

This is the 1st affidavit of
Kimberly Grierson in this case and was
made on April 17, 2012

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, AS AMENDED

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

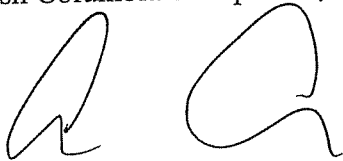
AFFIDAVIT

I, Kimberly Grierson, of Suite 2600 – 595 Burrard Street, Vancouver, British Columbia, Legal
Administrative Assistant, SWEAR THAT:

1. I am the legal assistant to Peter Rubin, a Partner of Blake, Cassels & Graydon LLP, the
solicitors for Sterling Shoes Inc. and Sterling Shoes GP Inc. (the "Petitioners") and Sterling
Shoes Limited Partnership (collectively with Petitioners, the "Petitioner Parties"), the Petitioner
Parties in this proceeding, and as such I have personal knowledge of the matters deposed to in
this Affidavit except where I depose to a matter based on information from an informant I
identify in which case I believe that both the information from the informant and the resulting
statement are true.

2. Attached to this my Affidavit and marked as Exhibit "A" is a true copy of a redacted copy of an asset purchase agreement among Sterling Shoes GP Inc., Sterling Shoes Limited Partnership, Town Shoes Limited and Alvarez & Marsal Canada Inc., in its capacity as court-appointed monitor of the Petitioners and Sterling Shoes Limited Partnership, dated April [16], 2012.

SWORN BEFORE ME at Vancouver,
British Columbia on April 17, 2012



A Commissioner for taking Affidavits for
British Columbia


Kimberly Grierson

Andrew Crabtree
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-4159

This is Exhibit ¹⁰ A referred to in the
affidavit of Kimberly Grierson
worn before me this 17 day of April 2012

EXECUTION VERSION

A C
A Commissioner for taking Affidavits
for British Columbia

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of this 16th day of April, 2012, by and among (i) Sterling Shoes GP Inc. ("Sterling GP"), in its capacity as general partner of Sterling Shoes Limited Partnership ("Sterling LP" and together with Sterling GP, "Sterling"), (ii) Sterling LP; (iii) Town Shoes Limited (the "Purchaser") and (iv) Alvarez & Marsal Canada Inc, in its capacity as the Court appointed monitor in the CCAA Proceedings (the "Monitor").

RECITALS:

A. By way of application to the Supreme Court of British Columbia (the "Court"), Sterling GP, Sterling LP and Sterling Shoes Inc. have commenced proceedings (the "CCAA Proceedings") under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA"). Sterling GP is the general partner and Sterling Shoes Inc. is the sole limited partner of Sterling LP.

B. Pursuant to an initial order of the Court dated October 21, 2011 (the "Initial Order"), Sterling and Sterling Shoes Inc. were granted certain protections under the CCAA, as subsequently confirmed and extended by orders of the Court.

C. Sterling desires to sell to the Purchaser and the Purchaser desires to purchase from Sterling all of Sterling's right, title and interest in and to the Assets comprising the Business on and subject to the terms and conditions set out herein.

NOW THEREFORE, in consideration of the covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) "Affiliates" means, with respect to any Person, any other Person who directly or indirectly controls, or is controlled by, or is under direct or indirect common control with, such Person and includes any Person in like relation to an Affiliate. A Person shall be deemed to "control" another Person if such Person, possesses, directly or indirectly, the power to direct or cause the direction of management and policies of such other Person, whether through ownership of voting securities, by contract or otherwise and, for greater certainty, Callisto Capital and Alberta Investment Management Corporation, together, shall be deemed to control the Purchaser, and "controlled" shall have a similar meaning;
- (b) "Agreement" has the meaning set forth in the preamble hereto;

- (c) **"Adjustment Date"** means the third Business Day after the Closing Date Statement is finally determined in accordance with Section 2.9 or 2.10 hereof, as applicable;
- (d) **"Adjustment Amount"** means the amount to be paid by Sterling or the Purchaser, as the case may be, pursuant to Section 2.11 hereof;
- (e) **"Administrative Charge"** means the Administration Charge (to the maximum amount of \$350,000) and the Directors' Charge (to the maximum amount of \$500,000) as defined in the Initial Order;
- (f) **"Administrative Agent"** has the meaning set out in Section 8.9 hereof;
- (g) **"Applicable Law"** means with respect to any person, property, transaction, event or other matter, any Law relating or applicable to such person, property, transaction, event or other matter;
- (h) **"Assets"** has the meaning set out in Section 2.1 hereof;
- (i) **"Assignment Order"** means an order or orders of the Court pursuant to Section 11.3 and other applicable provisions of the CCAA, in form and substance satisfactory to the Purchaser, acting reasonably, authorizing and approving the assignment at the Closing Time to the Purchaser of each Contract and preventing any counterparty to such Contract from exercising any right or remedy under the Contract by reason of any defaults arising from the CCAA Proceedings, the insolvency of Sterling, or any non-monetary default under the Contracts existing as of the Closing Date;
- (j) **"Assumed Liabilities"** means:
 - (i) all of Sterling's liabilities and other obligations accruing or arising under the Contracts after the Closing Time;
 - (ii) all liabilities and other obligations accruing or arising after the Closing Time with respect to the Transferred Employees, including for greater certainty any severance amounts in respect of any Transferred Employees who are terminated by the Purchaser after the Closing Time;
 - (iii) all of Sterling's liabilities and other obligations accruing or arising after the Closing Time in connection with any in-transit Inventory, including, without limitation, any fees, expenses, customs duties, taxes, or other charges which are, or may, accrue, in respect of any in-transit Inventory or which may be required to be paid to secure the release of any in-transit Inventory;
 - (iv) any obligations to honour Sterling's gift certificates, gift cards, merchandise exchange, return or refund programs, and customer credits issued by Sterling prior to the Closing Time;

- (v) all liabilities and other obligations in respect of Transfer Taxes; and
- (vi) all liabilities and obligations arising from ownership and use of the Assets for the period from and after the Closing Time;

and which, for greater certainty, shall not include the Excluded Liabilities;

- (k) **"Back Office Support Period"** has the meaning set out in Section 5.6(b);
- (l) **"Bank Accounts"** means all of the bank accounts of Sterling, as set forth on Schedule K, which, for greater certainty, shall exclude the Cash;
- (m) **"Base Working Capital Amount"** means \$12,500,000;
- (n) **"Benefit Plans"** means every benefit plan, program, agreement or arrangement maintained, contributed to, or provided by Sterling for the benefit of any of its Employees or former employees or dependent and including all bonus, incentive compensation, severance or termination pay, health or other medical, life, disability or other insurance (whether insured or self-insured), supplementary unemployment benefit, pension, retirement and supplementary retirement plans, programs, agreements and arrangements, including the LTIP, the STIP, the KEIP and Sterling's stock option plan;
- (o) **"BMO Amount"** means the total amount of all outstanding indebtedness, liabilities and obligations owing by Sterling under the BMO Facility as at the Closing Date (including any accrued interest thereon and all costs, fees and expenses owing there under (including, without limitation fees and expenses of financial advisors and legal counsel to BMO, as the case may be)) plus a reasonable pre-estimate of interest, fees, costs and expenses incurred and/or accruing from the Closing Date to and including the date on which the BMO Amount is indefeasibly paid over to BMO, as indicated in writing to the Purchaser two (2) Business Days before the Closing Date;
- (p) **"BMO Facility"** means the commitment letter between Bank of Montreal, Sterling Shoes Inc., Sterling GP and Sterling LP dated July 6, 2010 as amended by a letter dated March 15, 2011, as further amended by an amendment to credit facilities dated August 25, 2011, and as further amended by an agreement dated October 14, 2011 and a first amendment to forbearance agreement dated as of December 6, 2011 and a second amendment to the forbearance agreement dated March 30, 2012 together with all security agreements, documents and instruments at any time executed or delivered in connection therewith;
- (q) **"Books and Records"** means all books and records in respect of the Assets or the Transferred Employees, including personnel records, inspection records and other books, documents and data bases recorded or stored by means of any device including in electronic form in the possession or control of Sterling which, for greater certainty, shall exclude books and records pertaining to the Excluded

Assets and any personnel records for employees who are not Transferred Employees;

- (r) **"Business"** means the businesses carried on by Sterling at the Leased Premises, including under the Sterling, Shoe Warehouse and Freedman Shoes banners;
- (s) **"Business Day"** means a day other than a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;
- (t) **"Cash"** means all cash, bank balances, moneys in possession of banks and other depositories, term or time deposits and similar cash items of, owned or held by, or for the account of, Sterling, on the Closing Date;
- (u) **"CCAA"** has the meaning set out in the recitals hereto;
- (v) **"CCAA Proceedings"** has the meaning set out in the recitals hereto;
- (w) **"Claimed Amount"** means, at any time, an amount equal to the lesser of (i) the Escrow Amount and (ii) the aggregate dollar amount claimed by the Purchaser from Sterling under this Agreement whether pursuant to Section 2.11 or Article 7, which has yet to be satisfied or settled, whether between the Parties or pursuant to an order from a court of competent jurisdiction;
- (x) **"Claims"** means all losses, damages, expenses, liabilities (whether accrued, actual, contingent, latent or otherwise), interest, penalties, costs, claims, complaints and demands of whatever nature or kind including all legal fees and costs;
- (y) **"Clearance Certificates"** has the meaning set out in Section 5.8;
- (z) **"Closing"** means the completion of the purchase and sale of the Assets in accordance with the provisions of this Agreement;
- (aa) **"Closing Date"** means May 22, 2012, or such other date as may be agreed to in writing by Sterling and the Purchaser;
- (bb) **"Closing Date Statement"** means the balance sheet of the Business as of the Closing Time prepared by the Purchaser using the same methodology and applying the same accounting principles, policies and practices as were used by Sterling in preparing the audited financial statement of Sterling Shoes Inc. for the fiscal year ended December 31, 2010, which balance sheet shall indicate the Working Capital as of the Closing Time; *provided that* for Inventory transferred to the Purchaser in accordance with section 2.1 hereof, the Purchaser shall apply the following discount rates in valuing Inventory for purposes of preparation of the Closing Date Statement (without limiting the Purchaser's ability to value the inventory in accordance with GAAP prior to the application of such discounts): (i) Inventory attributable to current or future inventory season [REDACTED]; (ii) Inventory attributable to immediately preceding inventory season [REDACTED];

- (iii) Inventory attributable to inventory season older than immediately preceding season [REDACTED]; and (iv) Inventory not attributable to any inventory season [REDACTED];
- (cc) **"Closing Time"** means 12:01 a.m. (Pacific Standard Time) on the Closing Date;
- (dd) **"Closing Working Capital Amount"** means the amount of the Working Capital as of the Closing Time;
- (ee) **"Consents and Approvals"** means the consents, approvals, arrangements, notifications or waivers from, and filings with, third parties (including any Governmental Authority) as may be required to transfer and assign the Contracts to the Purchaser or complete the Transaction, in form and substance satisfactory to the Purchaser, acting reasonably;
- (ff) **"Contracts"** means the Real Property Leases, the leases in respect of the Leased Assets, and the other contracts and agreements listed in Schedule A hereto;
- (gg) **"Court"** has the meaning set forth in the recitals;
- (hh) **"Cure Amounts"** means amounts that must be paid, if any, in connection with the assignment of the Contracts, including costs to cure any monetary defaults thereunder that are required to be cured as a condition of such assignment, subject to the CCAA, as applicable;
- (ii) **"Current Assets"** means the sum of Receivables (including, without limitation, all credit card/interac receivables of Sterling), Inventory and Prepaid Amounts and other current assets of the Business in each case (i) net of applicable allowances, provision and reserves, and (ii) calculated in accordance with GAAP and past practice of Sterling, and which, for greater certainty, excludes Cash and other Excluded Assets;
- (jj) **"Current Liabilities"** means the sum of accounts payable and accrued liabilities of the Business, calculated in accordance with GAAP and the past practice of Sterling, and which, for greater certainty, excludes the Excluded Liabilities;
- (kk) **"Deposit"** has the meaning provided in Section 2.3 hereof;
- (ll) **"Deposit Amount"** means the outstanding balance of the account(s) holding the Deposit as at the Closing Date, including, for greater certainty, the return generated thereon;
- (mm) **"Employees"** means any employee of Sterling as of the Closing Date;
- (nn) **"Employment Agreement"** means any written agreement between any Employee and Sterling with respect to such Employee's employment with Sterling;

- (oo) **"Encumbrances"** means any security interest, lien, claim, charge, hypothec, reservation of ownership, pledge, encumbrance, mortgage, adverse claim or right of a third party of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing (including any conditional sale or title retention agreement, or any capital or financing lease);
- (pp) **"Escrow Account"** has the meaning set forth in Section 2.4(b) hereof;
- (qq) **"Escrow Amount"** means \$3,000,000;
- (rr) **"Estimated Closing Working Capital Amount"** means the amount estimated to be the Working Capital as of the Closing Date by Sterling, and reasonably acceptable to the Purchaser, and provided to the Purchaser at least two (2) days prior to the Closing;
- (ss) **"ETA"** means the *Excise Tax Act* (Canada);
- (tt) **"Excluded Assets"** means:
- (i) the rights of Sterling under this Agreement or under any agreements or documents made pursuant to this Agreement to which Sterling is a party;
 - (ii) Cash;
 - (iii) all insurance policies of Sterling in effect on the Closing Date and all claims to proceeds or funds thereunder;
 - (iv) any real property lease or other contract not included on Schedule A or Schedule B hereto, including, for greater certainty, the Head Office Lease;
 - (v) the Benefit Plans; and
 - (vi) all refunds, credits, net operating losses and claims relating to federal, provincial or municipal taxes, including income taxes, of Sterling for periods prior to the Closing Time;
- (uu) **"Excluded Liabilities"** means any Claim, obligation or liability that is not an Assumed Liability, including, without limitation, any liabilities, responsibilities or obligations related to:
- (i) any Claims arising in or accruing with respect to the period of time before the Closing Time;
 - (ii) the carrying on of the Business prior to the Closing Time or arising from or out of any Excluded Assets;
 - (iii) the Benefit Plans;

- (iv) any Cure Amounts;
- (v) any rental arrears up to the Closing Time in respect of the Real Property Leases or Leased Assets;
- (vi) any Employee that is not a Transferred Employee;
- (vii) any Transferred Employee with respect to amounts accruing or arising in respect of such Transferred Employee prior to the Closing Time; and
- (viii) any legal or other professional costs of Sterling.
- (vv) "**Final Order**" shall mean an order, judgment or other decree, the operation or effect of which has not been reversed, stayed, modified or amended and as to which any and all appeal periods with respect to such order, judgment or decree have expired;
- (ww) "**Financial Statements**" means the unaudited financial statements of Sterling LP for the fiscal years ended December 31, 2010 and 2009 and the audited consolidated financial statements of Sterling Shoes Inc. for the fiscal years ended December 31, 2010 and 2009;
- (xx) "**GAAP**" means the generally accepted accounting principles as applied in Canada;
- (yy) "**Governmental Authority**" means any domestic or foreign legislative, executive, judicial or administrative body or person having or purporting to have jurisdiction in the relevant circumstances;
- (zz) "**GST**" means the Goods and Services Tax imposed under Part IX of the ETA;
- (aaa) "**Head Office**" means Sterling's registered head office located at 2580 Viscount Way, Richmond, British Columbia;
- (bbb) "**Head Office Lease**" means the lease dated as of October 1, 2007 made between KBK No. 119 Ventures Ltd. and Sterling Shoes LP, by its general partner, Sterling GP with respect to the Head Office, as such lease may be amended, extended, renewed and assigned from time to time;
- (ccc) "**HST**" means the Harmonized Sales Tax imposed under Part IX of the ETA;
- (ddd) "**Initial Order**" has the meaning set forth in the recitals hereto;
- (eee) "**Intellectual Property**" means all rights, title and interest in or relating to intellectual property of the following types, which may exist or be created under the Laws of any jurisdiction in the world: (a) rights associated with works of authorship, including exclusive exploitation rights, mask work rights, copyrights, database and design rights, whether or not registered or published, all registrations

and recordations thereof and applications in connection thereof and applications in connection therewith, along with all extensions and renewals thereof, (b) the Trademarks, (c) trade secrets, (d) patents and applications therefore, including all continuations, divisionals, and continuations-in-part thereof and patents issuing thereon, along with all reissues, reexaminations and extensions thereof, (e) all internet domain names, and (f) all other intellectual property rights, arising from or relating to the Business;

- (fff) “**Inventory**” means all inventory in respect of the Business located on, or in transit to, the Leased Premises on the Closing Date and current or future season inventory located on, or in transit to, the Head Office on the Closing Date;
- (ggg) “**ITA**” means the *Income Tax Act* (Canada);
- (hhh) “**KEIP**” means Sterling’s key employee incentive program and any letter agreements in respect thereof, as approved by order of the Court dated December 9, 2011;
- (iii) “**Law**” means any law, by-law, rule, statute, regulation, order, judgment, decree, treaty, ordinance, announcement, guideline, directive or other requirement having the force of law, whether federal, provincial, state or municipal;
- (jjj) “**Leased Assets**” means the equipment and other personal property which are either leased or rented by Sterling, as lessee, and which are located on the Leased Premises;
- (kkk) “**Leased Premises**” shall mean the locations listed on Schedule B hereto;
- (lll) “**LTIP**” means Sterling’s employee long-term incentive plan;
- (mmm) “**Material Adverse Change**” means any one or more changes, effects, events or occurrences that, individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the business, condition (financial or otherwise), capitalization, operations or results of operations of Sterling and the Assets, taken as a whole, other than any change, effect, event or occurrence resulting from or attributable to: (i) or consistent with, the general declines that the Business has experienced over the preceding six (6) month period; (ii) the CCAA Proceedings; (iii) the insolvency of Sterling; (iv) the announcement or signing of this Agreement (including for greater certainty, but not limited to, the resignation of employees of the Business following the announcement of this Agreement) or compliance with the express terms of this Agreement or the consummation of the transactions contemplated hereby; (v) reasonably anticipated actions, omissions, events and circumstances arising out of any CCAA filings or any changes in credit terms offered by suppliers or financing sources, (vi) actions or omissions taken or not taken by or on behalf of Sterling or any of its Affiliates at the express request of the Purchaser or its Affiliates; (vii) actions taken by the Purchaser or its Affiliates other than as contemplated in this Agreement; (viii) any changes in Applicable Law or interpretation thereof by any Governmental

Authority, unless such changes have a disproportionate effect of the Business as compared to other businesses in the industry; (ix) changes or proposed changes to GAAP; (x) changes in general economic conditions, currency exchange rates or international debt or equity markets; (xi) events or conditions generally affecting the industry or markets in which Sterling operates, unless such events or conditions have a disproportionate effect on the Business as compared to other businesses in the industry, or (xii) national or international political or social conditions or any national or international hostilities, acts of terror or acts of war;

- (nnn) **"Non-purchased Inventory and Equipment Sale"** means the sale by Sterling of all of the inventory and equipment located at any retail locations occupied by Sterling that are not Leased Premises;
- (ooo) **"Objection Notice"** has the meaning set forth in Section 2.10 hereof;
- (ppp) **"Parties"** means, collectively, Sterling, the Purchaser and the Monitor and their successors and permitted assigns, and **"Party"** means either of them;
- (qqq) **"Permits and Licenses"** means all material licences, registrations, permits and quotas required by any Governmental Authority to carry on the Business as listed on Schedule M hereto;
- (rrr) **"Permitted Encumbrances"** means only those Encumbrances related to the Assets listed on Schedule C hereto;
- (sss) **"Prepaid Amounts"** means all prepayments, prepaid charges, deposits, security deposits, sums and fees made by or on behalf of Sterling that are Related to the Business or in respect of the Assets;
- (ttt) **"Primary Indemnification Period"** has the meaning set forth in Section 7.5(a);
- (uuu) **"Proceeds"** has the meaning set forth in Section 3.3 hereof;
- (vvv) **"Purchase Price"** has the meaning set forth in Section 2.2 hereof;
- (www) **"Purchaser's Lenders"** has the meaning set forth in Section 8.9 hereof;
- (xxx) **"QST"** means the Québec sales tax imposed under the QSTA;
- (yyy) **"QSTA"** means *An Act Respecting the Québec Sales Tax* (Québec);
- (zzz) **"Real Property Leases"** means (i) all of the leases or other occupation agreements in respect of the Leased Premises, as set out Schedule A hereto including all amendments, modifications or agreements in respect thereof; *provided that*, at any time up to the date prior to the date on which Sterling obtains the Assignment Order and Vesting Order, the Purchaser shall be entitled to remove [REDACTED] leases or other occupation agreements from Schedule A upon notice to Sterling in writing, and upon so doing, any such removed lease or

other occupation agreement shall not be included within this definition of "Real Property Leases" and (ii) the leases or other occupation agreements in respect of the leased premises at Unit 96, 1225 St. Mary's Road, Winnipeg, Manitoba, R2M 5E5, and Unit 242, 4800 Kingsway, Burnaby, British Columbia, V5H 4J2, provided that the Purchaser notifies Sterling in writing on or before the day prior to the date on which Sterling obtains the Assignment Order and Vesting Order that either or both of such leases are to be included within this definition of "Real Property Leases";

- (aaaa) "**Receivables**" means accounts receivable, bills receivable, trade accounts, book debts, together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits;
- (bbbb) "**Related to the Business**" means, directly or indirectly, used in, arising from, or relating in any manner to the Business;
- (cccc) "**Representative**" when used with respect to a Party means each director, officer, employee, agent, consultant, adviser and other representative of that Party who is involved in the Transaction;
- (dddd) "**STIP**" means Sterling's employee short-term incentive plan;
- (eeee) "**Termination Date**" means May 25, 2012, or such later date as mutually agreed to by the Parties in writing;
- (ffff) "**Trademarks**" means trademarks, service marks, trade names, service names, brand names, trade dress rights, logos, corporate names, trade styles, logos and other source or business identifiers and general intangibles of a like nature of the Business, along with applications, registrations, renewals and extensions thereof;
- (gggg) "**Transaction**" means the transaction of purchase and sale contemplated by this Agreement;
- (hhhh) "**Transition Contracts**" means the contracts listed at Schedule L hereto;
- (iiii) "**Transfer Taxes**" has the meaning provided in Section 2.12 hereof;
- (jjjj) "**Transferred Employees**" means the Employees who have accepted offers of employment from the Purchaser, in accordance with Section 5.3(a) hereof;
- (kkkk) "**Vesting Order**" shall mean an Order or Orders of the Court in the CCAA Proceedings, in form and substance satisfactory to the Purchaser acting reasonably (i) authorizing and approving the purchase and sale of the Assets on the terms hereof; (ii) vesting all of Sterling's right, title and interest to the Assets in the name of the Purchaser free and clear of all Encumbrances other than the Permitted Encumbrances; and (iii) authorizing and directing the Monitor to perform the duties of the Monitor set forth in Article 2 hereof; and

- (III) "Working Capital" means, at any date, the amount calculated by subtracting the Current Liabilities included in the Assumed Liabilities as of that date from the Current Assets of the Business included in the Assets as of that date, which calculation, for greater certainty, shall form the basis for the Estimated Working Capital Closing Amount and the Closing Working Capital Amount.

1.2 Headings

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles and Sections of and Schedules to this Agreement.

1.3 Extended Meanings

In this Agreement words importing the singular number only include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities. The term "including" means "including without limiting the generality of the foregoing".

1.4 Statutory References

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.5 Currency

All references to currency herein are to lawful money of Canada.

1.6 Schedules

The following Schedules are attached hereto and form part of this Agreement:

Schedule A	Contracts
Schedule B	Leased Premises
Schedule C	Permitted Encumbrances
Schedule D	Financial Statements
Schedule E	Inventory on Order
Schedule F	Changes in Return Policies and Loyalty Programs
Schedule G	Employees
Schedule H	Benefit Plans
Schedule I	Purchase Price Allocation

Schedule J	Sales Guidelines
Schedule K	Bank Accounts
Schedule L	Transition Contracts
Schedule M	Material Permits and Licenses
Schedule N	Transferred Employees
Schedule O	Consultants

ARTICLE 2 - PURCHASE AND SALE

2.1 Purchase and Sale

Subject to the terms and conditions of this Agreement, Sterling will sell to the Purchaser and the Purchaser will purchase from Sterling, as of and with effect from the Closing Time, all of the right, title, interest and benefit of Sterling in and to all of the following property, assets and undertaking and which constitute all of the property and assets necessary for the operation of the Business (collectively, the "Assets"):

- (a) the goodwill and all other intangible assets of the Business;
- (b) the Inventory and any title documents or other agreements evidencing title to all of the Inventory, including without limitation, any bills of lading, and that which has been ordered pursuant to purchase orders or otherwise prior to the Closing Date and which has not yet been received by Sterling as at the Closing Time;
- (c) the furniture, fixtures and equipment owned by Sterling situated at the Leased Premises and at the Head Office that are not the property of the landlords of such locations;
- (d) the Contracts;
- (e) the Intellectual Property;
- (f) the Books and Records;
- (g) the Pre-Paid Amounts;
- (h) the Bank Accounts; and
- (i) the Receivables;

but excluding, for greater certainty, in each and every case and notwithstanding anything to the contrary in this Agreement, the Excluded Assets.

2.2 Purchase Price

The aggregate purchase price (the "Purchase Price") for the Assets is: (a) the following amount payable by the Purchaser to Sterling: (i) \$17,500,000; (ii) if the Closing Working Capital Amount (as determined in accordance with Section 2.9 or 2.10) is greater than the Base Working

Capital Amount, plus the difference; (iii) if the Base Working Capital Amount is greater than the Closing Working Capital Amount (as determined in accordance with Section 2.9 or 2.10), less such difference; and (b) the assumption by the Purchaser of the Assumed Liabilities.

2.3 Deposit

Concurrently with the execution of this Agreement, the Purchaser shall transfer to the Monitor, in trust, the sum of \$1,000,000 as a good faith deposit, which shall be held in a segregated interest bearing account (the "Deposit"). The Monitor shall disburse the Deposit Amount in accordance with the following provisions:

- (a) if the purchase and sale of the Assets is completed pursuant to the terms of this Agreement, then the Deposit Amount shall be released from trust and applied towards payment to Sterling of the Purchase Price;
- (b) if the purchase and sale of the Assets is not completed at the Closing Time for any reason other than solely as a result of the failure of the Purchaser to perform any of its material obligations hereunder, then the Deposit Amount shall be released from trust and paid to the Purchaser; and
- (c) if the purchase and sale of the Assets is not completed at the Closing Time solely as a result of the failure of the Purchaser to perform any of its material obligations hereunder, then the Deposit Amount shall be released from trust and paid to Sterling in full satisfaction of all damages, losses, costs and expenses incurred by Sterling as a result of such failure and shall serve as the liquidated damages of all such damages, losses, costs and expenses incurred by Sterling and Sterling shall have no further remedy or recourse against the Purchaser.

2.4 Payment of Purchase Price

The Purchase Price shall be paid and satisfied as follows at Closing:

- (a) an amount equal to the Purchase Price less (i) the Deposit (plus any interest accrued thereon) (ii) the Escrow Amount (iii) the BMO Amount and (iv) the Administrative Charge shall be paid by the Purchaser in cash to Sterling by wire transfer;
- (b) an amount equal to the aggregate of the BMO Amount and the Administrative Charge shall be paid to the Monitor, which, for greater certainty, shall only be up to an amount that does not exceed the Purchase Price to be paid by the Purchaser pursuant to Section 2.2(a) hereof less the Escrow Amount and less the Deposit and the Purchaser shall make no payment under this Section 2.4(b) in excess of such amount;
- (c) the Escrow Amount shall be paid by the Purchaser to the Monitor, and such Escrow Amount shall be held by the Monitor, in trust, in a segregated account (the "Escrow Account") subject to Section 2.5 below; and

- (d) the assumption by the Purchaser of the Assumed Liabilities.

2.5 Escrow Amount

- (a) The Escrow Amount shall serve as security for the Purchaser with respect to Sterling's obligations under this Agreement, including Section 2.11 and Article 7 hereof. The Escrow Amount shall be held in the Escrow Account until some or all of the funds are (i) released to either the Purchaser or Sterling pursuant to Section 2.5(b) below; or (ii) released to Sterling pursuant to Section 2.5(c) below.
- (b) The Monitor shall only release amounts in the Escrow Account: (i) in accordance with a joint written direction of the Parties pursuant to Sections 2.11(b) or 2.5(c) hereof, or as otherwise agreed to in writing by the Parties; or (ii) in accordance with a Final Order from a court of competent jurisdiction.
- (c) Following the Adjustment Date (and any payment to the Purchaser in accordance with section 2.11(b) hereof), the Parties shall issue a joint written direction to the Monitor to release the balance of funds, if any, in the Escrow Account; *provided that* the Parties shall not issue such a direction if the Purchaser has asserted any claims under Article 7 hereof, in which case, the Monitor shall continue to hold any funds in the Escrow Account and shall only release such funds in accordance with Section 2.5(b) hereof.
- (d) For greater certainty, the Purchaser shall have no claim against any portion of the Purchase Price except for claims made against the Escrow Amount in accordance with the terms hereof; provided that nothing in this Section 2.5 shall diminish any rights of the Purchaser pursuant to Section 7.4.

2.6 Extent of Escrow Duties

It is agreed that, in carrying out its obligations in respect of the Escrow Amount or the Escrow Account, the Monitor will incur no liability whatsoever, except for any liability which results from the wilful misconduct, fraud or gross negligence of the Monitor, so long as the Monitor has acted in good faith. Notwithstanding any other term of this Agreement, if a dispute arises as to the disposition of any portion of the Escrow Amount, the Monitor may at its option, acting reasonably, pay that portion of the Escrow Amount then in dispute into the Supreme Court of British Columbia and such payment will be an effective discharge of the Monitor's obligations hereunder in respect of such amount. The Monitor shall notify the Sellers and the Purchaser of any such payment.

2.7 Allocation of Purchase Price

The Purchase Price shall be allocated among the Assets in accordance with an allocation to be proposed by the Purchaser, acting reasonably, on or before the Adjustment Date, and which, when delivered, shall form Schedule I hereto. The Purchaser shall not allocate any portion of the Purchase Price that would result in any tax recapture to Sterling. Sterling and the Purchaser will report the purchase and sale of the Assets for all tax purposes in a manner consistent with such allocation and will complete and file all tax returns and filings on a basis

which is consistent with the amount and allocation of the Purchase Price set out in Schedule I hereto and may not take any position inconsistent with such allocation.

2.8 Assignment of Contracts

Subject to the terms and conditions hereof, Sterling shall bring an application to the Court for approval of the Assignment Order, which request shall be heard concurrently with, or as soon as reasonably practicable following, the hearing on the Vesting Order. In accordance with the Assignment Order, at the Closing Time, Sterling shall assign to the Purchaser all of Sterling's rights, title, benefits, and interests in and to the Contracts and the Purchaser shall assume the obligations and liabilities of Sterling under the Contracts, in accordance with the definition of "Assumed Liabilities" herein, but which, for greater certainty, shall exclude any obligation or liability in respect of any Excluded Liability.

2.9 Preparation of Closing Date Statement

- (a) As soon as reasonably practicable after the Closing Time, the Purchaser shall prepare, at the Purchaser's expense, a draft of the Closing Date Statement, which shall be delivered to Sterling no later than the 60th day following the Closing Date.
- (b) During the period from the date of delivery of the draft Closing Date Statement until the date no later than 15 days after delivery of the draft Closing Date Statement, the Purchaser shall give Sterling and its Representatives such assistance and access to the Books and Records of the Business as Sterling and its Representatives may reasonably request in order to enable them to reasonably assess the draft Closing Date Statement. Sterling's Representatives shall be entitled to be present at inventory counts used in the preparation of the draft Closing Date Statement (whether such counts are taken before or after Closing) and shall be provided with copies of all non-privileged working papers created by the Purchaser in connection with such preparation.
- (c) If Sterling does not issue an Objection Notice in accordance with Section 2.10, Sterling shall be deemed to have accepted the draft Closing Date Statement prepared by the Purchaser which shall be final and binding on the Parties and such draft Closing Date Statement shall constitute the Closing Date Statement for purposes of this Agreement immediately following the expiry date for the giving of such notice of objection.

2.10 Dispute Settlement

If Sterling objects to any matter in the draft Closing Date Statement prepared pursuant to Section 2.9, then Sterling shall give notice to the Purchaser no later than 15 days after delivery of the draft Closing Date Statement (the "Objection Notice"). Any Objection Notice given by Sterling shall set forth in detail the particulars of such objection. The Parties shall then use commercially reasonable efforts to resolve such objection. If the matter is not resolved by the end of 30 days following delivery of the Objection Notice, then the dispute with respect to such objection shall be submitted by the Parties to Ernst & Young LLP and, if Ernst & Young LLP is

unavailable or unable to act, to PricewaterhouseCoopers LLP (the "Independent Accountant"). The Independent Accountant, acting as expert and not arbitrator, shall, as promptly as practicable (but in any event, within 45 days following its appointment), make a determination of the Closing Date Statement, based solely on written submissions of the Parties given by them to the Independent Accountant. The submissions of each Party shall be disclosed to the other Party and each other Party shall be afforded a reasonable opportunity to respond thereto. The Closing Date Statement as determined by the Independent Accountant shall be final and binding upon the Parties and shall constitute the Closing Date Statement for purposes of this Agreement. The Purchaser and Sterling shall each pay one-half of the fees and expenses of the Independent Accountant.

2.11 Payment of Adjustment Amount

- (a) If the Closing Working Capital Amount (as determined in accordance with Section 2.9 or 2.10 above) exceeds the Estimated Closing Working Capital Amount, then the Purchaser shall pay to Sterling the difference between such amounts within 3 Business Days of the Adjustment Date.
- (b) If the Estimated Closing Working Capital Amount exceeds the Closing Working Capital Amount (as determined in accordance with Section 2.9 or 2.10 above), then the Monitor shall pay to the Purchaser the difference between such amounts within 3 Business Days of the Adjustment Date from the Escrow Account in accordance with Section 2.5 hereof, and the Parties shall direct the Monitor to this effect.

2.12 Payment of Taxes

Subject to Section 2.13 hereof, the Purchaser will be liable for and will pay, or cause to be paid, any applicable federal and provincial sales taxes, goods and services taxes, excise taxes, all transfer, land transfer, value added, *ad-valorem*, use, consumption, harmonized sales, retail sales, social services, or other similar taxes or duties (for greater certainty, other than any income taxes of any party other than itself) payable under any Applicable Law on or with respect to the sale and purchase of the Assets under this Agreement (collectively, "Transfer Taxes"). The Purchaser will prepare and file any affidavits or returns required in connection with the foregoing at its own cost and expense. To the extent that any Transfer Taxes are required to be paid by or are imposed upon Sterling, the Purchaser will reimburse to Sterling such taxes within five (5) Business Days of payment of such taxes by Sterling. The Purchaser will indemnify and hold Sterling harmless on an after tax basis in respect of any Transfer Taxes, penalties, interest and other amounts that may be assessed against Sterling under any Applicable Law as a result of any failure by the Purchaser to pay or remit such Transfer Taxes within the period specified by the Applicable Law.

2.13 Section 167 Tax Election

The Purchaser and Sterling shall make a joint election under section 167 of the ETA and, if applicable, section 75 of the QSTA, so that no GST, HST or QST is payable by the Purchaser

with respect to the purchase and sale of the Assets under this Agreement, and the Purchaser will file such elections within the time prescribed for such elections.

2.14 Elections

Sterling and the Purchaser agree to make, execute and file with the appropriate Governmental Authorities such other elections or purchase exemption certificates as the Parties hereto agree are mutually desirable, if any, in prescribed form and within the prescribed time.

ARTICLE 3 - CLOSING ARRANGEMENTS

3.1 Closing

The sale and purchase of the Assets contemplated by this Agreement shall be completed at the Closing Time at the offices of Blake, Cassels & Graydon LLP in Vancouver, British Columbia on the Closing Date or on such other date and time as the Parties may agree in writing.

3.2 Transfer of Title

Sterling will, on Closing, effect the transfer of the Assets where situated to the Purchaser by way of the Vesting Order and Assignment Order and the other closing deliveries identified in Sections 3.4 and 3.5 hereof.

3.3 Risk of Loss

- (a) Until the Closing Time the Assets will remain at the risk of Sterling.
- (b) If any destruction or damage occurs to the Assets on or before the Closing Time or if any or all of the Assets are appropriated, expropriated or seized by Governmental Authority on or before the Closing Time, and in the event that the Proceeds (as defined below), if any, payable to Sterling, in respect of such destruction, damage, appropriation, expropriation or seizure are estimated by Sterling, acting reasonably, to be less than the Purchase Price, Sterling will forthwith give notice thereof to the Purchaser and the Purchaser will have the option, exercisable by notice to Sterling on or before the Closing Time, to reduce the Purchase Price by an amount equal to the proceeds of insurance (and, if any such policy provided for a deductible amount, by an amount equal to such deductible amount) if the said proceeds of insurance are to be paid to Sterling, in which case, the Purchaser will provide any consents that may be required to authorize the insurers to pay in this manner to Sterling, or compensation for destruction or damage or appropriation, expropriation or seizure with respect thereto and, for greater certainty, excluding any proceeds in connection with business interruption insurance (in this Section 3.3 referred to as the "Proceeds"), and to complete the purchase.
- (c) If any destruction or damage occurs to the Assets on or before the Closing Time, or if any or all of the Assets are appropriated, expropriated or seized by Government Authority on or before the Closing Time, and in the event that the

Proceeds, if any, payable to Sterling, in respect of such destruction, damage, appropriation, expropriation or seizure are estimated by Sterling, acting reasonably, to be greater than the value of the Purchase Price, Sterling may, at its option, terminate this Agreement. In the case of such termination, the Deposit will be paid by Sterling to the Purchaser and the Purchaser waives and releases any and all Claims that it may have against the Purchaser or as a result of such termination.

- (d) With respect to business interruption proceeds arising from an insurable loss, Sterling will be entitled to all the business interruption proceeds arising from the insurable loss up to and including the Closing Date and the Purchaser will be entitled to any such proceeds arising thereafter as payable under the terms of the applicable policy. Any deductible or self insured retention applying to the loss will be applied to the direct damage or loss portion of the loss and not to the business interruption portion of the loss. The Purchaser will take such reasonable actions as may be required to support any such contingent business interruption claims that may arise subject to the beneficiary of any such claim agreeing to pay the reasonable expenses of the Purchaser in this regard.
- (e) With respect to any insurance claim adjustment wherein Sterling receives the proceeds of insurance, the Purchaser will allow Sterling and its insurers and their agents reasonable access to the Books and Records that may be in the possession of the Purchaser arising from the sale so as to complete the insurance recovery.

3.4 Sterling's Closing Deliveries

On or before the Closing, Sterling will deliver or cause to be delivered to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a certified copy of the Assignment Order, or to the extent any Contract is not subject to the Assignment Order, a Consent and Approval in respect of such Contract;
- (b) the Books and Records relating to the Assets;
- (c) a Court-certified copy of the Vesting Order;
- (d) a certificate executed by a senior officer of each of Sterling and Sterling Shoes Inc. dated as of the Closing Date confirming that all of the representations and warranties of Sterling contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time; and that Sterling has performed in all material respects the covenants to be performed prior to the Closing Time;
- (e) the tax elections as contemplated by Section 2.13 and 2.14 executed by Sterling;

- (f) all keys, security passes and alarm codes with respect to the Leased Premises, to the extent in Sterling's possession or control, and all original copies of the Real Property Leases, if available; and
- (g) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Purchaser to complete the transactions provided for in this Agreement.

3.5 Purchaser's Closing Deliveries

On or before the Closing Time, the Purchaser will deliver or cause to be delivered to Sterling the following:

- (a) the payment of the Purchase Price as contemplated by Section 2.2;
- (b) a certificate executed by a senior officer of the Purchaser confirming that the representations and warranties of the Purchaser in Section 4.3 are true and correct in all material respects as of the Closing Time and that the obligations of the Purchaser to be performed prior to the Closing Time have been performed; and that any payment of Transfer Taxes required by Applicable Law as contemplated by Section 2.12 has been made;
- (c) the tax elections contemplated by Section 2.13 and 2.14 executed by the Purchaser and a certificate confirming Purchaser's GST/HST registration number under Part IX of the ETA and covenant to self-assess and remit GST/HST if required; and
- (d) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by Sterling to complete the transactions provided for in this Agreement.

ARTICLE 4 - REPRESENTATIONS AND WARRANTIES

4.1 Sterling's Representations and Warranties

Sterling represents and warrants to the Purchaser that:

- (a) Sterling GP is a corporation incorporated and validly existing under the laws of the Province of British Columbia; Sterling LP is a limited partnership organized and validly existing under the laws of the Province of Manitoba; and subject to obtaining the Vesting Order Sterling has the full right and authority to enter into this Agreement in its capacity as general partner of Sterling LP;
- (b) This Agreement has been duly and validly executed and delivered by Sterling and constitutes a legal, valid and binding obligation of Sterling, enforceable against Sterling in accordance with its terms;

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- (c) Sterling has good and marketable title to, is the lawful and beneficial owner of, and has the full right to sell, convey, transfer, assign and deliver its interest in and to the Assets, subject to any necessary Consents and Approvals and the Vesting Order;
- (d) Except for the Excluded Assets, the Assets constitute all of the property, undertaking and assets used by Sterling in carrying on the Business;
- (e) Financial:
- (i) Schedule D contains true, correct and complete copies of the audited consolidated financial statements of Sterling Shoes Inc. for the periods ended December 31, 2010 and 2009.
 - (ii) Schedule D contains unaudited consolidated financial statements of Sterling LP for the periods ended December 31, 2010 and 2009.
 - (iii) Except for the CCAA Proceedings and the delisting of Sterling Shoes Inc. from the Toronto Stock Exchange, which have precluded the preparation of financial statements in accordance with GAAP for either Sterling Shoes Inc., or Sterling LP for the year ended December 31, 2011 due to the uncertainty as to the basis of presentation, the financial accounts of Sterling LP included in Schedule D have been prepared on a basis consistent with preceding periods and each presents fairly in all material respects (giving effect to the going concern assumptions):
 - (1) the financial position of Sterling LP as at the respective dates of the Financial Statements; and
 - (2) the results of Sterling LP's operations and its cash flows for the period covered by the Financial Statements.
 - (iv) Since December 31, 2010 there has been no change in any accounting policy, practice or procedure relating to Sterling Shoes Inc., or Sterling LP. Sterling Shoes Inc. and Sterling LP have, in all material respects, maintained accurate books and records reflecting their assets, liabilities, revenues and expenses and have, in all material respects, maintained proper and adequate internal controls over financial reporting.
 - (v) The valuation of inventory for the twelve month period ended December 31, 2011 reflected in the financial accounts of Sterling LP for the period ended December 31, 2011 included in Schedule D and the related inventory obsolescence provision has been prepared by Sterling in accordance with the same accounting policies, practices and procedures, applied on a consistent basis, as the periods ending December 31, 2010 and 2009.

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- (f) Sterling has made available to the Purchaser all of the Books and Records under its possession and control;
- (g) Inventory:
- (i) The Inventory that has been ordered but which has not been received on the Closing Date is summarized by banner, vendor, units, and value, as listed hereto at Schedule E;
 - (ii) The Inventory reflected on the balance sheet forming part of the Financial Statements was, and the current Inventory is, in usable and saleable condition in the ordinary course of the Business and in the case of Inventory reflected on such balance sheet at an amount not less than the amounts carried therein and was valued at the lower of cost and net realizable value (in accordance with GAAP, except as set out in the Financial Statements); and
 - (iii) Any obsolescence provision associated with the Inventory adequately reflects the writedown of inventory to the lower of cost and net realizable value (in accordance with GAAP, except as set out in the Financial Statements),
- (h) Schedule F provides: (i) any change in the product return policies of the Business (or any specific store) since January 1, 2010 and (ii) any changes to the Business' customer loyalty program, including any changes to the economic costs to the Business to maintain the program since January 1, 2010;
- (i) The Contracts set out in Part A of Schedule A represent all of the material contracts used in connection with the Business and operation of the Assets requiring expenditures by Sterling, and each Contract set out in Part A of Schedule A is in full-force and effect and is unamended and Sterling is not aware of any outstanding material defaults or material breaches under any of the Contracts set out in Part A of Schedule A other than any default resulting from Sterling's insolvency or the commencement of the CCAA Proceedings, nor is aware of any pending or threatened litigation or disputes in respect of such Contracts;
- (j) Leased Premises:
- (i) Schedule B contains a full, complete and accurate list of all the Leased Premises;
 - (ii) All fixtures, improvements and appurtenances situated on the Leased Premises are currently and will on Closing be in materially good operating condition and in a state of materially good maintenance and repair and are materially adequate and suitable for the purposes for which they are currently being used, subject to normal wear and tear since the last date of renovation or refurbishment, and for greater certainty the Purchaser

acknowledges that Sterling has disclosed that various of the Leased Premises require updating and refurbishment to bring them up to current market standards;

- (iii) Sterling occupies, and has the exclusive right to occupy and use, the Leased Premises;
 - (iv) The Leased Premises, the current uses thereof, and the conduct of the Business thereat complies in all material respects with all Applicable Laws; and
 - (v) Except for communications to certain landlords made after the commencement of the CCAA Proceedings, Sterling is not aware of any communications by Sterling made in the last 12 months to any Employees at any of the Lease Premises of any intention to cease operations at such Leased Premises;
- (k) Real Property Leases:
- (i) Each of the Real Property Leases is in good standing, creates a good and valid leasehold estate in the premises thereby demised and is in full force and effect, other than any default resulting from Sterling's commencement of the CCAA Proceedings, and to the knowledge of Sterling, no landlord is in breach of any covenants, conditions or obligations contained therein;
 - (ii) With respect to the Real Property Leases:
 - (1) there is no litigation or governmental proceeding commenced, or to the knowledge of Sterling pending or threatened in writing against Sterling with respect to the Real Property Leases or the premises demised thereunder other than proceedings commenced under the CCAA by Sterling;
 - (2) none of the Real Property Leases has been assigned nor has the whole or any part of the Leased Premises been sublet or licensed to another person by Sterling;
 - (3) (i) all rents and additional rents or other amounts payable under the Real Property Leases have been paid and there are no arrears of rents or other amounts required to be paid by Sterling pursuant to the Real Property Leases which are overdue or unpaid; (ii) no waiver, indulgence or postponement of the lessee's obligations has been granted by the lessor, and (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default under a Real Property Lease,

other than any default resulting from Sterling's insolvency or the commencement of the CCAA Proceedings;

- (4) all interests held by Sterling as lessee or occupant under the Real Property Leases are free and clear of all Encumbrances other than the Permitted Encumbrances;
 - (5) Sterling has provided or made available to the Purchaser a true and complete copy of all of the Real Property Leases and all amendments, extensions or additions thereto. There are no other agreements or understandings between the lessor and lessee, or sub-lessor and sublessee, or other relevant parties pertaining to the rights and obligations of the parties thereto or relating to the use and occupation of the property subject to any Real Property Lease; and
 - (6) except as permitted by the terms of the Real Property Leases, there has been no prepaid rent or security deposit or rent free periods with respect to any of the Real Property Leases;
- (l) Each partner of Sterling LP is not a non-resident of Canada within the meaning of the ITA;
- (m) except as previously disclosed by Sterling to the Purchaser, Sterling has paid all taxes which are due and payable by it to all applicable Governmental Authorities and has remitted all amounts that it withheld or collected on account of amounts that it was required by Applicable Law to have withheld or collected, including for all Canada Pension Plan contributions, provincial pension plan contributions, employment insurance premiums, employer health taxes, sales tax and any other taxes to the appropriate Governmental Authority within the time required under Applicable Law;
- (n) Compliance with Law:
- (i) No material regulatory approval or filing with, notice to, or waiver from any Governmental Authority (other than the Vesting Order, or, if applicable, the Assignment Order) is required to be obtained by Sterling: (i) in connection with the execution and delivery of, and performance by Sterling of its obligations under this Agreement or consummation of the Transaction; (ii) to transfer any and all rights and benefits thereunder to the Purchaser; or (iii) to permit the Purchaser to carry on the Business using the Assets after the Closing Time as such Business is currently carried on by Sterling.
 - (ii) The execution, performance and delivery of this Agreement does not, on the date hereof, and will not, on the date of Closing; (i) violate any existing and Applicable Law; (ii) violate any decree or judgment of any court or government authority; (iii) violate or conflict with any agreement

of which Sterling or Sterling LP is a party, save and except where the execution and delivery of this agreement requires the consent of the Court pursuant to the commencement of proceedings under the CCAA or requires the consent or approval of a party thereto; or (iv) violate or conflict with any provisions of the articles, by-laws or any resolutions of Sterling.

- (iii) Sterling is conducting and has at all times and in all material respects conducted the Business in compliance with all material applicable Laws (including the proceedings under the CCAA). Sterling is not, nor has it been: (i) in breach of or subject to any investigations (for which it has received notice), charges or convictions by any Governmental Authority pursuant to any applicable anti-bribery or anti-corruption Laws, or (ii) subject to any investigations (for which it has received notice), charges or convictions by any Governmental Authority pursuant to any money laundering or criminal Laws applicable to the Business.
- (o) Schedule M contains a list of all of the material Permits and Licenses which are necessary to conduct the Business as presently conducted and for the ownership, use and operation of the Assets.
- (p) Employees:
 - (i) Schedule G contains a true, correct and complete list of (i) all of the Employees relating to the Assets at the date hereof (and which list shall be updated for the Closing Date), specifying their position or title, annual salary and/or wages and entitlements under the LTIP, STIP and KEIP, date of hire, length of service, vacation entitlements, annual bonus and/or commission for the two most recent calendar years and their status as active or inactive (and, if inactive, whether long term disability, short term disability, maternity or paternity leave or other reason), and (iii) all other independent contractors who provided services to the Business with a value in excess of \$50,000 per person during either of the 2010 or 2011 calendar year, specifying the name of the independent contractor, type of services, work location, length of time services have been provided, and fees (including any commissions, royalties and bonuses) paid to such independent contractor during such calendar years.
 - (ii) There are no collective agreements in force with respect to the Employees. No Person holds bargaining rights with respect to any of the Employees, and to the knowledge of Sterling, no Person has applied to be certified as the bargaining agent of any Employees.
 - (iii) Schedule H contains a true, correct and complete list of all Benefit Plans. Complete copies of each Benefit Plan have been provided to the Purchaser.

- (iv) Sterling does not sponsor or participate in a registered or unregistered pension plan (whether defined benefit or defined contribution).

4.2 "As Is, Where Is"

Except as otherwise provided herein, the Assets shall be purchased by Purchaser on an "as is, where is" basis and without any representations or warranties, whether expressed, implied, statutory or otherwise in respect of the Assets.

4.3 Representations, Warranties and Acknowledgement(s) of the Purchaser

The Purchaser represents, warrants and acknowledges to Sterling as follows:

- (a) The Purchaser is a corporation or other legal entity duly incorporated, formed or organized and subsisting under the Laws of its jurisdiction of incorporation, formation or organization and has all the necessary corporate power and authority to enter into this Agreement and to carry out its obligations hereunder;
- (b) The Purchaser has good and sufficient power, authority and right to enter into and deliver this Agreement and to perform its obligations hereunder;
- (c) The execution and delivery of this Agreement by the Purchaser has been duly and validly authorized by all requisite corporate action on the part of the Purchaser, and no other corporate proceedings on the part of the Purchaser, and no shareholder, equity holder or committee votes, are necessary to authorize this Agreement or to consummate the transactions contemplated hereby;
- (d) This Agreement constitutes a valid and legally binding obligation of the Purchaser, enforceable in accordance with its terms;
- (e) Neither the entering into nor the delivery of this Agreement nor the completion of the transactions contemplated hereby by the Purchaser will result in a violation of:
 - (i) any of the provisions of the constating documents or by-laws of the Purchaser;
 - (ii) any agreement or other instrument to which the Purchaser is bound; or (iii) any Applicable Law;
- (f) No authorizations, consents or approvals of, or filing with or notice to, any Governmental Authority is required in connection with the execution, delivery or performance of this Agreement by the Purchaser;
- (g) The Purchaser is registered under Part IX of the ETA with registration number [REDACTED]; and
- (h) The Purchaser will have at the Closing Date funds sufficient to pay the Purchase Price.

4.4 Acknowledgement of Purchaser

The Purchaser hereby acknowledges and agrees that the appropriateness of the representations and warranties in this Article 4 related to the valuation of inventory for the period ended December 31, 2011 may be interpreted differently under GAAP than they may be interpreted by the Purchaser for the purposes of its valuation. For greater certainty no difference in opinion on the appropriateness of such provisions as between Sterling and the Purchaser (provided such opinions are supportable by GAAP) shall provide any basis for a claim by the Purchaser that there has been a breach of any representation provided by Sterling hereunder.

ARTICLE 5 - COVENANTS

5.1 Action Until the Closing Date

- (a) Sterling agrees that until the Closing, it shall not directly or indirectly, voluntarily or otherwise, sell, lease, sublease, dispose, encumber or otherwise transfer or distribute any of the Assets, or any interest therein, amend, alter, terminate, or waive any rights under or in respect of, any Contract without the consent of the Purchaser, or agree or commit to do any of the foregoing, other than transfers and dispositions, including the sale of Inventory, made in the ordinary course of the Business consistent with past practice or as otherwise required by order made by the Court.
- (b) Until the Closing, unless otherwise expressly authorized by the Purchaser in writing, such consent not to be unreasonably withheld or delayed, or as required by orders made by the Court, Sterling shall:
 - (i) subject to any proceeding or orders under the CCAA, carry on the Business in the ordinary course and in compliance with Applicable Laws, taking into account past practice, including by maintaining customary levels of Inventory in the ordinary course and consistent with past practice;
 - (ii) use commercially reasonable efforts to maintain the Assets in good state of repair and condition; and
- (c) (i) Except in accordance with the forecast sales and purchases set out in Sterling's Merchandise Plan for 2012 in the form previously provided to the Purchaser, as adjusted to reflect only those stores included in the Business (which Merchandise Plan may be subject to the reasonable amendments from time to time by the Purchaser with respect to the monthly % open-to-buy holdback), not enter into any commitments to acquire additional Inventory; and (ii) from the date that is three (3) Business Days from the date hereof, transfer any current or future season Inventory from any Leased Premises or the Head Office to any store location not being assumed by the Purchaser;
- (d) Sterling agrees to use commercially reasonable efforts to seek approval of the Vesting Order and Assignment Order on notice to all affected creditors.

5.2 Covenants of the Purchaser

- (a) The Purchaser will comply with the *Personal Information Protection and Electronic Documents Act* (Canada) in respect of the Books and Records, Contracts and any other business and financial records related to the Business.
- (b) The Purchaser will provide to Sterling copies of all filings or notices to any Governmental Authority relating to the transaction contemplated by the Agreement and will promptly notify Sterling of any material fact or circumstance that would prevent the Purchaser from satisfying the conditions precedent set out in this Agreement.

5.3 Employment and Transition Matters

- (a) Transferred Employees

Prior to the Closing Date, the Purchaser shall make offers of employment to the Employees set forth on Schedule N, with any such Employees accepting such offers being the Transferred Employees. The Purchaser's offers of employment shall be on substantially similar terms and conditions in the aggregate between such Employees and Sterling (including in respect of the STIP but excluding the KEIP, LTIP, and Sterling's stock option plan), as indicated on Schedule N, effective from and after the Closing Date and conditional upon the Closing of the Transaction.

- (b) Severance of Certain Employees

Immediately prior to the Closing Date, Sterling shall terminate the employment and any Employment Agreements of the Employees set forth on Schedule O hereto and Sterling shall be solely responsible for any payments, including severance payments, in respect of or to the extent of such termination and shall provide notice of same to such terminated Employees. The Purchaser shall be entitled, in its sole discretion, but not required to, enter into employment or consulting arrangements with any such terminated Employees.

- (c) Transition Services

- (i) Transition Services to be Provided in Transition Period.

From and after the Closing Date until one-hundred and thirty five (135) days following the Closing Date (the "Transition Period") Sterling shall: (i) not terminate, or seek to terminate, the employment of or any Employment Agreements relating to [REDACTED] (the "Transition Employees"); (ii) subject to any reduction in amounts payable thereunder as a result of the CCAA Proceedings observe and comply (a) with the Employment Agreements of such Transition Employees and (b) in all material respects with any and all Applicable Laws relating to such Transition Employees; (iii) to the extent that they remain in Sterling's employment, make available Transition Employees to provide the Purchaser with the same services such Transition Employees provided Sterling in respect of the Business prior to the Closing Date; (iv) permit the Transition Employees and any Transferred Employee to conduct their work for the Purchaser at the Head Office, and comply with all obligations under

the Head Office Lease and not disclaim such lease during the Transition Period; and (v) provide to the Purchaser the benefits of and under the Transition Contracts in respect of the stores located at the Leased Premises and not disclaim any of the Transition Contracts in the Transition Period;

(ii) Obligations in Respect of Transition Services and Transition Employees.

During the Transition Period, the Purchaser shall reimburse Sterling for all amounts paid, or benefits provided, to the Transition Employees during the Transition Period by Sterling under the terms of their employment, as listed on the Employee Schedule G hereto, other than (i) any amounts that may be paid to such Transition Employees in respect of the Benefit Plans, set out on Schedule H and (ii) for greater certainty, any severance amounts that may be payable by Sterling during the Transition Period to the Transition Employees (and accruals in respect thereof prior to the Transition Period). In addition, subject to approval of the Court as part of the CCAA Proceedings (such approval to be brought by Sterling concurrently with the Vesting Order), the Purchaser shall on the Closing Date:

- (a) in respect of [REDACTED], pay to the Monitor, in trust, [REDACTED] in respect of Sterling making [REDACTED] available to provide services on behalf of Sterling to the Purchaser. The Monitor shall release such [REDACTED] to Sterling only if [REDACTED] is an Employee on [REDACTED]. In the event that [REDACTED] is not an Employee on [REDACTED], the Monitor shall forthwith return such [REDACTED] to the Purchaser and Sterling shall have no obligation to make such payment to [REDACTED] and [REDACTED] shall have no claim against Sterling or any other party in respect thereof; and
- (b) in respect of [REDACTED], pay to the Monitor, in trust, [REDACTED] in respect of Sterling making [REDACTED] available to provide services on behalf of Sterling to the Purchaser. The Monitor shall release such [REDACTED] to Sterling only if [REDACTED] is an Employee on [REDACTED]. In the event that [REDACTED] is not an Employee on [REDACTED], the Monitor shall forthwith return such [REDACTED] to the Purchaser and Sterling shall have no obligation to make such payment to [REDACTED] and [REDACTED] shall have no claim against Sterling or any other party in respect thereof.

For greater certainty, the Transition Employees shall not be, nor be deemed to be employees of the Purchaser, nor Transferred Employees nor shall the Purchaser be responsible for any other payments or expense reimbursements under this section. The Purchaser shall not be, or be deemed to be, the employer, or successor employer, of the Transition Employees and shall have no obligation or liability in respect of any Transition Employee, including in respect of any salary or compensation owing or accruing to such Employee, any source deductions or similar amounts payable to the Crown with respect to such Employee, or in respect of the Benefit Plans. The Purchaser shall reimburse Sterling for all costs under the Transition Contracts determined by the Purchaser and Sterling, acting reasonably, to be allocable to the Leased Premises during the Transition Period.

[REDACTED]

(d) Benefit Plans

For greater certainty, the Purchaser will not be continuing, or have any obligations or liabilities in respect of, any of Sterling's Benefit Plans.

5.4 Cooperation on Tax Matters

Sterling and the Purchaser will furnish or cause to be furnished to each other, at the expense of the requesting Party, as promptly as practicable, such information and assistance, and provide additional information and explanations of any material provided, relating to the Assets as is reasonably necessary for the filing of any tax returns, for the preparation of any audit, and for the prosecution or defence of any claim, suit or proceeding relating to any adjustment or proposed adjustment with respect to taxes.

5.5 Public Announcements

Each of the Parties hereto agrees that no public press release or announcement concerning the transactions contemplated hereby shall be issued by any Party without the prior written consent of the Purchaser and Sterling (which consent shall not be unreasonably withheld or delayed), except as such release or announcement may be required by Applicable Law or by any applicable Governmental Authority to which the relevant Party is subject, in which case the Party required to make the release or announcement shall use commercially reasonable efforts to allow each other Party reasonable time to comment on such release or announcement in advance of such issuance.

5.6 Sale of Non-Purchased Inventory and Equipment

- (a) Immediately upon Closing and without the requirement for further notice or action by any party hereto, Sterling shall be entitled to the non-exclusive license to the use of the Trademarks without modification in the ordinary course of Sterling's business for all leased premises that are not Leased Premises, until Sterling has completed the Non-Purchased Inventory and Equipment Sale. Such license shall automatically terminate on the earlier of (i) 90 days after the Closing and (ii) the completion of the Non-Purchased Inventory and Equipment Sale (the earlier of (i) and (ii) being the "**Inventory Sale Completion Date**"), at which time Sterling shall cease to use the Trademarks and shall return to the Purchaser all documentation reflecting the Trademarks and the Purchaser shall have no further obligations under this section 5.6 other than as expressly set forth in section 5.6(b). During the Non-Purchased Inventory Sale, Sterling shall conduct its operations and use the Trademarks substantially in accordance with the Sales

Guidelines attached hereto as Schedule J and shall not be entitled to transfer or assign the Trademarks or to grant to any other person any right to use the Trademarks and shall obtain the consent of the Purchaser, such consent not to be unreasonably withheld or delayed, before engaging in any mass media advertising involving the Trademarks intended to reach over 100,000 individuals in one or more campaigns. Sterling agrees that all goodwill arising in connection with Sterling's use of the Trademarks hereunder shall inure solely to the benefit of, and is assigned to, the Purchaser. For greater certainty, notwithstanding the foregoing, Sterling may, by itself or through agents, undertake liquidation sales, provided such sales are conducted in accordance with the Sales Guidelines.

- (b) The Purchaser shall, provided all of the Purchaser's out-of-pocket expenses (which for greater certainty shall not include any expenses of the Purchaser in respect of any employees of the Purchaser, including the Transferred Employees or any payments pursuant to consulting or other arrangements with the individuals on Schedule O hereto) are reimbursed by Sterling, within five (5) Business Days of receipt of an invoice from the Purchaser, for a period from Closing until the date that is 45 days after the Inventory Sale Completion Date (the "**Back Office Support Period**"), provide customary back office processing of sales, inventory control (including banking support) and IT support for the liquidation of the inventory and wind-up of the business relating to at any leased premises of Sterling that are not included in the Leased Premises. To the extent such information is generally available to the Purchaser, the Purchaser shall provide Sterling with daily interfaces of sales and inventory information (and related banking records) for inventory in a format consistent with Sterling's existing systems. In addition, for a period from the Closing until the date that is 45 days after the Inventory Sale Completion Date, provide to Sterling, to the extent such information is generally available to the Purchaser (i) payroll services for all employees who have not been assumed by the Purchaser; and (ii) information tracking all sales of inventory from any leased premises of Sterling that are not included in the Leased Premises. For greater certainty, the Purchaser shall not be required to pay any fee, cost, payroll expense, or other expense, on behalf of Sterling unless the Purchaser has possession of sufficient Cash or Non-Business Cash or other monies provided by Sterling, to pay any such fee, cost, payroll expense, or other expense, on behalf of Sterling, and Sterling and the Monitor requests in writing that such payment to be made. Sterling shall reimburse the Purchaser for all of the Purchaser's reasonable out-of-pocket expenses incurred in connection with the matters dealt with under this 5.6(b) and 5.6(c) within five (5) Business Days of receipt of an invoice from the Purchaser. In the event that the Purchaser is unable to agree to a satisfactory short term lease arrangement with the landlord under the Head Office Lease on or before the Closing Date, Sterling shall make available to the Purchaser, at no cost to the Purchaser, the Head Office from the Closing Date to 45 days after the expiry of the Back Office Support Period.
- (c) The Purchaser shall account for all funds received into the Bank Accounts following Closing that do not arise from or relate to the Business (the "**Non-**

Business Cash”), and shall hold such funds in trust for Sterling. The Parties agree that any Cash and Non-Business Cash in the Bank Accounts shall remain property of Sterling in all respects. The Purchaser shall provide an accounting and reimbursement of all Cash and Non-Business Cash in the Bank Accounts as soon as reasonably practicable following a request from Sterling. The Purchaser’s obligations under this section 5.6(c) shall terminate on the expiry of the Back Office Support Period, upon which, the Purchaser shall provide Sterling with a final accounting and reimbursement in respect of any Cash and Non-Business Cash in the Bank Accounts as soon as reasonably practicable following such termination.

5.7 Access to Delivery of Information; Maintenance of Records

- (a) Between the Closing Date and the earlier of: (x) the completed liquidation of Sterling, and (ii) two years from the date of this Agreement, the Purchaser and the Purchaser’s Representative shall retain and provide reasonable access to Sterling, the Monitor, any trustee of the bankruptcy estate of Sterling and/or any receiver of the assets and business of Sterling the Books and Records, including all information pertaining to the Assets, in the possession of the Purchaser to the extent that (i) such Books and Records relate to any period prior to the Closing Date; and (ii) such access is reasonably required by Sterling or its Representatives or the Monitor, any trustee of the bankruptcy estate of Sterling and/or any receiver of the assets and business of Sterling in connection with the Excluded Liabilities, Excluded Assets, the liquidation of inventory and the wind-up of the business of Sterling following the Closing, any filings required in connection with the CCAA Proceedings or any similar proceeding, and as required by the Monitor, any trustee of the bankruptcy estate of Sterling and/or any receiver of the assets and business of Sterling in relation to the performance of such party’s statutory, court-ordered or other duties. Such access shall be afforded to the aforementioned persons upon receipt of advance reasonable notice and during normal business hours, and the Purchaser shall permit such persons to make such copies of such Books and Records as they reasonably request at Sterling or such person’s expense.
- (b) Between the Closing Date and the earlier of: (x) the completed liquidation of Sterling, and (y) two years from the date of this Agreement, the Purchaser shall, to the extent within its control, acting reasonably, provide reasonable access, and the assistance of, the employees of the Purchaser, and to the assets, software and systems of the Purchaser and its Affiliates, in connection with the winding down of any remaining business and assets of Sterling, the dissolution or liquidation of Sterling, and the performance of the obligations of Sterling hereunder and the Purchaser and its Representatives shall cooperate, to the extent reasonably requested therewith; provided that if any of the persons mentioned in 5.7(a), above requests assistance above and beyond that contemplated in this Section 5.7 (e.g. as to the incurrence by the Purchaser of out-of-pocket expenses), the Purchaser will cooperate reasonably with such person subject to such person’s reimbursement of such actual out-of-pocket expenses.

The obligations under this Section 5.7 shall survive the closing of the Transaction in accordance with Section 7.6.

5.8 Bulk Sales Compliance

Sterling shall use its commercially reasonable efforts to obtain prior to the Closing Date any clearance certificates required pursuant to applicable provincial sales tax legislation which indicate that Sterling has paid all taxes collectible or payable, or in the case of British Columbia, all taxes collected on or prior to the Closing Date (the "Clearance Certificates").

ARTICLE 6 - CONDITIONS

6.1 Conditions for the Benefit of the Purchaser

- (a) The sale by Sterling and the purchase by the Purchaser of the Assets is subject to the following conditions, which are for the exclusive benefit of the Purchaser and which are to be performed or complied with at or prior to the Closing Time:
 - (i) the representations and warranties of Sterling set forth in Section 4.1 will be true and correct at the Closing Time with the same force and effect as if made at and as of such time;
 - (ii) Sterling will have performed or complied with all of the terms, covenants and conditions of this Agreement to be performed or complied with by Sterling at or prior to the Closing Time;
 - (iii) all stays of proceedings contained in the Initial Order shall have remained in effect as at the Closing Time;
 - (iv) after December 31, 2011 and before the Closing Time, other than as disclosed by Sterling to the Purchaser prior to the execution of this Agreement, there shall not have occurred any Material Adverse Change;
 - (v) Sterling will have delivered or caused to be delivered to the Purchaser each of the items listed in Section 3.4;
 - (vi) no order shall have been issued which restrains or prohibits the completion of the purchase and sale of the Assets contemplated herein;
 - (vii) all necessary consents or approvals of any Governmental Authority to the Transaction shall have been obtained;
 - (viii) the Vesting Order will have been granted by the Court and such order will have become a Final Order; and
 - (ix) the Assignment Order will have been granted by the Court and such order will have become a Final Order.

- (b) If any condition in Section 6.1(a) has not been fulfilled at or before the Closing Time, then the Purchaser in its sole discretion may either:
 - (i) terminate this Agreement by notice to Sterling, in which event the Purchaser and Sterling shall be released from its obligations under this Agreement to complete the purchase of the Assets and neither Party shall have liability to the other for failure to complete the purchase of the Assets; or
 - (ii) waive compliance with any such condition without prejudice to its right of termination in the event of non fulfilment of any other condition.
- (c) If the conditions set out in this Section 6.1 are not satisfied, performed or waived on or before the Termination Date, the Purchaser shall have the option to terminate this Agreement upon the written notice to Sterling.

6.2 Conditions for the Benefit of Sterling

- (a) The sale by Sterling and the purchase by the Purchaser of the Assets is subject to the following conditions, which are for the exclusive benefit of Sterling and which are to be performed or complied with at or prior to the Closing Time:
 - (i) the representations and warranties of the Purchaser set forth in Section 4.3 will be true and correct at the Closing Time with the same force and effect as if made at and as of such time;
 - (ii) the Purchaser will have performed or complied with all of the terms, covenants and conditions of this Agreement to be performed or complied with by the Purchaser at or prior to the Closing Time;
 - (iii) the Purchaser will have delivered or caused to be delivered to Sterling each of the items listed in Section 3.5;
 - (iv) no order shall have been issued which restrains or prohibits the completion of the purchase and sale of the Assets contemplated herein;
 - (v) the Vesting Order will have been granted by the Court and such order will not have been stayed, varied or set aside; and
 - (vi) the Assignment Order will have been granted by the Court and such order will not have been stayed, varied or set aside.
- (b) If any condition in Section 6.2(a) shall not have been fulfilled at or before the Closing Time, then Sterling in its sole discretion may, without limiting any rights or remedies available to Sterling at law or in equity, either:
 - (i) terminate this Agreement by notice to the Purchaser in which event Sterling shall be released from all obligations under this Agreement; or

- (ii) waive compliance with any such condition without prejudice to its right of termination in the event of non fulfilment of any other condition.
- (c) If the conditions set out in this Section 6.2 are not satisfied, performed or waived on or before the Termination Date, Sterling shall have the option to terminate this Agreement upon the written notice to the Purchaser.

ARTICLE 7 - INDEMNIFICATION

7.1 Sterling to Indemnify Purchaser

From the Closing Time until the Adjustment Date, the Purchaser shall be held harmless and indemnified out of the Escrow Account from and against any losses and Claims to the extent such losses and Claims arise out of or result from:

- (a) the breach of any representation or warranty made by Sterling in this Agreement;
- (b) any failure by Sterling to perform any of the covenants in this Agreement; and
- (c) any Excluded Liabilities,

provided, however, in the case of paragraphs (a) and (b) above, the Purchaser shall not be entitled to seek indemnification out of the Escrow Account unless and until the aggregate of all amounts in respect of which indemnification is sought is at least \$50,000.

Subject to Section 7.2, if no claim has been made by the Purchaser under this Section 7.1 on or before the Adjustment Date, the Parties hereby irrevocably authorize and direct the Monitor to release the Escrow Amount to Sterling.

7.2 Extended Adjustment Date

- (a) If Sterling has not obtained one or more of the Clearance Certificates from a Governmental Authority on or prior to the Adjustment Date, the Parties shall use good faith best efforts to agree upon amounts that may be retained from the Escrow Amount in respect of provincial sales taxes, interest and penalties that may be assessed against Sterling or the Purchaser by the relevant Governmental Authority relating to the period during which the Business was operated by Sterling (a "Retained Escrow Amount"). A Retained Escrow Amount shall be retained by the Escrow Agent and the Parties hereby irrevocably authorize and direct the Monitor to release the balance of the Escrow Amount in excess of the aggregate of the Retained Escrow Amounts to Sterling. Following the Adjustment Date and upon receipt of any Clearance Certificate which was outstanding on the Adjustment Date, the Parties hereby irrevocably authorize and direct the Monitor to release that portion of any remaining related Retained Escrow Amount. If the Purchaser is assessed by a Governmental Authority for provincial sales taxes, the Parties hereby irrevocably authorize and direct the Monitor to release an amount from, and only to the extent of, the remaining related Retained Escrow Amount to the Purchaser, in order to cover the

assessment. If by two years following the Closing Date no Governmental Authority has assessed provincial sales taxes that relate to a Retained Escrow Amount against the Parties, the Parties hereby irrevocably authorize and direct the Monitor to release the remaining related Retained Escrow Amount to Sterling.

7.3 Limitations on Indemnification by Sterling

Except as otherwise provided in Section 7.4, (i) the Purchaser shall not be entitled to any indemnification under this Article 7 - for any losses or Claims (individually or in the aggregate) in excess of the amount of the Escrow Amount, and the right to recover for such indemnifiable losses shall be limited solely to funds in the Escrow Account and (ii) subject to Section 7.2, all claims for indemnification by the Purchaser shall be made on or before the Adjustment Date, notwithstanding that payment on account of any claims made pursuant to this Article 7 - may occur after the Adjustment Date in accordance with Section 2.5 hereof.

7.4 Indemnification – Section 5.6(b)

Until the date that is fifteen (15) days after the expiry of the Back Office Support Period, and, for greater certainty, subject to the Closing having occurred, Sterling shall indemnify and hold the Purchaser harmless from and against any losses and Claims to the extent such losses and Claims arise out of or result from a breach by Sterling of its obligations under Section 5.6(b); provided however, that the maximum amount recoverable by the Purchaser from Sterling in respect of a breach by Sterling pursuant to Section 5.6(b) shall be \$500,000.

7.5 Purchaser to Indemnify Sterling

- (a) From the Closing Time until the Adjustment Date (the “**Primary Indemnification Period**”), and, for greater certainty, subject to the Closing having occurred, the Purchaser shall indemnify and hold Sterling harmless from and against any losses and Claims to the extent such losses and Claims arise out of or result from:

- (i) the breach of any representation or warranty made by the Purchaser in this Agreement; and
- (ii) any failure by the Purchaser to perform any of the covenants in this Agreement;

provided, that Sterling shall not be entitled to seek indemnification unless and until the aggregate of all amounts in respect of which indemnification is sought is at least \$50,000 and the maximum amount recoverable by Sterling from the Purchaser pursuant to this Section 7.5(a) shall be an amount equal to the sum of (i) \$3 million, (ii) any amount required to be paid, but not paid, by the Purchaser under Section 5.3(c)(ii) during the Primary Indemnification Period, and (iii) the amount of any Cash or Non-Business Cash required to be reimbursed, but not reimbursed, to Sterling in the Primary Indemnification Period (such sum being the “**Primary Indemnification Amount**”). All Claims for indemnification by Sterling pursuant to this Section 7.5(a) shall be made on or before the Adjustment

Date. For greater certainty, Sterling shall not be entitled to any indemnification under this Section 7.5(a) for any losses or Claims (individually or in the aggregate) arising or accruing in the Primary Indemnification Period in excess of the amount of the Primary Indemnification Amount

- (b) From the Adjustment Date until the date that is fifteen (15) days after the expiry of the Back Office Support Period (the "**Subsequent Indemnification Period**"), and, for greater certainty, subject to the Closing having occurred, the Purchaser shall indemnify and hold Sterling harmless from and against any losses and Claims to the extent such losses and Claims arise out of or result from, and to the extent of: (i) any amount required to be paid, but not paid, by the Purchaser under section 5.3(c)(ii) during the Subsequent Indemnification Period, (ii) any losses and Claims to the extent such losses and Claims arise out of or result from a breach by the Purchaser of its obligations under Section 5.6(b); provided however, that the maximum amount recoverable after the Primary Indemnification Period by Sterling from the Purchaser in respect of a breach by the Purchaser Section 5.6(b) during the Subsequent Indemnification Period shall be \$500,000; (iii) the amount of any Cash or Non-Business Cash required to be reimbursed, but not reimbursed, to Sterling in the Subsequent Indemnification Period (the sum of (i), \$500,000 and (iii) being the "**Subsequent Indemnification Amount**"). All Claims for indemnification by Sterling pursuant to this Section 7.5(b) shall be made on or before the expiry of the Subsequent Indemnification Period. For greater certainty, Sterling shall not be entitled to any indemnification under this section 7.5(b) for any losses or Claims (individually or in the aggregate) arising or accruing in the Subsequent Indemnification Period in excess of the amount of the Subsequent Indemnification Amount.

7.6 Survival

For greater certainty, none of the representations and warranties of the parties contained herein shall survive the Adjustment Date, and no party hereto shall be entitled to make any claim or initiate any action against any other party with respect to any such representation or warranty after the Adjustment Date. Other than those covenants and agreements contained herein that by their terms apply after the Adjustment Date, or that are to be performed in whole or in part after the Adjustment Date, no covenants or agreements contained herein shall survive the Adjustment Date.

7.7 Claims

Notwithstanding any other provision of this Agreement, the Parties agree that this Article 7 - sets out the sole and exclusive manner by which, and basis under which, any Party to this Agreement may seek monetary compensation from any other Party to this Agreement.

7.8 Adjustment for Tax Purposes

The Parties agree that they shall treat any payment made under this Article 7 - as an adjustment to the Purchase Price for all tax purposes.

ARTICLE 8 - GENERAL

8.1 Further Assurances

The Parties will execute all other documents and instruments and do all other things necessary to implement and carry out the terms of this Agreement. Without limiting the generality of the foregoing, each Party agrees to cooperate with each other Party and to use commercially reasonable efforts to take, or cause to be taken, all appropriate action and to do, or cause to be done, all things necessary, proper or advisable under Applicable Law or otherwise in order to consummate and make effective the Transaction, including without limitation (i) the filing and submission of any information required by the Court, the Monitor or any Governmental Authority; and (ii) defending all lawsuits or other legal, regulatory or other proceedings against Sterling or the Purchaser challenging or affecting this Agreement, the transactions contemplated herein or the issuance or entering of the Vesting Order.

8.2 Time of the Essence

Time is of the essence of this Agreement.

8.3 Modifications

This Agreement may not be modified or amended except by an instrument in writing signed by the Parties hereto or their respective successors or permitted assigns.

8.4 Severability

Should any part of this Agreement be declared or held to be invalid for any reason, the invalidity will not affect the validity of the remainder of this Agreement which will continue in full force and effect and be construed as if this Agreement had been executed without the invalid portion and it is hereby declared the intention of the Parties that this Agreement would have been executed without reference to any portion that may, for any reason, be hereafter declared or held invalid.

8.5 Governing Law

This Agreement will be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable in British Columbia.

8.6 Entire Agreement

This Agreement constitutes the entire agreement between the parties and supersedes all previous communications, representations and agreements, whether verbal or written, between the parties with respect to the subject matter of this Agreement.

8.7 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by fax or e-mail; addressed in the case of the Purchaser, as follows:

Town Shoes Limited

Attention: Peter Gerhardt, Chief Financial Officer
Telephone Number: 416-365-5011
Fax No.: 416-638-2451
Email: pgerhardt@townshoes.com

[REDACTED]

Attention: [REDACTED]
Telephone Number: [REDACTED]
Fax No.: [REDACTED]

with a copy to: Torys LLP

Attention: Scott Bomhof and Michael Akkawi
Telephone Number: 416-865-7370 / 416-865-8122
Fax No.: 416-865-7380
E-mail: sbomhof@torys.com / makkawi@torys.com

and in the case of Sterling, as follows:

Attention: Dave Alves
Telephone Number: 604-270-6114
Fax No.: 604-278-7751
E-mail: dave.alves@sterlingshoes.com

with a copy to: Blake, Cassels & Graydon LLP

Attention: Kathleen Keilty
Telephone Number: 604-631-3318
Fax No.: 604-631-3309
E-mail: kathleen.keilty@blakes.com

and in the case of the Monitor, as follows:

Attention: Todd Martin
Telephone Number: 604-638-7445
Fax No.: 604-638-7441
E-mail: tmartin@alvarezandmarsal.com

with a copy to: Fasken Martineau DuMoulin LLP

Attention: Kibben Jackson
Telephone Number: 604-631-4786
Fax No.: 604-632-4786
E-mail: kjackson@fasken.com

8.8 Enurement

This Agreement will be binding upon and enure to the benefit of the parties to this Agreement and their respective successors and permitted assigns.

8.9 Assignment

Except as provided in this Section 8.9, neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Party.

Upon the Purchaser giving notice to Sterling, the Purchaser is entitled to assign this Agreement or any or all of its rights and/or obligations under this Agreement (i) to its lenders as security, and (ii) to any Affiliate of the Purchaser, subject to the following two conditions in respect of an assignment under (ii):

- (a) the assignee will become jointly and severally liable with the Purchaser, as a principal and not as a surety, with respect to all of the obligations of the Purchaser, including the representations, warranties, covenants, indemnities and agreements of the Purchaser; and
- (b) the assignee must execute an agreement confirming the assignment and the assumption by the assignee of all obligations of the Purchaser under this Agreement.

Notwithstanding the foregoing, Sterling hereby consents to: (a) the assignment by way of security by the Purchaser of all of the Purchaser's rights under this Agreement to the Bank of Montreal, in its capacity as administrative agent (together with its successors and assigns, the "Administrative Agent") under the Credit Agreement for and on behalf of itself and the lenders under the Credit Agreement (the "Purchaser's Lenders") and (b) the assignment by the Purchaser of all of its rights and obligations under this Agreement to the Administrative Agent and the Purchaser's Lenders or one or more third parties upon exercise by the Administrative Agent of its rights in respect of the assignment by way of security of this Agreement. Sterling hereby acknowledges and agrees that notwithstanding that the Administrative Agent is not a party to this Agreement it shall have all contractual rights with respect to this Section 8.9 as if it were a contracting signatory hereto and that no amendments can be made to this Section 8.9 without first obtaining the written consent of the Administrative Agent.

8.10 Counterparts

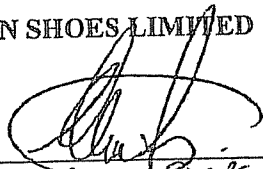
This Agreement may be executed in any number of counterparts, each of which when executed and delivered (by facsimile, email, or otherwise) will be deemed to be an original, and all of which together will constitute one and the same document.

8.11 Costs and Fees

Each of the parties shall bear its own costs (including legal and/or accounting fees) in relation to the preparation and execution of this Agreement and all documents ancillary to it, and Purchaser shall have no obligation to pay any fees or other amounts owing by Sterling to any third parties or agents (including Alvarez & Marsal Canada Inc.) in connection with the sale of the Assets by Sterling to the Purchaser.

IN WITNESS WHEREOF the parties have executed this Agreement on the day and year first above written.

TOWN SHOES LIMITED

By:  c/s
Name: Alan Simpson
Title: CEO

STERLING SHOES GP INC., in its capacity as general
partner of STERLING SHOES LIMITED PARTNERSHIP

By: _____ c/s
Name:
Title:

ALVAREZ & MARSAL CANADA INC.

By: _____ c/s
Name:
Title:

8.10 Counterparts

This Agreement may be executed in any number of counterparts, each of which when executed and delivered (by facsimile, email, or otherwise) will be deemed to be an original, and all of which together will constitute one and the same document.

8.11 Costs and Fees

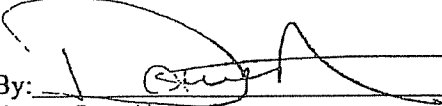
Each of the parties shall bear its own costs (including legal and/or accounting fees) in relation to the preparation and execution of this Agreement and all documents ancillary to it, and Purchaser shall have no obligation to pay any fees or other amounts owing by Sterling to any third parties or agents (including Alvarez & Marsal Canada Inc.) in connection with the sale of the Assets by Sterling to the Purchaser.

IN WITNESS WHEREOF the parties have executed this Agreement on the day and year first above written.

TOWN SHOES LIMITED

By: _____ c/s
Name:
Title:

**STERLING SHOES GP INC., in its capacity as general
partner of STERLING SHOES LIMITED PARTNERSHIP**

By:  _____ c/s
Name: Dave Alves
Title: Chief Executive Officer

ALVAREZ & MARSAL CANADA INC.

By: _____ c/s
Name:
Title:

8.10 Counterparts

This Agreement may be executed in any number of counterparts, each of which when executed and delivered (by facsimile, email, or otherwise) will be deemed to be an original, and all of which together will constitute one and the same document.

8.11 Costs and Fees

Each of the parties shall bear its own costs (including legal and/or accounting fees) in relation to the preparation and execution of this Agreement and all documents ancillary to it, and Purchaser shall have no obligation to pay any fees or other amounts owing by Sterling to any third parties or agents (including Alvarez & Marsal Canada Inc.) in connection with the sale of the Assets by Sterling to the Purchaser.

IN WITNESS WHEREOF the parties have executed this Agreement on the day and year first above written.

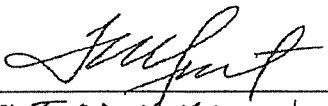
TOWN SHOES LIMITED

By: _____ c/s
Name:
Title:

STERLING SHOES GP INC., in its capacity as general
partner of STERLING SHOES LIMITED PARTNERSHIP

By: _____ c/s
Name: Dave Alves
Title: Chief Executive Officer

ALVAREZ & MARSAL CANADA INC.

By:  _____ c/s
Name: TODD M. MARTIN
Title: SENIOR VICE PRESIDENT

SCHEDULE A

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.

Real Property Leases

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
49	Freedman		Allgir Holdings Ltd.	2171 West 41 st Avenue	Vancouver, BC V6M 1Z6	March 8, 2004, as assigned by an agreement dated June 5, 2005
87	Freedman	Coquitlam Centre	Morguard	2300 – 2929 Barnet Highway	Coquitlam, BC V3B 5R5	March 26, 2003, as assigned by an agreement dated June 6, 2005 and a consent to assignment agreement dated June 14, 2005
88	Freedman			2867 Granville Street	Vancouver, BC V6H 3J4	May 1, 1997, as assumed by agreements dated June 6, 2005 and April 20, 2007 and amended by an agreement dated April 20, 2007
19	Sterling	Orchard Park Shopping Centre	Oxford Properties	Unit 1161 – 2271 Harvey Avenue	Kelowna, BC V1Y 6H2	January 31, 2001, as assumed by an agreement dated June 15, 2005 and amended by an agreement dated April 20, 2006
24	Sterling	Coquitlam Centre	Morguard	Unit 2714 – 2929 Barnet Highway	Coquitlam, BC V3B 5R5	September 14, 2001, as assigned by an agreement dated June 6, 2005 and consent to assignment dated June 14, 2003
29	Sterling	Metropolis at Metrotown (formerly Eaton Centre)	Ivanhoe Cambridge	Unit 200 – 4820 Kingsway	Burnaby, BC V5H 4P1	September 9, 2003 as amended by an agreement dated September 1, 2004, assigned by an agreement dated June 6, 2005 and a consent to assignment dated June 29, 2005 and amended by agreements dated November 19, 2009 and December 13, 2011

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
30	Sterling	Mayfair Shopping Centre	Ivanhoe Cambridge	Unit 661 – 3147 Douglas Street	Victoria, BC V8Z 6E3	May 12, 2003, as assigned by an agreement dated June 6, 2005 and landlord's consent dated June 29, 2005, and amended by agreements dated December 15, 2010 and December 15, 2011
46	Sterling	Bower Place Mall	Sterling Vanreal	Unit 176 – 4900 Molly Banister Drive	Red Deer, AB T4R 1N9	April 22, 2004, as assigned by an agreement dated June 6, 2005 and amended by an agreement dated October 26, 2010
57	Sterling	Seven Oaks Shopping Centre	Morguard	Unit 304 – 32900 South Fraser Way	Abbotsford, BC V2S 5A1	April 17, 2003, as assigned by an agreement dated June 6, 2005 and a consent to assignment agreement dated June 14, 2005
59	Sterling	Willowbrook Shopping Centre	Bentall Retail	Unit 453 – 19705 Fraser Highway	Langley, BC V3A 7E9	April 30, 2010 as amended by an agreement dated January 1, 2012
63	Sterling	Kingsway Garden Mall	Oxford Properties	Unit 697 – 109 th Street & Princess Elizabeth Avenue	Edmonton, AB T5G 3A6	June 28, 2001, as assigned by an agreement dated June 6, 2005 and amended by an agreement dated May 23, 2006
64	Sterling	West Edmonton Mall		Phase 2, Unit 1157 – 8882 170 th Street	Edmonton, AB T5T 4J2	March 22, 1990, as amended by agreements dated March 25, 1994, February 8, 1996, July 16, 2004, assumed by an agreement dated June 6, 2005, and amended by an agreement dated April 3, 2009
65	Sterling	Prairie Mall	Morguard	Unit 278 – 11801 100 th Street	Grande Prairie, AB T8V 3Y2	January 31, 2006

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
81	Sterling	Sherwood Park Mall		Unit #47 – 2020 Sherwood Drive	Sherwood Park T8A 3H9	June 10, 2009
101	Sterling	Kildonan Place	RioCan	Unit T40 – 1555 Regent Avenue West	Winnipeg, MB R2C 4J2	December 7, 2004, as assigned by an agreement dated June 6, 2005 and a consent to assignment dated June 29, 2005, and amended by an agreement dated November 9, 2010
104	Sterling	Midtown Plaza	Oxford Properties	Unit T209D – 201 1 st Avenue South	Saskatoon, SK S7K 1J9	May 10, 2005, as assigned by an agreement dated June 27, 2005
2	SW	Mission Hills	Prospero	Unit 210, 32530 Lougheed Highway	Mission, BC V2V 1A5	September 10, 2010
3	SW			3010 West Broadway	Vancouver, BC V6K 2H1	April 27, 2009, as amended by an agreement dated January 11, 2012
5	SW	Scottsdale Centre	Redcliff	7109 – 120 th Street	Delta, BC V4E 2A4	October 10, 2003, as assigned by an agreement dated June 6, 2005 and amended by a letter agreement dated December 15, 2011
7	SW	Cottonwood Mall	Morguard	Unit 212 – 45585 Luckakuck Way	Chilliwack, BC V2R 1A1	March 26, 2003, as assigned by an agreement dated June 6, 2005 and a consent to assignment dated June 29, 2005 and amended by an agreement dated July 14, 2010, as amended by an agreement dated August 16, 2010
10	SW	Trenant Park Square	Highland West	Unit 5225B – Ladner Trunk Road	Delta, BC V4K 1W4	July 6, 2007
11	SW	Westgate Centre Bldg. H	Bentall Retail	Unit 110 – 20398 Dewdney Trunk Road	Maple Ridge, BC V2X 3C9	November 21, 2005 as amended by letter agreement dated December 18, 2006

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
14	SW	Lansdowne Park Shopping Centre		Unit 208 – 5300 No. 3 Road	Richmond, BC V6X 2X9	July 14, 1998 as amended by an agreement dated February 1, 2004, assigned by an agreement dated June 6, 2005, and further amended by agreements dated July 8, 2008, November 3, 2009 and December 9, 2011 and January 5, 2011
15	SW	Spall Plaza	Warrington PCI	Unit 100 - 2010 Harvey Avenue	Kelowna, BC V1Y 8J8	April 9, 1996 as amended by an agreement dated May 31, 2004 and assigned by an agreement dated June 6, 2005
16	SW	Cherry Lane Shopping Centre	Grosvenor	Unit 205 – 2111 Main Street	Penticton, BC V2A 6W6	March 1, 2010
18	SW	Vernon Square Shopping Centre	RioCan	Unit D410 – 4400 - 32nd Street	Vernon, BC V1T 9H2	August 1, 2001 as assumed by an agreement dated July 13, 2005 and amended by an agreement dated June 25, 2007 and November 25, 2003
20	SW	Pine Centre	Redcliff	Unit 119A – 3117 Massey Drive	Prince George, BC V2N 2S9	April 3, 2008
21	SW	Willowbrook Shopping Centre	Bentall Retail	Unit 502 – 19705 Fraser Hwy.	Langley, BC V3A 7E9	April 23, 2002, as assigned by an agreement dated June 6, 2005 and amended by an agreement dated August 15, 2006
23	SW	Lougheed Mall	20 VIC	Unit 172 – 9855 Austin Road	Burnaby, BC V3J 1N4	September 25, 2002, as assigned by an agreement dated June 6, 2005

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
33	SW	Country Club Centre	NW Properties	Unit 19 – 3200 North Island Highway	Nanaimo, BC V9T 1W1	May 30, 2003, as assigned by an agreement dated June 6, 2005 and amended by a letter dated March 29, 2007
34	SW	Washington Park Shopping Centre	Genghis Development Corporation	Unit 10 – 795 Ryan Road	Courtenay, BC V9N 3R6	January 27, 1997, as amended by an agreement dated April 15, 2004, assigned by an agreement dated June 6, 2005 and amended by an agreement dated February 8, 2010
37	SW	Woodgrove Centre	Ivanhoe Cambridge	Unit 2 – 6631 Island Highway North	Nanaimo, BC V9T 4T7	July 27, 2000, as amended by an agreement dated January 5, 2005, assigned by an agreement dated June 6, 2005 and a consent to assignment dated June 29, 2005 and amended by an agreement dated April 22, 2010
48	SW	Boitano Mall	Warrington PCI	Unit 204 – 850 Oliver Street	Williams Lake, BC V2G 3W1	August 20, 2004, as assumed by an agreement dated June 6, 2005
50	SW	Brentwood Mall	20 VIC	Unit 209 – 4567 Lougheed Highway	Burnaby, BC V5C 3Z6	September 7, 2006
52	SW	Capilano Mall	Bentall Retail	Unit 062 – 935 Marine Drive	North Vancouver, BC V7P 1S3	May 14, 2001, as assigned by an agreement dated June 6, 2005 and amended by an agreement dated March 30, 2006
53	SW	Royal City Centre Shopping Centre	Warrington PCI	Unit 138 – 610 6th Street	New Westminster, BC V3L 3C2	April 11, 2008
58	SW	Vancouver Block		734 Granville Street	Vancouver, BC V6Z 1E4	2003, as assumed by an agreement dated June 6, 2005

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
61	SW	Mill Woods Town Centre	Ivanhoe Cambridge	Unit 524 – 2331 66 th Street Northwest	Edmonton, AB T6K 4B5	October 25, 2006, as amended by an agreement dated February 25, 2008
66	SW	Golden Mile Shopping Centre	RetroCom	Unit 16B – 3806 Albert Street	Regina, SK S4S 3R2	August 1, 2001, as assigned by an agreement dated June 6, 2005 and amended by an agreement dated December 8, 2010
69	SW	The Centre at Circle & Eighth	Morguard	Unit B1 – 3510 8 th Street East	Saskatoon, SK S7H 0W6	July 27, 2010
72	SW	Prairie Mall	Morguard	Unit 246A – 11801 100 th Street	Grande Prairie, AB T8V 3Y2	October 13, 2006
73	SW	Northland Village	Oxford Properties	Unit 10 – 5111 Northland Drive N.W.	Calgary, AB T2L 2J8	August 31, 2001, as assumed by an agreement date June 15, 2005, amended by agreements dated January 24, 2007 and December 21, 2007
76	SW	Heritage Hill		Unit 144 – 8228 Macleod Trail S.E.	Calgary, AB T2H 2B8	2004, as assigned by an agreement dated June 6, 2005
79	SW	North Hills Centre		Unit 54 – 700 Tranquille Road	Kamloops, BC V2B 3H9	letter agreement dated July 7, 2005 and assumption agreement dated June 6, 2005
82	SW	Sunridge Mall	Ivanhoe Cambridge	Unit 156 – 2525 36th Street N.E.	Calgary, AB T1Y 5T4	February 3, 2009
83	SW	Deerfoot Outlet Mall	Ivanhoe Cambridge	Unit 901 – 64th Avenue N.E.	Calgary, AB T2E 0M1	February 28, 2002, as assigned by an agreement dated June 6, 2005 and a consent to assignment of lease dated June 29, 2005, and amended by an agreement dated January 31, 2007
91	SW	Ellice Centre	4266715 Manitoba / Shelter Cdn. Prop.	Unit 230 – 1395 Ellice Avenue	Winnipeg, MB R3G 3P2	November 23, 2007

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
92	SW	Northgate Shopping Centre (formerly Moore Centre)		Unit 10 – 1375 McPhillips Street	Winnipeg, MB R2V 3V1	May 26, 1998 as amended by an agreement dated May 10, 2005, assigned by an agreement dated June 6, 2005 and April 2010
93	SW	Kildonan Place	RioCan	Unit T43 – 1555 Regent Avenue West	Winnipeg, MB R2C 4J2	December 9, 2004, as assigned by an agreement dated June 6, 2005 and a consent to assignment dated June 29, 2005, and amended by an agreement dated November 8, 2010
94	SW	St. Vital Square	20 VIC	Unit 7 – 845 Dakota Street	Winnipeg, MB R2M 5M3	September 12, 2003, as assigned by an agreement dated June 6, 2005 and amended by an agreement dated February 11, 2009
96	SW	Grant Park Shopping Centre	Colliers	Unit 1220 – 1120 Grant Avenue	Winnipeg, MB R3M 2A6	January 30, 2007 as amended by an agreement dated June 22, 2011
97	SW	Centre Village Mall	Anthem	Unit 20 – 1240 2 nd "A" Avenue North	Lethbridge, AB T1H 0E4	July 30, 2003, as assigned by an agreement dated June 6, 2005 and amended by an agreement dated December 23, 2008
98	SW	Clearspring Centre		Units 25 & 26 – 178 Provincial Trunk Highway 12 th North	Steinbach, MB R5G 1T7	April 2004 as assigned by an agreement dated June 6, 2005 and amended by an agreement dated November 20, 2008
102	SW	Portage Place	-independent-	Unit 124B – 393 Portage Avenue	Winnipeg, MB R3B 3H6	September 17, 2004, as assumed by an agreement dated June 6, 2005 and amended by an agreement dated January 21, 2010

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
105	SW	Parkland Mall	Morguard	Unit 171 – 4747 67 th Street	Red Deer, AB T4N 6H3	February 1, 2005, as assigned by an agreement dated June 6, 2005 and a consent to assignment dated June 14, 2005
109	SW	Garden City Centre	Redcliffe	Unit 305 – 2305 McPhillips Street	Winnipeg, MB R2V 3E1	December 4, 2006
120	SW	CrossIron Mills - Balzac	Ivanhoe Cambridge	Unit 402 - 261055 Cross Iron Blvd.	Rockyview, AB T4A 0G3	August 22, 2007
151	SW	Dixie Outlet Mall	Ivanhoe Cambridge	Unit 54 – 1250 South Service Road	Mississauga, ON L5E 1V4	September 22, 2010 and amending agreement dated September 8, 2009
153	SW	Cambridge Centre	Morguard	Unit 102 – 355 Hespeller Road	Cambridge, ON N1R 6B3	October 14, 2005
154	SW	Eastgate Square	Redcliff	Unit G024C – 75 Centennial Parkway North	Stoney Creek, ON L8E 2P2	October 12, 2005
167	SW	Oshawa Centre	Ivanhoe Cambridge	Unit 1062 – 419 King Street West	Oshawa, ON L1J 2K5	February 16, 2006
179	SW	Quinte Mall	Ivanhoe Cambridge	Unit B6 – 390 North Front Street	Belleville, ON K8P 3E1	March 2, 2007
195	SW	Centre Street	RioCan	Unit C3C, 1054 Centre Street	Thornhill, ON L4J 8E5	April 28, 2009
55	Sterling	Lougheed Mall	20 VIC	Unit 254 – 9855 Austin Road	Burnaby, BC V3J 1N4	September 25, 2003, as assigned by an agreement dated June 6, 2005 and amended by an agreement dated November 1, 2011
90	SW	Brandon Shoppers Mall (Annex)	Morguard	Unit 2B – 1570 - 18 th Street	Brandon, MB R7A 5C5	October 4, 2005
51	SW	Central City Shopping Centre (formerly Surrey Place Mall)	Bentall Retail	Unit 220 – 10153 King George Highway	Surrey, BC V3T 2W1	February 17, 1998 as amended by an agreement dated December 1, 2003, assumed by an agreement dated June 6, 2005, and amended by agreements dated

Store No.	Store Name	Shopping Centre	Property Manager / Landlord	Address	City, Province, Postal Code	Date of Lease and Amendments
						May 1, 2010 and July 1, 2011
17	SW	Columbia Square	NW Properties	Unit 420 – 500 Notre Dame Drive	Kamloops, BC V2C 6T6	March 1, 1998 as assumed by an agreement dated June 6, 2005 and amended by an agreement dated September 29, 2005
75	SW	Cornerstone Power Centre	CREIT	Unit 5 – 1940 Strachan Road	Medicine Hat, AB T1B 4K4	September 16, 1998, as assigned by an agreement dated June 6, 2005 and amended by agreements dated April 23, 2008 and November 2, 2010
128	SW	Duncan Village	Village Green Holdings #2 Ltd.	Unit C1 - 127 Trans Canada Hwy	Duncan, BC V9L 3P8	February 10, 2009 and amending agreement dated July 12, 2011
62	SW	Kingsway Garden Mall	Oxford Properties	Unit 80 – 109 th Street & Princess Elizabeth Avenue	Edmonton, AB T5G 3A6	January 6, 2009
114	SW	Mariner Square		#250 – 1400 Dogwood Street	Campbell River, BC V9W 3A6	May 2, 2007
39	SW	Tamarack Shopping Centre	Bentall Retail	Unit 38 – 1500 Cranbrook Street North	Cranbrook, BC V1C 3P9	undated, as assigned by an agreement dated June 6, 2005 and amended by an agreement dated June 15, 2010

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 Northhill 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 B

LEASED PREMISES

49 Freedman Freedman-Kerrisdale 49 2171 W 41st Ave Vancouver V6M 1Z6 BC
87 Freedman Freedman-Coquitlam 87 2300 - 2929 Barnet Highway Coquitlam V3B 5R5 BC
88 Freedman Freedman-Granville 88 2867 Granville Street Vancouver V6H 3J4 BC
19 Sterling ST-Orchard Park 19 Unit 1161 - 2271 Harvey Ave Kelowna V1Y 6H2 BC
24 Sterling ST-Coquitlam Ctr 24 2714-2929 Barnet Highway Coquitlam V3B 5R5 BC
29 Sterling ST-Metrotown 29 Unit 200 - 4820 Kingsway Burnaby V5H 4P1 BC
30 Sterling ST-Mayfair 30 Unit 661 - 3147 Douglas Street Victoria V8Z 6E3 BC
46 Sterling ST-Red Deer 46 Unit 176 - 4900 Molly Banister Dr. Red Deer T4R 1N9 AB
57 Sterling ST-Seven Oaks 57 Unit 304 - 32900 South Fraser Way Abbotsford V2S 5A1 BC
59 Sterling ST-Willowbrook 59 Unit 453 - 19705 Fraser Hwy. Langley V3A 7E9 BC
63 Sterling ST-Kingsway Garden 63 Unit 697 - 109th St. & Princess Elizabeth Ave Edmonton T5G 3A6 AB
64 Sterling ST-West Edm Mall 64 Phase 2, Unit 1157 - 8882 170th Street Edmonton T5T 4J2 AB
65 Sterling ST-Grande Prairie 65 Unit 278 - 11801 100th Street Grande Prairie T8V 3Y2 AB
81 Sterling ST - Sherwood Park 81 Unit #47 - 2020 Sherwood drive Alberta T8A 3H9 AB
101 Sterling ST-Kildonan 101 Unit T40 - 1555 Regent Avenue West Winnipeg R2C 4J2 MB
104 Sterling ST-Midtown 104 Unit T209D - 201 1st Avenue South Saskatoon S7K 1J9 SK
2 SW SW-Mission 2 Unit #210 & 211 - 32530 Lougheed Hwy Mission V2V 1A7 BC
3 SW SW-Broadway 3 3010 West Broadway Vancouver V6K 2H1 BC
5 SW SW-Scottsdale 5 7109 - 120th St Delta V4E 2A4 BC
7 SW SW-Chilliwack 7 Unit 212 - 45585 Luckakuck Way Chilliwack V2R 1A1 BC
10 SW SW-Ladner 10 Unit 5225B Ladner Trunk Road Delta V4K 1W4 BC
11 SW SW-Maple Ridge 11 Unit 110 - 20398 Dewdney Trunk Road Maple Ridge V2X 3C9 BC
14 SW SW-Lansdowne 14 Unit 210 - 5300 No. 3 Road Richmond V6X 2X9 BC
15 SW SW-Kelowna 15 Unit 100 - 2010 Harvey Avenue Kelowna V1Y 8J8 BC
16 SW SW-Penticton 16 Unit 205 - 2111 Main Street Penticton V2A 6W6 BC
18 SW SW-Vernon 18 Unit D -410, 4400 32nd St Vernon V1T 9H2 BC
20 SW SW-Prince George 20 Unit 119A - 3117 Massey Drive Prince George V2N 2S9 BC
21 SW SW-Langley 21 Unit 502 - 19705 Fraser Hwy Langley V3A 7E9 BC
23 SW SW-Lougheed 23 Unit 172 - 9855 Austin Road Burnaby V3J 1N4 BC
33 SW SW-Nanaimo 33 unit #19 - 3200 North Island Hwy Nanaimo V9T 1W1 BC
34 SW SW-Courtney 34 Unit 10 - 795 Ryan Road Courtenay V9N 3R6 BC
37 SW SW-Woodgrove 37 Unit 2 - 6631 Island Highway N. Nanaimo V9T 4T7 BC
48 SW SW-Williams Lake 48 Unit #204 850 Oliver Street Williams Lake V2G 3W1 BC
50 SW SW-Brentwood Mall 50 Unit 209 - 4567 Lougheed Hwy Burnaby V5C 3Z6 BC
52 SW SW-Capilano 52 Unit #062 - 935 Marine Dr N. Vancouver V7P 1S3 BC
53 SW SW-New West 53 Unit 138 - 610 6th Street New West. V3L 3C2 BC
58 SW SW-Granville 58 734 Granville St. Vancouver V6Z 1E4 BC
61 SW SW-Millwoods 61 Unit 524 - 2331 66th Street Northwest Edmonton T6K 4B5 AB
66 SW SW-Regina 66 Unit #16B - 3806 Albert Street Regina S4S 3R2 SK
69 SW SW-Saskatoon 69 Unit B1 - 3510 8th Street East Saskatoon S7H 0W6 SK
72 SW SW - Grand Prairie 72 Unit #246A - 11801 100th St Grande Prairie T8V 3Y2 AB
73 SW SW-Northlands 73 Unit #10 - 5111 Northland Dr. N.W. Calgary T2L 2J8 AB
76 SW SW-Heritage 76 Unit 144 - 8228 Macleod Trail S.E. Calgary T2H 2B8 AB
79 SW SW-Kamloops 79 Unit #54 - 700 Tranquille Rd Kamloops V2B 3H9 BC
82 SW SW-Sunridge 82 Unit 156, 2525-36 Street N.E. Calgary T1Y 5T4 AB
83 SW SW-Deerfoot 83 Unit 901, 64th Avenue N.E. Calgary T2E 0M1 AB
91 SW SW-Winnipeg 91 Unit 230-1395 Ellice Ave. Winnipeg R3G 0G3 MB
92 SW SW-Moore Centre 92 Unit 10 - 1375 McPhillips Street Winnipeg R2V 3V1 MB
93 SW SW-Kildonan 93 Unit T43 - 1555 Regent Avenue West Winnipeg R2C 4J2 MB
94 SW SW-St. Vital 94 Unit #7 - 845 Dakota St Winnipeg R2M 5M3 MB
96 SW SW-Grant Park 96 Unit #1220 - 1120 Grant Avenue Winnipeg R3M 2A6 MB

97 SW SW-Lethbridge 97 Unit #20 - 1240 2nd "A" Avenue North Lethbridge T1H 0E4 AB
 98 SW SW-Steinbach 98 Unit #25 & #26 - 178 PTH (Provincial Trunk Hwy) 12th N. Steinbach R5G 1T7 MB
 102 SW SW-Portage 102 Unit#124B - 393 Portage Avenue Winnipeg R3B 3H6 MB
 105 SW SW-Red Deer 105 Unit 171 - 4747 67th Street Red Deer T4N 6H3 AB
 109 SW SW-Garden City 109 Unit #305 - 2305 McPhillips Street Winnipeg R2V 3E1 MB
 120 SW SW-Cross Iron Mills 120 Unit # 402 - 261055 Cross Iron Blvd. Rocky View T4A 0G3 AB
 151 SW SW-Dixie Mall 151 Unit54 - 1250 south Service Road Mississauga L5E 1V4 ON
 153 SW SW-Cambridge 153 Unit #102 - 355 Hespeller Road Cambridge N1R 6B3 ON
 154 SW SW-Eastgate 154 Unit#G024C, 75 Centennial Parkway North Stoney Creek L8E 2P2 ON
 167 SW SW-Oshawa 167 Unit 1062 - 419 King Street West Oshawa L1J 2K5 ON
 179 SW SW-Quinte Mall 179 Unit B6 - 390 North Front Street Belleville K8P 3E1 ON
 195 SW SW-Thornhill-195 Unit C3C - 1054 Centre Street Thornhill L4J 8E5 ON
 55 Sterling ST-Lougheed 55 Unit 254 - 9855 Austin Road Burnaby V3J 1N4 BC
 17 SW SW-Kamloops 17 Unit 420 - 500 Notre Dame Drive Kamloops V2C 6T6 BC
 39 SW SW-Cranbrook 39 Unit 38-1500 Cranbrook St. North Cranbrook V1C 3P9 BC
 51 SW SW-Central City 51 Unit 108 - 10153 King George Hwy Surrey V3T 2W1 BC
 62 SW SW-Kingsway Garden 62 Unit 80 - 109th St. & Princess Elizabeth Ave Edmonton T5G 3A6 AB
 75 SW SW-Medicine Hat 75 Unit 5 - 1940 Strachan Road Medicine Hat T1B 4K4 AB
 90 SW SW-Brandon 90 Unit 2B - 1570 18th Street Brandon R7A 5C5 MB
 114 SW SW-Campbell River 114 Unit #250, 1400 Dogwood St Campbell River V9W3A6 BC
 128 SW SW-Duncan 128 Unit 120 - 127 Trans Canada Hwy Duncan V9L 3P8 BC

SCHEDULE C

PERMITTED ENCUMBRANCES

Debtor	Secured Party	Collateral Description	Registration Details
Sterling Shoes GP Inc. (Base Debtor)	Konica Minolta Business Solutions (Canada) Ltd	COPIERS TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES. ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO. ALL PROCEEDS FROM THE AFORESAID COLLATERAL THAT ARE GOODS, INTANGIBLES, CHATTEL PAPER, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY OR INVESTMENT PROPERTY (ALL AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT) AND INCLUDING INSURANCE PROCEEDS.	Base registration #465263E registered on July 8, 2008 for a period of 8 years. This registration expires on July 8, 2016.

SCHEDULE D
FINANCIAL STATEMENTS
REDACTED

SCHEDULE E
INVENTORY ON ORDER
REDACTED

SCHEDULE F
CHANGES IN RETURN POLICIES AND LOYALTY PROGRAMS

Nil.

SCHEDULE G

EMPLOYEES

REDACTED

SCHEDULE H
BENEFIT PLANS
REDACTED

SCHEDULE I
PURCHASE PRICE ALLOCATION

SCHEDULE J

SALES GUIDELINES

The following procedures shall apply to any sale of inventory, assets or other property, other than real estate property leases, (collectively, the "**Merchandise**") in connection with a liquidation sale (the "**Sale**") to be held by Sterling Shoes Limited Partnership (the "**Merchant**") with the assistance of its agent, [●] (the "**Agent**"), at the stores set out in **Schedule "A"** (the "**Closing Stores**"), such Sale to commence on or after [●], 2012 and to end by no later than [●], 2012 or such later date as the applicable Landlord (as defined below) may agree or as may be ordered by further order the Court (as defined below):

1. Except as otherwise expressly provided herein, and subject to: (i) an Order of the British Columbia Supreme Court (the "**Court**"); or (ii) any written agreement between the Merchant and any applicable landlord (individually a "**Landlord**" and, collectively, the "**Landlords**"), the Sale shall be conducted in accordance with the terms of the applicable lease for the Merchant (individually a "**Lease**" and, collectively, the "**Leases**"). However, nothing contained herein shall be construed to create or impose upon the Merchant any additional restrictions not contained in the applicable Lease or other occupancy agreement.
2. The Sale shall be conducted so that the Closing Stores remain open during normal hours of operation provided for in the respective Leases or other occupancy agreements for the Closing Stores.
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws, unless otherwise ordered by the Court.
4. All display and hanging signs used by the Merchant and the Agent in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. The Merchant and the Agent may advertise the Sale as a "store closing", "sale on everything" or "everything must go" or similar theme sale at the Closing Stores (save that no signs shall advertise the Sale as a "bankruptcy", "going out of business", "liquidation" or "court ordered" sale). Not less than 48 hours prior to the commencement of the Sale, the Merchant and the Agent shall provide proposed signage packages by e-mail or facsimile to the applicable Landlords or to their counsel of record and the applicable Landlords shall, prior to the commencement of the Sale, notify the Merchant and Agent of any requirement for such signage to otherwise comply with the terms of the Leases and/or these Sales Guidelines and where the provisions of the Leases conflict with these Sales Guidelines, these Sales Guidelines shall govern. Attached as **Schedule "B"** are examples of the proposed signage packages. The Merchant and the Agent shall not use neon, day-glo signage or handwritten signs. Furthermore, except as set out below, with respect to enclosed mall locations no exterior signs or signs in common areas of a mall shall be used unless permitted by the applicable Lease. In addition, the Merchant and the Agent shall be permitted to utilize exterior banners at non-enclosed mall Closing Stores; provided, however, where such banners are not permitted by the applicable Lease and the Landlord requests in writing that banners not be used, no

banners shall be used. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Closing Store and shall not be wider than the premises occupied by the Closing Store. All permitted exterior banners shall be professionally hung and to the extent that there is any damage to the façade of the premises of a Closing Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Merchant.

5. The Merchant and the Agent shall be permitted to utilize sign walkers and street signage; provided, however, such sign walkers and street signage shall not be located on the shopping centre/mall premises.
6. Conspicuous signs shall be posted in the cash register areas of each Closing Store to the effect that all sales are "final" (and the same shall be printed or stamped on customer receipts), the sales are on an "as is, where is" basis and that customers with any questions or complaints subsequent to the conclusion of the Sale may contact a named representative of the Merchant at a specified email address.
7. The Merchant and the Agent shall not distribute handbills, leaflets or other written materials to customers outside of any of the Closing Stores, unless permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Closing Store is located. Otherwise, the Merchant and the Agent may solicit customers in the Closing Stores themselves. The Merchant and the Agent shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as permitted under the applicable Lease or agreed to by the Landlord.
8. At the conclusion of the Sale, the Merchant and the Agent shall vacate the Closing Stores in "broom swept" condition, and shall otherwise leave the Closing Stores in the same condition as on the commencement of the Sale, ordinary wear and tear excepted; provided, however, that the Merchant and the Agent shall be authorized to leave any FF&E (as the term is defined herein and in accordance with this paragraph) in the Closing Stores; provided, further, that the Merchant hereby does not undertake any greater obligation than as set forth in an applicable Lease with respect to the Closing Store. The Merchant and the Agent may abandon any furniture, fixtures and equipment ("FF&E") not sold in the Sale at the Closing Stores' premises at the conclusion of the Sale. Any FF&E left in a Closing Store after a Lease is repudiated, terminated or disclaimed shall be deemed abandoned with the Landlord having the right to dispose of the same as the Landlord chooses without any liability whatsoever on the part of the Landlord. No permanent or built-in fixtures may be removed without the Landlord's written consent unless otherwise provided by the applicable Lease. No property of any Landlord of a Closing Store shall be removed or sold during the Sale.
9. The Merchant and the Agent may sell FF&E owned by the Merchant and located in the Closing Stores during the Sale. The Merchant and the Agent may advertise the sale of FF&E consistent with these guidelines on the understanding that the Landlord may reasonably require such signs to be placed in discreet locations within the Closing Store acceptable to the Landlord. Additionally, FF&E to be removed from the Closing Store shall only be removed either through the back shipping areas or through other areas after

store business hours, with Landlord's supervision as required by the Landlord. The Merchant shall repair any damage resulting from the removal of any FF&E.

10. The Merchant and the Agent shall not make any alterations to interior or exterior Closing Store lighting. No property of any Landlord of a Closing Store shall be removed or sold during the Sale. The hanging of permitted exterior banners or other signage shall not constitute an alteration to a Closing Store.
11. The Agent and its agents and representatives shall have the same access rights to the Closing Stores as the Merchant under the terms of the applicable Lease, and the Landlord shall have the rights of access to the Closing Stores during the Sale provided for in the applicable Lease, subject, for greater certainty, to the stay of proceedings set out in the Initial Order.
12. The Merchant and the Agent shall not conduct any auctions of the Merchandise or FF&E at any of the Closing Stores. Subject to any agreement between the Merchant and a Landlord, the Merchant and the Agent shall not augment the Merchandise included in the Sale; provided, however, that the Merchant is expressly permitted to transfer Merchandise between and among the Closing Stores during the Sale.
13. The Merchant shall designate a party to be contacted by the Landlords should an issue arise concerning the conduct of the Sale. The initial contact person for the Merchant shall be [●], [Email], work phone number [●]. If the parties are unable to resolve the dispute between themselves, the Landlord or Merchant shall have the right to schedule a "status hearing" before the Court on no less than two (2) days written notice to the other party or parties, during which time the Merchant shall cease all activity in dispute pending the determination of the matter by the Court.
14. Nothing herein is, or shall be deemed to be, a consent by any Landlord to the sale, assignment or transfer of any Lease or grant to the Landlord any greater rights than already exist under the terms of any applicable Lease.

SCHEDULE K
BANK ACCOUNTS
REDACTED

SCHEDULE L
TRANSITION CONTRACTS

1. Master Communications Agreement between Bell Canada and Sterling Shoes GP Inc. dated as of February 1, 2011.
2. Telus Contract ID# ECB 223801 between Telus Corporation and Sterling Shoes GP Inc. dated as of April 25, 2011.
3. Telus Contract ID# ECB 226067 between Telus Corporation and Sterling Shoes GP Inc.
4. Telus Contract ID# ECB 226069 between Telus Corporation and Sterling Shoes GP Inc.
5. Telus Contract ID# ECB 226081 between Telus Corporation and Sterling Shoes GP Inc.
6. Telus Contract ID# ECB 225994 between Telus Corporation and Sterling Shoes GP Inc.

SCHEDULE M
MATERIAL PERMITS AND LICENSES

Nil.

SCHEDULE N
TRANSFERRED EMPLOYEES
REDACTED

SCHEDULE O
CONSULTANTS
REDACTED