in the continued employment of approximately 575 jobs in BC, Alberta, Saskatchewan, Manitoba and Ontario. Numerous relationships with the Company's suppliers will also be maintained as a result of this transaction.

Assignment of Contracts

16. The APA requires the Company to seek court approval for the assignment of the contracts, which includes 72 real property leases (subject to potential adjustments) (the "Leases") and a number of other contracts outlined in the APA (the "Assignments").

17. The Assignments are a condition precedent to the closing of the APA.

18. Town Shoes intends to carry out substantially the same business as the Company at the retail locations that it seeks to have assigned. The Leases are an integral component of the APA and Town Shoes' ability to continue operations at those locations.

19. The Assignments are critical to the Company's restructuring efforts and obtaining the maximum realization value for the Company.

20. As a result of the timelines set out in the APA, as well as the conditions imposed by the agreements with the Company's lender, it is practically impossible for the Company to seek consensual assignment agreements from each of the landlords and counter-parties.

The Company's Remaining Retail Locations

21. Pursuant to the APA, 33 stores (subject to potential adjustments), and related inventory and systems, of the Company will not be purchased by Town Shoes. At this time, it is the intention of the Company to seek a court order, at a date to be determined, authorizing the appointment of a third-party agent to conduct an inventory sale process at these locations and to disclaim these leases as part of the overall restructuring (the "Remaining Locations").

22. It is expected that this inventory sale process will be substantially similar to that approved by this Court by way of Order dated December 9, 2011.

Part 3:LEGAL BASIS

1. The applicants will rely on the *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended,
2. Supreme Court Civil Rules, Rule 8-1, 13-1; and
3. The inherent jurisdiction of this court.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Daniel Gumprich, affirmed October 20, 2011;
2. Affidavit #2 of Daniel Gumprich, affirmed November 15, 2011;
3. Affidavit #3 of Daniel Gumprich, affirmed December 6, 2011;
4. Affidavit #5 of Daniel Gumprich, affirmed March 28, 2012;
5. Affidavit #6 of Daniel Gumprich, affirmed April 18, 2012;
6. Affidavit #1 of Peter Gerhardt, affirmed April 17, 2012; and
7. Affidavit #1 of Kimberly Grierson, sworn April 17, 2012.

The applicants estimate that the application will take 60 minutes.

[] This matter is within the jurisdiction of a master.

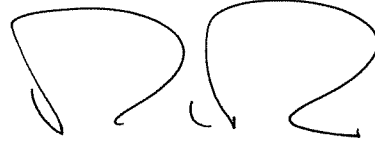
[X] This matter is not within the jurisdiction of a master. Mr. Justice Pearlman is seized of this matter.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:

- (i) a copy of the filed application response;
- (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
- (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: April 18, 2012



Signature of

☐ applicant ☒ lawyer for the applicants
Peter L. Rubin

To be completed by the court only:

Order made

☐ in the terms requested in paragraphs of Part 1 of this notice of application

☐ with the following variations and additional terms:

Date: _____

Signature of ☐ Judge ☐ Master

APPENDIX

[The following information is provided for data collection purposes only and is of no legal effect.]

THIS APPLICATION INVOLVES THE FOLLOWING:

[Check the box(es) below for the application type(s) included in this application.]

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ extend oral discovery
- ☐ other matter concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts

Schedule "A"

SERVICE LIST

**IN THE MATTER THE CCAA AND STERLING SHOES
S.C.B.C. ACTION NO. S117081**

<p><i>Counsel for Petitioners</i> BLAKE, CASSELS & GRAYDON LLP Barristers & Solicitors 2600 - 595 Burrard Street Vancouver, BC V7X 1L3 Attn: Peter L. Rubin / Andrew Crabtree</p> <p>Direct: 604.631.3315 / 4185 Fax: 604.631.3309 Email: peter.rubin@blakes.com andrew.crabtree@blakes.com</p>	<p><i>Counsel for the Bank of Montreal</i> GOWLINGS 2300 - 550 Burrard Street Vancouver, BC V6C 2B5 Attn: Colin D. Brousson / David Cohen</p> <p>Direct: 604.891.2286 / 416.369.6667 Fax: 604.683.3558 / 416.862.7661 Email: colin.brousson@gowlings.com david.cohen@gowlings.com</p>
<p><i>Monitor</i> ALVAREZ & MARSAL CANADA INC. 1680 - 400 Burrard Street Vancouver, BC V6C 3A6 Attn: Todd M. Martin / Pam Boparai</p> <p>Direct: 604.638.7445 / 7446 Fax: Email: tmartin@alvarezandmarsal.com pboparai@alvarezandmarsal.com</p>	<p><i>Counsel for the Monitor</i> FASKEN MARTINEAU 2900-550 Burrard Street Vancouver, BC V6C 0A3 Attn: John F. Grieve / Kibben Jackson</p> <p>Direct: 604.631.4772 / 4786 Fax: 604.632.4772 / 4786 Email: jgrieve@fasken.com kjackson@fasken.com</p>
<p><i>Counsel for BII Acquisition Inc.</i> BORDEN LADNER GERVAIS LLP 1200 - 200 Burrard Street Vancouver, BC V7X 1T2 Attn: Magnus C. Verbrugge</p> <p>Direct: 604.640.4198 Fax: 604.622.5898 Email: mverbrugge@blg.com</p>	<p><i>BII Acquisition Inc.</i> BELKORP GROUP OF COMPANIES 900 - 1508 West Broadway Vancouver, BC, V6J 1W8 Attn: Randy Smith, General Counsel</p> <p>Direct: 604.688.8533 (co.) Fax: 604.688.3569 Email: rsmith@belkorp.com</p>
<p><i>Counsel for Ivanhoe Cambridge</i> McCARTHY TETRAULT 1300 - 777 Dunsmuir Street Vancouver BC V7Y 1K2 Attn: Warren Milman</p> <p>Direct: 604.643.7104 Fax: 604.643.7900 Email: wmilman@mccarthy.ca</p>	<p><i>Sports Industry Credit Association (Footwear Credit Group)</i> 800 - 245 Victoria Avenue Montreal, QC H3Z 2M6 Attn: William Anidjar</p> <p>Direct: 514.931.5561 ext. 223 Fax: 514.931.2896 Email: william@sica.ca</p>

<p><i>Counsel for The Cadillac Fairview Corporation Limited</i> TORYS LLP 3000 – 79 Wellington Street West Toronto, ON M5K 1N2 Attn: David Bish</p> <p>Direct: 416.865.7353 Fax: 416.865.7380 Email: dbish@torys.com</p>	<p><i>The Clarks Companies</i> Clarks, Bostonian, Indigo, Privo 156 Oak Street Newton, MA 02464 U.S.A. Attn: Dan Logan, Credit Manager</p> <p>Direct: 800.842.9305 x 4334 Fax: 866.700.3041 Email: dan.logan@clarksna.com</p>
<p><i>Counsel for Morguard Investments Limited, Morguard Real Estate Investment Trust, Primaris Retail Estate Investment Trust, 20 VIC Management Inc., Oxford Properties Group Inc. and Retrocom Mid-Market REIT</i> ALEXANDER HOLBURN BEAUDIN & LANG LLP 2700 – 700 West Georgia Street Vancouver, BC V7Y 1B8 Attn: Sharon Urquhart</p> <p>Direct: 604.484.1757 Fax: 604.484.9757 Email: surquhart@ahbl.ca</p>	<p><i>Western Compensation & Benefits Consultants</i> 2000 – 1188 West Georgia Street Vancouver, BC V6E 4A2 Attn: Barry Cook</p> <p>Direct: 604.443.3706 Fax: 604.687.2315 Email: barry_cook@wcbc.ca</p>
<p><i>Counsel for MC Leaseholds Ltd.</i> BORDEN LADNER GERVAIS LLP 1200 – 200 Burrard Street Vancouver, BC V7X 1T2 Attn: Blair A. Rebane</p> <p>Direct: 604.640.4130 Fax: 604.622.5897 Email: brebane@blg.com</p>	<p><i>Counsel for adidas AG</i> GOWLINGS 2600 – 160 Elgin Street Ottawa, ON K1P 1C3 Attn: Martha J. Savoy</p> <p>Direct: 613.786.0180 Fax: 613.788.3471 Email: martha.savoy@gowlings.com</p>
<p><i>Counsel for Rocket Dog Brands LLC</i> GOODMANS LLP 3400 – 333 Bay Street Toronto, ON M5H 2S7 Attn: Brian F. Empey</p> <p>Direct: 416.597.4194 Fax: 416.979.1234 Email: bempey@goodmans.ca</p>	<p><i>Counsel for Canada Revenue Agency</i> DEPARTMENT OF JUSTICE CANADA 900-840 Howe Street Vancouver, BC V6Z 2S9 Attn: Kirat K. Khalsa</p> <p>Direct: 604.666.2390 Fax: 604.666.1462 Email: kirat.khalsa@justice.gc.ca</p>

<p><i>Counsel for Jackson Lam and Yvonne Yee Wan Lau, Landlords</i> MILLER THOMSON 1000 – 840 Howe Street Vancouver, BC V6Z 2M1 Attn: Gordon Plottel</p> <p>Direct: 604.643.1245 Fax: 604.643.1200 Email: gplottel@millerthomson.com</p>	<p><i>Counsel for the Directors of Sterling Shoes Inc. and Sterling Shoes GP Inc.</i> DAVIS LLP 2800 – 666 Park Place Vancouver, BC V6C 2Z7 Attn: Mary I.A. Buttery</p> <p>Direct: 604.643.6478 Fax: 604.605.3768 Email: mbuttery@davis.ca</p>
<p><i>Shaw Cablesystems G.P.</i> 900, 630 – 3rd Avenue SW Calgary, AB T2P 4L4 Attn: Sandra Bazian</p> <p>Direct: 403.750.4709 Fax: 403.716.6544 Email: sandra.bazian@sjrb.ca</p>	

Schedule "B"

**No. S117081
Vancouver Registry**

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

**IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C.
1985, c. C-44**

AND

IN THE MATTER OF STERLING SHOES INC. and STERLING SHOES GP INC.

PETITIONERS

ORDER MADE AFTER APPLICATION

APPROVAL AND VESTING ORDER

BEFORE))	
)	THE HONOURABLE)	Monday, the 30th day
)	MR. JUSTICE PEARLMAN)	of April, 2012
))	

ON THE APPLICATION of the Petitioners coming on for hearing at 800 Smithe Street, Vancouver, British Columbia on the **30th day of April, 2012**, AND ON HEARING Peter L. Rubin and Andrew Crabtree, counsel for the Petitioners, Kibben Jackson, counsel for the Monitor, Alvarez & Marsal Canada Inc., and those counsel listed on **Schedule "A"**; AND UPON READING the material filed;

THIS COURT ORDERS that:

SERVICE

1. The time for service of the Notice of Application herein be and is hereby abridged and the Notice of Application is properly returnable today.

**APPROVAL OF PURCHASE AGREEMENT AND TRANSACTIONS
CONTEMPLATED THEREIN**

2. The sale transaction (the “**Transaction**”) and other transactions contemplated by the asset purchase agreement dated April 16, 2012 (the “**Purchase Agreement**”) among the Sterling Shoes GP Inc., Sterling Shoes Limited Partnership (collectively, the “**Sellers**”), Town Shoes Limited (the “**Purchaser**”) and Alvarez & Marsal Canada Inc, in its capacity as the Court appointed monitor in the CCAA Proceedings (the “**Monitor**”), a copy of which is attached as Exhibit A to the Affidavit #2 of Kimberly Grierson, sworn April 17, 2012, are commercially reasonable and the Purchase Agreement (including all schedules and exhibits attached thereto) is hereby approved.

3. The execution of and entry into the Purchase Agreement by the Sellers and the Monitor is hereby authorized and approved, and the Sellers and Sterling Shoes Inc. (collectively, the “**Petitioner Parties**”) and the Monitor are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance to the Purchaser of the Assets (as defined in the Purchase Agreement).

4. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Purchase Agreement.

5. The Petitioner Parties are hereby authorized to make amendments or modifications to the Purchase Agreement, in accordance with Section 8.3 of the Purchase Agreement, that would not be materially prejudicial to the interests of any of the Petitioner Parties’ stakeholders, without further or other approval of this Court.

6. Upon delivery by the Monitor to the Purchaser of a certificate substantially in the form attached as Schedule “**B**” hereto (the “**Monitor’s Certificate**”), all of the Petitioner Parties’ right, title and interest in and to the Assets shall vest absolutely in the Purchaser subject to the Permitted Encumbrances but otherwise free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions,

levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of this Court, including without limitation the Orders dated October 21, 2011 and December 9, 2011, or any subsequent charges that may be granted by the Court; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of British Columbia or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”), which term includes the Encumbrances (as defined in the Purchase Agreement) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Assets, other than the Permitted Encumbrances.

7. The Monitor shall file with the Court a copy of the Monitor’s Certificate, forthwith after delivery thereof.

8. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Assets shall stand in the place and stead of the Assets, and from and after the delivery of the Monitor’s Certificate all Claims shall attach to the net proceeds from the sale of the Assets with the same priority as they had with respect to the Assets immediately prior to the sale, as if the Assets had not been sold and remained in the possession or control of the person having had possession or control immediately prior to the sale.

9. Notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter made pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any of the Petitioner Parties and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of any of the Petitioner Parties;

the Purchase Agreement and the vesting of the Petitioner Parties' right, title, benefit and interest in and to the Assets in the Purchaser pursuant to the Purchase Agreement and this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Petitioner Parties and shall not be void or voidable by creditors of the Petitioner Parties, nor shall it constitute or be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. The Purchase Agreement and any ancillary documents related thereto shall not be repudiated, disclaimed or otherwise compromised in these proceedings

PRIVACY LEGISLATION

11. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and clause 18(1)(i) of the *British Columbia Personal Information Act*, the Petitioner Parties are hereby authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Petitioner Parties' records pertaining to Petitioner Parties' past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Petitioner Parties.

BULK SALES ACT, PPSA AND OTHER LEGISLATION

12. The *Bulk Sales Act*, R.S.O. 1990, c. B14, and any legislation of similar effect in any other province of Canada in which all or any part of the Assets are located, does not apply to the transaction contemplated by the Purchase Agreement.

13. Notice under subsection 59(6) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359, and equivalent statutes in all other Provinces in which the Petitioner Parties have assets is hereby dispensed with.

TRANSITION ARRANGEMENTS

14. The transition arrangements (the “**Transition Arrangements**”) described in Article 5.3(c) of the Purchase Agreement are hereby approved.

15. The Petitioner Parties (and any other person that may be appointed to act on behalf of the Petitioner Parties, including without limitation, any trustee, liquidator, receiver, interim receiver, receiver and manager or other person acting on behalf of any such person) is hereby authorized and directed to perform the Petitioner Parties’ obligations under the Transition Arrangements, provided such funds are available for such purposes.

16. The Petitioner Parties are hereby authorized to execute and deliver such additional documents as may be necessary to give effect to the Transition Arrangements.

17. The Petitioner Parties are authorized and directed to make all payments due and owing under the Transition Arrangements at the times specified in and in accordance with the terms of the Transition Arrangements.

18. The Petitioner Parties are authorized, with the prior approval of the Monitor, to pay additional bonus amounts to any employee of the Petitioner Parties, provided such payments do not exceed the sum of \$50,000 in the aggregate.

GENERAL

19. Upon receipt of the BMO Amount from the Purchaser, the Monitor is hereby authorized and directed to pay to Bank of Montreal (“**BMO**”) from the BMO Amount such amount as is necessary to satisfy in full all obligations of the Petitioners to BMO under and pursuant to a credit agreement between the Company and BMO, dated July 6, 2010, as amended.

20. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested

to (i) make such orders and to provide such assistance to the Petitioner Parties and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, (ii) grant representative status to any of the Petitioner Parties, in any foreign proceeding, and (iii) assist the Petitioner Parties, the Monitor and the respective agents of each of the foregoing in carrying out the terms of this Order.

21. The Petitioner Parties, the Purchaser and the Monitor may apply to this Court for advice and direction, or to seek relief in respect of, any matters arising from or under this Order, including without limitation the interpretation of this Order or the implementation thereof, and for any further order that may be required, on notice to any party likely to be affected by the order sought or on such notice as this Court requires.

APPROVAL

22. Endorsement of this Order by counsel appearing on this application other than counsel for the Petitioner Parties is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND
CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE
AS BEING BY CONSENT:

Signature of
[] party [X] lawyer for the Petitioner Parties
Peter Rubin/Andrew Crabtree

BY THE COURT.

Registrar

Schedule "A"

List of Counsel

Name of Counsel	Party

Schedule “B”

**No. S117081
Vancouver Registry**

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

**IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C.
1985, c. C-44**

AND

IN THE MATTER OF STERLING SHOES INC. and STERLING SHOES GP INC.

PETITIONERS

Monitor’s Vesting Order Certificate

PURSUANT TO AN ORDER of the British Columbia Supreme Court (the “**Court**”) dated October 21, 2011, Alvarez & Marsal Canada Inc. was appointed the monitor (the “**Monitor**”) of the Petitioners and Sterling Shoes Limited Partnership (collectively, the “**Company**”).

PURSUANT TO AN ORDER of the Court dated April [●], 2012, the Court approved the asset purchase agreement among Sterling Shoes GP Inc., Sterling Shoes Limited Partnership, Town Shoes Limited (the “**Purchaser**”) and the Monitor for the sale to the Purchaser of certain assets of the Company (the “**Purchase Agreement**”). The Company’s right, title, benefit and interest in and to the assets described in the Purchase Agreement shall vest in the Purchaser at the Closing Time on the Closing Date subject to the delivery of this Certificate by the Monitor to the Purchaser at or prior to such time.

THE MONITOR HEREBY CERTIFIES as follows:

1. The Monitor has received written confirmation from the Purchaser that it paid to the Company, and the Monitor received written confirmation from the Company that it received from the Purchaser, the amounts owing to the Company as set out in the Purchase Agreement.
2. The Monitor confirms that it has received from the Purchaser the Deposit, the Escrow Amount, the Administrative Charge and the BMO Amount, as defined in the Purchase Agreement.
3. The Monitor has received written confirmation from the Purchaser and the Company that all conditions precedent to the close of the sale of the assets under the Purchase Agreement have been satisfied or waived in accordance with the Purchase Agreement and that the Purchase Agreement has not been terminated.

DATED at the City of Vancouver, in the Province of British Columbia, this [•] of May, 2012.

**ALVAREZ & MARSAL
CANADA INC. in its capacity as
court-appointed Monitor of the
Petitioners and not in its personal
capacity**

Per: _____
Name:
Title:

Schedule "C"

**No. S117081
Vancouver Registry**

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

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**IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C.
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AND

IN THE MATTER OF STERLING SHOES INC. and STERLING SHOES GP INC.

PETITIONERS

ORDER MADE AFTER APPLICATION

ORDER APPROVING ASSIGNMENT OF CONTRACTS

BEFORE))	
)	THE HONOURABLE)	Monday, the 30th day
)	MR. JUSTICE PEARLMAN)	of April, 2012
))	

ON THE APPLICATION of the Petitioners coming on for hearing at 800 Smithe Street, Vancouver, British Columbia on the **30th day of April, 2012**, AND ON HEARING Peter L. Rubin and Andrew Crabtree, counsel for the Petitioners, Kibben Jackson, counsel for the Monitor, Alvarez & Marsal Canada Inc., and those counsel listed on **Schedule "A"**; AND UPON READING the material filed;

THIS COURT ORDERS that:

SERVICE

1. The time for service of the Notice of Application herein be and is hereby abridged and the Notice of Application is properly returnable today.

APPROVAL OF ASSIGNMENT OF CONTRACTS

2. The capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the asset purchase agreement, dated April 16, 2012 (the "**Purchase Agreement**"), attached as Exhibit A to the Affidavit #2 of Kimberly Grierson, sworn April 17, 2012.

3. The Petitioners, along with Sterling Shoes Limited Partnership (the "**Partnership**") (the Petitioners, together with the Partnership, the "**Petitioner Parties**") are hereby authorized and directed to assign and transfer all of the Petitioner Parties' rights, title, benefit and interest in, to, and under the Contracts listed in **Schedule "B"** hereto (which, for greater certainty, includes the Real Property Leases) to the Purchaser pursuant to section 11.3 of the *Companies' Creditors Arrangement Act* (Canada) and in accordance with the terms of the Purchase Agreement and the terms of this Order.

4. Subject to the delivery by the Monitor to the Purchaser, at or prior to the Closing Time on the Closing Date, of a Monitor's certificate substantially in the form attached as **Schedule "C"** hereto (the "**Monitor's Contract Certificate**"), the Contracts shall, with effect at the Closing Time on the Closing Date, be, and be deemed to be, assigned, conveyed, and transferred to, and assumed by, the Purchaser, and any and all of the Petitioner Parties' rights, title, benefits and interest in the Contracts shall transfer to the Purchaser. From and after the Closing Time on the Closing Date, the Purchaser shall be entitled to all of the rights, benefits, advantages, and privileges as tenant pursuant to the terms of the Real Property Leases and registrations thereof and may enter into and upon and hold and enjoy each premises contemplated by the Real Property Leases (and any renewals and all rights, benefits and privileges that may be personal to the tenant named in the Real Property Leases or any predecessor in interest) for its own use and benefit without any interruption from the Petitioner Parties, the landlords under the Real Property Leases or any person whomsoever claiming through or under any of the Petitioner Parties or the landlords under the Real Property Leases.

5. The assignment and transfer of the Contracts shall further be subject to the terms and conditions of this Court's Vesting Order dated the same date hereof, including that

the Petitioner Parties' rights, title, benefits, and interests in the Contracts shall vest in the Purchaser free and clear of all Encumbrances other than the Permitted Encumbrances.

6. The assignment of the Contracts is valid and binding upon all of the counterparties to the Contracts, notwithstanding any restriction or prohibition contained in any such Contract, including, but not limited to, any provision requiring the consent of any party to the transfer, conveyance, or assignment of the Contracts.

7. No counterparty under any Contract, nor any other person, upon the assignment, transfer and assumption of the Contracts by the Purchaser hereunder and under the Purchase Agreement, shall make or pursue any demand, Claim, action or suit against the Purchaser relating to any matter (of any nature or kind) that arose under or in respect of the Contracts prior to the Closing Date, or exercise any right or remedy under such Contract which may arise due to any default, non-performance or breach by any of the Petitioner Parties prior to the Closing Date under any Contract, or increase any amount payable under such Contract pursuant to any term of such Contract (or charge any amount pursuant to the terms of such Contract) that would permit such increase or charge by reason of any default, non-performance or breach that would otherwise arise under the Contract including without limitation, due to any default, non-performance or breach by any of the Petitioner Parties prior to the Closing Date, including, without limitation:

- (a) the assignment, transfer or assumption of any Contract hereunder or under the Purchase Agreement;
- (b) the Petitioner Parties having sought or obtained relief under the CCAA; or
- (c) the insolvency of the Petitioner Parties,

and all such counterparties and persons shall be forever barred and estopped from taking such action. For greater certainty, nothing herein shall limit or exempt the Purchaser in respect of obligations accruing or arising after the Closing Date under the Contracts.

8. Subject to paragraph 9, the Petitioner Parties are hereby released and forever discharged from any demand, Claim, action or suit against the Petitioner Parties relating

to any matter (of any nature or kind) that arose under or in respect of the Contracts prior to the Closing Date.

9. The Petitioner Parties are directed to satisfy all monetary defaults in relation to any of the Contracts, if applicable, other than those arising by reason only of the Petitioner Parties':

- (a) insolvency;
- (b) commencement of proceedings under the CCAA; or
- (c) failure to perform any non-monetary obligation,

on or before the Closing Date.

10. In respect of that certain Real Property Lease registered in the Vancouver Land Titles Office on May 12, 1997 under charge numbers BL165247 and BL165248 against title to the lands municipally known as 2867 and 2871 Granville Street, Vancouver, British Columbia, legally described as Lot 15 Block 410 District Lot 526 Plan 1949 (PID: 014-176-432) and Lot 16 Block 410 District Lot 526 Plan 1949 (PID: 014-176-441) (the "Lease"), upon presentation of (i) a Court-certified copy of this Order, and (ii) a copy of the Monitor's Contract Certificate, the Registrar of the New Westminster Land Title Office is hereby directed to transfer the Lease to the Purchaser and amend the registration to reflect that the Purchaser is the registered owner of the Lease.

11. The Monitor shall file with the Court a copy of the Monitor's Contract Certificate, forthwith after delivery thereof. The Monitor is hereby authorized and directed to take such actions as it deems necessary or appropriate in the circumstances to assist the Petitioner Parties in the assignment and transfer of the Contracts.

GENERAL

12. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested

to (i) make such orders and to provide such assistance to the Petitioner Parties and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, (ii) grant representative status to any of the Petitioner Parties, in any foreign proceeding, and (iii) assist the Petitioner Parties, the Monitor and the respective agents of each of the foregoing in carrying out the terms of this Order.

13. The Petitioner Parties, the Purchaser and the Monitor may apply to this Court for advice and direction, or to seek relief in respect of, any matters arising from or under this Order, including without limitation, as necessary, to effect the transfer of the Contracts (including any transfer of title registrations in respect of such Contracts), the interpretation of this Order or the implementation thereof, and for any further order that may be required, on notice to any party likely to be affected by the order sought or on such notice as this Court requires.

APPROVAL

14. Endorsement of this Order by counsel appearing on this application, other than counsel appearing for the Petitioner Parties, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND
CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE
AS BEING BY CONSENT:

Signature of
[] party [X] lawyer for the Petitioner Parties
Peter Rubin/Andrew Crabtree

BY THE COURT.

Registrar

Schedule "A"

List of Counsel

Name of Counsel	Party

Schedule "B"

Contracts

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
29	Sterling	Metropolis at Metrotown (Formerly Eaten Centre)	Ivanhoe Cambridge II Inc.	Unit 200 – 4820 Kingsway	Burnaby, BC V5H 4P1	September 9, 2003, as amended
37	Shoe Warehouse	Woodgrove Centre	Ivanhoe Cambridge II Inc. and Woodgrove Holdings Inc.	Unit 2 – 6631 Island Highway North	Nanaimo, BC V9T 4T7	July 27, 2000, as amended
61	Shoe Warehouse	Mill Woods Town Centre	Ivanhoe Cambridge II Inc.	Unit 524 – 2331 66 th Street Northwest	Edmonton, AB T6K 4B5	October 25, 2006, as amended
82	Shoe Warehouse	Sunridge Mall	Ivanhoe Cambridge II Inc.	Unit 156 – 2525 36th Street N.E.	Calgary, AB T1Y 5T4	February 3, 2009, as amended
120	Shoe Warehouse	CrossIron Mills - Balzac	Ivanhoe Cambridge Inc.	Unit 402 - 261055 Cross Iron Blvd.	Rockyview, AB T4A 0G3	August 22, 2007, as amended
151	Shoe Warehouse	Dixie Outlet Mall	Ivanhoe Cambridge II Inc.	Unit 54 – 1250 South Service Road	Mississauga, ON L5E 1V4	September 22, 2010, as amended
167	Shoe Warehouse	Oshawa Centre	Oshawa Centre Holdings Inc. c/o Ivanhoe Cambridge II Inc.	Unit 1062 – 419 King Street West	Oshawa, ON L1J 2K5	February 16, 2006, as amended
93	Shoe Warehouse	Kildonan Place	Kildonan Place Shopping Centre Ltd. c/o Ivanhoe Cambridge II Inc.	Unit T43 – 1555 Regent Avenue West	Winnipeg, MB R2C 4J2	December 9, 2004, as amended
179	Shoe Warehouse	Quinte Mall	Quinte Mall Limited	Unit B6 – 390 North	Belleville, ON K8P	March 2, 2007, as amended

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
			c/o Ivanhoe Cambridge II Inc.	Front Street	3E1	
14	Shoe Warehouse	Lansdowne Park Shopping Centre	Vanprop Investments Ltd. c/o Ivanhoe Cambridge II Inc.	Unit 208 – 5300 No. 3 Road	Richmond, BC V6X 2X9	July 14, 1998 as amended
6	Sterling	Metropolis at Metrotown	Ivanhoe Cambridge II Inc.	Unit 242, 4800 Kingsway	Burnaby, BC V5H 4J2	November 9, 2004, as amended
87	Freedman	Coquitlam Centre	Pensionfund Realty Limited c/o Morguard Investments Limited	2300 – 2929 Barnet Highway	Coquitlam, BC V3B 5R5	March 26, 2003, as amended
24	Sterling	Coquitlam Centre	Pensionfund Realty Limited c/o Morguard Investments Limited	Unit 2714 – 2929 Barnet Highway	Coquitlam, BC V3B 5R5	September 14, 2001, as amended
57	Sterling	Sevenoaks Shopping Centre	585662 B.C. Ltd. c/o Morguard Investments Limited	Unit 304 – 32900 South Fraser Way	Abbotsford, BC V2S 5A1	April 17, 2003, as amended
69	Shoe Warehouse	The Centre at Circle & Eighth	Morguard Real Estate Investment Trust	Unit B1 – 3510 8 th Street East	Saskatoon, SK S7H 0W6	July 27, 2010, as amended
105	Shoe Warehouse	Parkland Mall	Morguard Real Estate Investment Trust	Unit 171 – 4747 67 th Street	Red Deer, AB T4N 6H3	February 1, 2005, as amended
153	Shoe Warehouse	Cambridge Centre	Morguard Real Estate Investment Trust	Unit 102 – 355 Hespeller Road	Cambridge, ON N1R 6B3	October 14, 2005, as amended
90	Shoe Warehouse	Brandon Shoppers Mall (Annex)	Morguard Real Estate Investment Trust	Unit 2B – 1570 - 18 th Street	Brandon, MB R7A 5C5	October 4, 2005, as amended
7	Shoe Warehouse	Cottonwood Mall	2046459 Ontario Inc. c/o Morguard Investments Limited	Unit 212 – 45585 Luckakuc k Way	Chilliwack, BC V2R 1A1	March 26, 2003, as amended

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
65	Sterling	Prairie Mall	Revenue Properties Company Limited c/o Morguard Investments Limited	Unit 278 – 11801 100 th Street	Grande Prairie, AB T8V 3Y2	January 31, 2006, as amended
72	Shoe Warehouse	Prairie Mall	Revenue Properties Company Limited c/o Morguard Investments Limited	Unit 246A – 11801 100 th Street	Grande Prairie, AB T8V 3Y2	October 13, 2006, as amended
59	Sterling	Willowbrook Shopping Centre	2725312 Canada Inc. 2973758 Canada Inc. c/o Bentall Realty Corporation	Unit 453 – 19705 Fraser Highway	Langley, BC V3A 7E9	April 30, 2010, as amended
52	Shoe Warehouse	Capilano Mall	bcIMC Realty Corporation c/o Bentall Realty Corporation	Unit 062 – 935 Marine Drive	North Vancouver, BC V7P 1S3	May 14, 2001, as amended
39	Shoe Warehouse	Tamarack Shopping Centre	Pellex Holdings Ltd. c/o Bentall Limited Partnership	Unit 38 – 1500 Cranbrook Street North	Cranbrook, BC V1C 3P9	Agreement undated, as amended
21	Shoe Warehouse	Willowbrook Shopping Centre	2725312 Canada Inc. and 2973758 Canada Inc. c/o Penreal Capital Management Limited Partnership (Bentall Retail)	Unit 502 – 19705 Fraser Hwy.	Langley, BC V3A 7E9	April 23, 2002, as amended
11	Shoe Warehouse	Westgate Centre Bldg. H	Sun Life Assurance Company of Canada	Unit 110 – 20398 Dewdney Trunk Road	Maple Ridge, BC V2X 3C9	November 21, 2005, as amended
23	Shoe Warehouse	Lougheed Mall	20 VIC Management Inc.	Unit 172 – 9855 Austin Road	Burnaby, BC V3J 1N4	September 25, 2002, as amended

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
95	SW	St. Vital Centre	20 Vic Management Inc.	1225 St. Mary's Road	Winnipeg, MB R2M 5E5	November 1, 2008, as amended
63	Sterling	Kingsway Garden Mall	Kingsway Garden Holdings Inc. c/o OMERS Realty Management Corporation, c/o Oxford Retail Group	Unit 697 – 109 th Street & Princess Elizabeth Avenue	Edmonton, AB T5G 3A6	June 28, 2001, as amended
104	Sterling	Midtown Plaza	Borealis Retail Midtown Plaza Inc. as general partner of the Borealis Retail Midtown Plaza Limited Partnership c/o Oxford Retail Group	Unit T209D – 201 1 st Avenue South	Saskatoon, SK S7K 1J9	May 10, 2005, as amended
19	Sterling	Orchard Park Shopping Centre	Orchard Park Shopping Centre Holdings Inc.	Unit 1161 – 2271 Harvey Avenue	Kelowna, BC V1Y 6H2	January 31, 2001, as amended
62	Shoe Warehouse	Kingsway Garden Mall	Kingsway Garden Holdings Inc.	Unit 80 – 109 th Street & Princess Elizabeth Avenue	Edmonton, AB T5G 3A6	January 6, 2009, as amended
5	Shoe Warehouse	Scottsdale Centre	Redcliff Realty Management Inc.	7109 – 120 th Street	Delta, BC V4E 2A4	October 10, 2003, as amended
20	Shoe Warehouse	Pine Centre	Pine Centre Holdings Inc. c/o Redcliff Realty Management Inc.	Unit 119A – 3117 Massey Drive	Prince George, BC V2N 2S9	April 2, 2008, as amended
154	Shoe Warehouse	Eastgate Square	Eastgate Square Holdings Inc. c/o Redcliff Realty Management Inc.	Unit G024C – 75 Centennial Parkway North	Stoney Creek, ON L8E 2P2	October 12, 2005, as amended

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
109	Shoe Warehouse	Garden City Centre	1562903 Ontario Limited c/o Redcliff Realty Management Inc.	Unit 305 – 2305 McPhillips Street	Winnipeg, MB R2V 3E1	December 4, 2006, as amended
18	Shoe Warehouse	Vernon Square Shopping Centre	RealFund Investments (BC) Ltd. c/o RioCan Real Estate Investment Trust	Unit D410 – 4400 - 32nd Street	Vernon, BC V1T 9H2	August 1, 2001 as amended
195	Shoe Warehouse	Centre Street	RioCan Holdings Inc. c/o RioCan Real Estate Investment Trust	Unit C3C, 1054 Centre Street	Thornhill, ON L4J 8E5	April 28, 2009, as amended
83	Shoe Warehouse	Deerfoot Outlet Mall	Shape Properties Corp.	Unit 901 – 64th Avenue N.E.	Calgary, AB T2E 0M1	February 28, 2002, as amended
50	Shoe Warehouse	Brentwood Mall	Shape Properties Corp.	Unit 209 – 4567 Lougheed Highway	Burnaby, BC V5C 3Z6	September 7, 2006, as amended
55	Sterling	Lougheed Mall	Shape Properties Corp.	Unit 254 – 9855 Austin Road	Burnaby, BC V3J 1N4	September 25, 2003, as amended
66	Shoe Warehouse	Golden Mile Shopping Centre	4187415 Canada Inc.	Unit 16B – 3806 Albert Street	Regina, SK S4S 3R2	August 1, 2001, as amended
88	Freedman		Mythel Holdings Ltd.	2867 Granville Street	Vancouver, BC V6H 3J4	May 1, 1997, as amended
64	Sterling	West Edmonton Mall	West Edmonton Mall Property Inc.	Phase 2, Unit 1157 – 8882 170 th Street	Edmonton, AB T5T 4J2	March 22, 1990, as amended
81	Sterling	Sherwood Park Mall	Sherwood Park Mall Limited c/o T&T Properties	Unit #47 – 2020 Sherwood Drive	Sherwood Park T8A 3H9	June 10, 2009, as amended

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
3	Shoe Warehouse		Orr Development Corp.	3010 West Broadway	Vancouver, BC V6K 2H1	April 27, 2009, as amended
58	Shoe Warehouse	Vancouver Block	Equitable Real Estate Investment Corporation Ltd.	734 Granville Street	Vancouver, BC V6Z 1E4	June 6, 2005, as amended
76	Shoe Warehouse	Heritage Hill	Anthem Properties	Unit 144 – 8228 Macleod Trail S.E.	Calgary, AB T2H 2B8	June 23, 2004, as amended
98	Shoe Warehouse	Clearspring Centre	5326151 Manitoba Ltd. c/o Crosby Property Management Ltd.	Units 25 & 26 – 178 Provincial Trunk Highway 12 th North	Steinbach, MB R5G 1T7	April 2004, as amended
114	Shoe Warehouse	Mariner Square	Mariner Holdings Ltd.	#250 – 1400 Dogwood Street	Campbell River, BC V9W 3A6	May 2, 2007, as amended
91	Shoe Warehouse	Ellice Centre	4266715 Manitoba Limited, as agent for Shelter Canadian Properties Limited	Unit 230 – 1395 Ellice Avenue	Winnipeg, MB R3G 3P2	November 23, 2007, as amended
49	Freedman		Allgir Holdings Ltd.	2171 West 41 st Avenue	Vancouver, BC V6M 1Z6	March 8, 2004, as amended
97	Shoe Warehouse	Centre Village Mall	Anthem Centre Village Mall Ltd.	Unit 20 – 1240 2 nd "A" Avenue North	Lethbridge, AB T1H 0E4	July 30, 2003, as amended
96	Shoe Warehouse	Grant Park Shopping Centre	Grant Park Ventures Inc. c/o Primaris Management Inc.	Unit 1220 – 1120 Grant Avenue	Winnipeg, MB R3M 2A6	January 30, 2007 as amended
34	Shoe Warehouse	Washington Park Shopping Centre	Genghis Development Corporation	Unit 10 – 795 Ryan Road	Courtnay, BC V9N 3R6	January 27, 1997, as amended

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
16	Shoe Warehouse	Cherry Lane Shopping Centre	Cherry Lane Shopping Centre Holdings Ltd.	Unit 205 – 2111 Main Street	Penticton, BC V2A 6W6	March 1, 2010, as amended
10	Shoe Warehouse	Trenant Park Square	Investors Group Trust Co. Ltd. as Trustee for Investors Real Property Fund c/o Highland West Properties Ltd.	Unit 5225B – Ladner Trunk Road	Delta, BC V4K 1W4	July 6, 2007, as amended
33	Shoe Warehouse	Country Club Centre	Country Club Centre Ltd.	Unit 19 – 3200 North Island Highway	Nanaimo, BC V9T 1W1	May 30, 2003, as amended
17	Shoe Warehouse	Columbia Square	S.R.V. Developments Ltd. and Kamloops Holdings Ltd.	Unit 420 – 500 Notre Dame Drive	Kamloops, BC V2C 6T6	March 1, 1998 as amended
2	Shoe Warehouse	Mission Hills	MC Leaseholds Ltd.	Unit 210, 32530 Lougheed Highway	Mission, BC V2V 1A7	September 10, 2010, as amended
46	Sterling	Bower Place Mall	bcIMC Realty Corporation c/o Bentall Limited Partnership	Unit 176 – 4900 Molly Banister Drive	Red Deer, AB T4R 1N9	April 22, 2004, as amended
128	Shoe Warehouse	Duncan Village	Village Green Holdings #2 Ltd.	Unit C1 - 127 Trans Canada Hwy	Duncan, BC V9L 3P8	February 10, 2009, as amended
15	Shoe Warehouse	Spall Plaza	Registered Owner of Spall Plaza: 4231 Investments Ltd. Landlord on Lease: Truscan Realty Limited	Unit 100 - 2010 Harvey Avenue	Kelowna, BC V1Y 8J8	April 9, 1996, as amended
48	Shoe Warehouse	Boitanio Mall	BC Retail Partners (Boitanio Mall) Ltd. & BC Retail Partners	Unit 204 – 850 Oliver Street	Williams Lake, BC V2G 3W1	August 20, 2004, as amended

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
			General Partnership c/o Blackstone Real Estate Acquisitions			
53	SW Shoe Warehouse	Royal City Centre Shopping Centre	BC Retail Partners Inc. c/o Warrington PCI Management	Unit 138 – 610 6th Street	New Westminster, BC V3L 3C2	April 11, 2008, as amended
94	Shoe Warehouse	St. Vital Square	St. Vital Square Ltd.	Unit 7 – 845 Dakota Street	Winnipeg, MB R2M 5M3	September 12, 2003, as amended
101	Sterling	Kildonan Place	Kildonan Place Shopping Centre Ltd.	Unit T40 – 1555 Regent Avenue West	Winnipeg, MB R2C 4J2	December 7, 2004, as amended
79	Shoe Warehouse	Northhills Centre	Northhills Shopping Centre Ltd.	Unit 54 – 700 Tranquille Road	Kamloops, BC V2B 3H9	July 7, 2005, as amended
73	Shoe Warehouse	Northland Village	Northland Village Mall Holdings Inc.	Unit 10 – 5111 Northland Drive N.W.	Calgary, AB T2L 2J8	August 31, 2001, as amended
30	Sterling	Mayfair Shopping Centre	Mayfair Shopping Centre Limited Partnership	Unit 661 – 3147 Douglas Street	Victoria, BC V8Z 6E3	May 12, 2003, as amended
51	Shoe Warehouse	Central City Shopping Centre (formerly Surrey Place Mall)	Surrey CC Properties Inc.	Unit 220 – 10153 King George Highway	Surrey, BC V3T 2W1	February 17, 1998 as amended
92	Shoe Warehouse	Northgate Shopping Centre (formerly Moore Centre)	Moore Centre Inc.	Unit 10 – 1375 McPhillips Street	Winnipeg, MB R2V 3V1	May 26, 1998 as amended
75	Shoe Warehouse	Cornerstone Power Centre	Canadian Property Holdings (Alberta) Inc.	Unit 5 – 1940 Strachan Road	Medicine Hat, AB T1B 4K4	September 16, 1998, as amended

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
102	Shoe Warehouse	Portage Place	Portage Place Centre Inc.	Unit 124B – 393 Portage Avenue	Winnipeg, MB R3B 3H6	September 17, 2004, as amended

CONTRACTS

Part A

1. General Agreement (the “**General Agreement**”) between Raymark Xpert Business Systems Inc. and Sterling Shoes Limited Partnership by its general partner, Sterling Shoes GP Inc., dated as of November 3, 2008, including Schedules A, B, C, D, E, F, G and the addendum to Schedule A of the General Agreement.
2. Global Payments Agreement (the “**Global Payments Agreement**”) between Global Payments Direct, Inc. and Sterling Shoes Limited Partnership dated as of December 1, 2005.
3. Amendment to the Global Payments Agreement dated as of December 16, 2009.
4. Statement of Work between CGI Information Systems and Management Consultants Inc. and Sterling Shoes Limited Partnership dated as of September 23, 2010.
5. Services Agreement (the “**Services Agreement**”) between CGI Information Systems and Management Consultants Inc. and Sterling Shoes Limited Partnership dated as of April 15, 2009.
6. Amendment 1 to the Services Agreement dated as of April 19, 2009.
7. Amendment 2 to the Services Agreement dated as of April 19, 2009.
8. Amendment to the Services Agreement dated as of March 30, 2012.
9. Human Resources Letter Agreement between Quintin Campbell & Associates and Sterling Shoes Limited Partnership dated as of April 3, 2012.
10. Photocopier Lease between Konica Minolta Business Solutions (Canada) Ltd. and Sterling Shoes GP Inc. dated as of August 26, 2008.

Part B

11. Technical Support Services Contract (No. 91524030) between Cisco Systems, Inc. and Sterling Shoes Limited Partnership dated as of April 18, 2011.
12. Renewal of Technical Support Services Contract (No. 91524030) between Cisco Systems, Inc. and Sterling Shoes Limited Partnership dated as of March 12, 2012.
13. Technical Support Services Contract (No. 91667086) between Cisco Systems, Inc. and Sterling Shoes Limited Partnership dated as of June 24, 2011.
14. Managed Offsite Backup Services Agreement between Comwell Group and Sterling Shoes Limited Partnership dated as of March 23, 2012.
15. Service Retainer Agreement between Metafore Technologies Inc. and Sterling Shoes Limited Partnership dated as of August 30, 2011.
16. Schooley Mitchell Service Agreement between Patrick McGeough Technology Consulting doing business as Schooley Mitchell Telecom Consultants and Sterling Shoes Limited Partnership dated as of February 14, 2011.
17. Internet Services Agreement between Prime Signal Ltd. and Sterling Shoes Limited Partnership dated as of May 25, 2006.
18. Internet Services Agreement between Prime Signal Ltd. and Sterling Shoes Limited Partnership dated as of July 17, 2008.
19. Dedicated Server Agreement between Prime Signal Ltd. and Sterling Shoes Limited Partnership dated as of February 23, 2009.
20. Letter Agreement between Northill Creative Communications Inc. and Sterling Shoes Limited Partnership dated as of February 6, 2012.
21. Commercial Service Agreement between EMedia Networks Incorporated and Sterling Shoes Limited Partnership dated as of May 8, 2009.
22. Service Level Agreement & Software License between Eigen Development Ltd. and Sterling Shoes Limited Partnership dated as of December 12, 2005.
23. PitneyBowes Agreement between PitneyBowes and Sterling Shoes Inc. dated as of April 15, 2002.
24. Order Confirmation Agreement between Sage Software Inc. and Sterling Shoes Ltd. dated as of February 27, 2012.
25. The following companies supply services for which Sterling Shoes Limited Partnership does not have a formal contract. Governance is by acceptance of the supplier's terms and conditions which Sterling indicates acceptance when applying for an account at each supplier's website.

Company	Services
Network Telsys (monthly invoices)	Voice teleconferencing Automated attendant for IT support

	Fax-to-email (two numbers) Voice mailboxes (two)
GoDaddy (credit card on file)	Registration and management of domain names
Media Temple (credit card on file)	Cloud server to host Sterlingshoes.com public website
Mail Chimp (credit card on file)	Hosting for customer-email-address database Mass email campaigns to customers

26. Iron Mountain Customer Agreement between Iron Mountain Canada Corporation and Sterling Shoes Limited Partnership dated as of May 22, 2008.
27. Iron Mountain Pricing Schedule effective as of January 1, 2012.

Schedule "C"

**No. S117081
Vancouver Registry**

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

**IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C.
1985, c. C-44**

AND

IN THE MATTER OF STERLING SHOES INC. and STERLING SHOES GP INC.

PETITIONERS

Monitor's Contract Certificate

PURSUANT TO AN ORDER of the British Columbia Supreme Court (the "**Court**") dated October 21, 2011, Alvarez & Marsal Canada Inc. was appointed the monitor (the "**Monitor**") of the Petitioners and Sterling Shoes Limited Partnership (collectively, the "**Company**").

PURSUANT TO AN ORDER of the Court dated April [●], 2012, the Court approved the asset purchase agreement among Sterling Shoes GP Inc., Sterling Shoes Limited Partnership, Town Shoes Limited (the "**Purchaser**") and the Monitor for the sale of certain assets of the Company (the "**Purchase Agreement**"). The Purchase Agreement requires, as a condition to closing, the assignment and transfer of certain Contracts (as defined by the Purchase Agreement) to the Purchaser.

PURSUANT TO AN ORDER of the Court dated April [●], 2012, the Court approved the assignment and transfer of the Contracts from the Company to the Purchaser (the "**Assignment Order**"). Pursuant to the Assignment Order, and subject to delivery of this Certificate by the Monitor to the Purchaser on or prior to the Closing Time on the Closing Date, all of the Company's right, title, benefits and interest in and to the Contracts

outlined in Schedule B of the Assignment Order will be assigned, conveyed and transferred to the Purchaser effective at the Closing Time on the Closing Date.

THE MONITOR HEREBY CERTIFIES as follows:

1. The Monitor has received written confirmation from the Purchaser and the Company that all conditions precedent under the Purchase Agreement have been satisfied or waived in accordance with the Purchase Agreement and that the Purchase Agreement has not been terminated.
2. This Certificate was delivered by the Monitor at [time] on [date].

DATED at the City of Vancouver, in the Province of British Columbia, this [•] of May, 2012.

**ALVAREZ & MARSAL
CANADA INC. in its capacity as
court-appointed Monitor of the
Petitioners and not in its personal
capacity**

Per: _____
Name:
Title: