

LANDLORD INSTRUCTION LETTER

FOR THE CLAIMS PROCESS FOR LANDLORDS OF STERLING SHOES INC., STERLING SHOES GP INC. AND STERLING SHOES LIMITED PARTNERSHIP

(hereinafter referred to collectively as the “Petitioner Parties”)

1. Claims Process

By order of the Supreme Court of British Columbia (the “**Court**”) dated April 2, 2012 (as may be amended, restated or supplemented from time to time, the “**Claims Process Order**”), in the proceeding commenced by the Petitioner Parties under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), the Petitioner Parties have been authorized to conduct a claims process (the “**Claims Process**”). A copy of the Claims Process Order, with all schedules, may be found on the Monitor’s Website at: www.alvarezandmarsal.com/en/canada/sterling. Capitalized terms used in this letter, which are not defined in this letter shall have the meaning ascribed to them in the Claims Process Order.

This letter provides instructions for Landlords for completing the Landlord Proof of Claim. A blank Landlord Proof of Claim form is included with this letter.

The Claims Process is intended to determine the amount of Claims of Landlords with reference to the terms of the applicable Lease in full force and effect as at October 21, 2011. A Claim of a Landlord is a claim that may arise, directly or indirectly as a result, or otherwise in respect of the restructuring, termination, repudiation or resiliation of any Lease, or an agreement with a Landlord amending a Lease **on or after October 21, 2011**, including, without limitation, any physical damages caused by the Petitioner Parties or any of its agents in abandoning any leased premises and removing any signage or other equipment from such leased premises. Any changes to the Lease that became effective after October 21, 2011 should not be reflected in the Landlord Proof of Claim.

For greater certainty, this Landlord Proof of Claim is not to be used for any claim of a Landlord existing before October 21, 2011, including rent arrears owing as of October 21, 2011, for which the Landlord must submit a Proof of Claim pursuant to the Claims Process Order by the Claims Bar Date.

If you wish to file a Claim, you must file a Landlord Proof of Claim (as referenced in paragraph 2 below) to avoid the barring and extinguishment of any Claim which you may have against any of the Petitioner Parties and/or any of their Directors and/or Officers.

If you have any questions regarding the Claims Process, please contact the Court-appointed Monitor at the address provided below.

All enquiries with respect to the Claims Process should be addressed to:

Alvarez & Marsal Canada Inc.
Court-appointed Monitor of Sterling Shoes Inc. et al.
400 Burrard Street, Suite 1680
Vancouver, British Columbia V6C 3A6
Attention: **Tom Powell**
Telephone: 604.639.0853
Fax: 604.638.7441
Email: ssiclaims@alvarezandmarsal.com

2. Submitting a Landlord Proof of Claim

If you wish to file a Claim against the Petitioner Parties and/or any of the Directors and/or Officers arising on or after October 21, 2011, you are required to file a Landlord Proof of Claim, in the form enclosed herewith, and ensure **that it is received by the Monitor by the later of: (a) the Claims Bar Date, and (b) 5:00 p.m. (Vancouver time) on the day which is ten (10) days after the date of the Notice of Disclaimer or Resiliation** sent to you (the “**Restructuring Claims Bar Date**”), to avoid the barring and extinguishment of a Claim you may have against any of the Petitioner Parties and/or any of their Directors and/or Officers, if any.

For the avoidance of doubt, any Claim you may have against any of the Petitioner Parties must be filed in accordance with the Process set forth herein.

Additional Landlord Proof of Claim forms can be found on the Monitor’s website at www.alvarezandmarsal.com/en/canada/sterling or obtained by contacting the Monitor at the address indicated above and providing particulars as to your name, address, facsimile number and e-mail address. Once the Monitor has this information, you will receive, as soon as practicable, additional Landlord Proof of Claim forms.

If you are submitting your Landlord Proof of Claim electronically, please submit it in one PDF file and ensure the name of the file is **[legal name of landlord]lpoc.pdf**.

3. Specific Instructions for Completing the Landlord Proof of Claim

One Landlord Proof of Claim is to be completed for each location or Lease and not one form combined for each Landlord.

The Landlord Proof of Claim must be completed by an individual and not by a corporation. The individual acting for a corporation or other person must state the capacity in which such individual is acting, such as “Credit Manager”, “Treasurer”, “Authorized Agent”, etc. The individual completing the Landlord Proof of Claim must

have knowledge of the circumstances connected with such information. All Landlord Proofs of Claim must be signed, dated and witnessed.

The Landlord Proof of Claim must be received by the Monitor at the address indicated thereon by the Restructuring Claims Bar Date. If a Landlord fails to file a Landlord Proof of Claim by that date, such Landlord will be barred from proving a Claim.

The Lease Terms provided should be in accordance with the terms of the Lease in effect as at October 21, 2011. Any amendments to the Lease made after October 21, 2011 should not be reflected in the Landlord Proof of Claim. The following guidelines should be followed in providing Lease Terms:

A. "Base Rent" to be provided in section A, part 1) on the Landlord Proof of Claim means the minimum, basic net, or base rent applicable to the location as contained in the Lease, but does not include (a) percentage rent, if any, and (b) additional amounts such as realty taxes, goods and services taxes, utilities, common area maintenance charges, etc. whether or not such amounts are payable under the Lease as rent. The pertinent sections of the Lease, which outline Base Rent over the term of the Lease should be attached and highlighted as support.

B. Where the Lease specifically provides for increases in Base Rent during the Lease term, the Base Rent table in section A, part 1) on the Landlord Proof of Claim should be completed by providing details, on a separate line for each rate of Base Rent provided for in the Lease, from October 21, 2011 onward, by clearly indicating the date from which the increased rate becomes effective to the last date the rate will be effective. The pertinent sections of the Lease, which outline Base Rent increases over the term of the Lease should be attached and highlighted as support. The Base Rent and Lease Terms provided should exclude options to renew or extend at the discretion of the tenant.

C. "Additional Rent" to be provided in section A, part 2) on the Landlord Proof of Claim should be completed for additional amounts, only if specifically provided for in the Lease, for realty taxes, common area maintenance costs, etc. and should be supported by the applicable excerpts of the Lease that indicate these amounts would constitute a component of rents payable.

D. For Additional Rent amounts, provided in accordance with the above, supporting documents should be provided and attached to the Landlord Proof of Claim, to substantiate the amount of the charges on either an annual or monthly basis, as applicable. Where these amounts are contingent on future information, the amount provided should be the amount charged to the Petitioner Parties in the preceding 12 months. Supporting documents should be provided for the prior 12 months' additional rent if applicable.

For example, realty taxes should be based on 2011 Final Tax Bill. If this information is not available, the actual realty taxes charged in the previous year should be provided with supporting documentation. If the Lease does not fix the amount charged for common area maintenance, the amount invoiced for most recent 12-month period should be provided along with supporting documentation.

E. If the Lease has been sold or assigned by the Landlord, the name of the Assignee(s), as well as supporting documentation with respect to the sale or assignment, must be attached to the Landlord Proof of Claim. The Landlord Proof of Claim can be completed by either the Landlord or by the Assignee. The Landlord and any Assignees must determine amongst themselves who will file the Landlord Proof of Claim.

4. Claims Order

While this Landlord Instruction Letter, along with its accompanying Landlord Proof of Claim, is provided to assist you in the claims process, you must comply with the terms of the Claims Process Order dated April 2, 2011.

IF A LANDLORD PROOF OF CLAIM IN RESPECT OF YOUR CLAIM IS NOT RECEIVED BY THE MONITOR BY THE CLAIMS BAR DATE OR RESTRUCTURING CLAIMS BAR DATE, AS APPLICABLE:

- (A) YOUR CLAIM SHALL BE FOREVER BARRED AND EXTINGUISHED AND YOU WILL BE PROHIBITED FROM MAKING OR ENFORCING A CLAIM AGAINST ANY OF THE PETITIONER PARTIES AND/OR ANY OF THEIR DIRECTORS AND/OR OFFICERS;**
- (B) YOU SHALL NOT BE PERMITTED TO VOTE ON ANY PLAN OF ARRANGEMENT OR COMPROMISE OR ENTITLED TO ANY FURTHER NOTICE OR DISTRIBUTION UNDER THE PLAN, IF ANY;**
- (C) YOU SHALL NOT BE ENTITLED TO ANY PROCEEDS OF SALE OF ANY OF THE PETITIONER PARTIES' ASSETS; AND**
- (D) YOU SHALL NOT BE ENTITLED TO PARTICIPATE AS A CREDITOR IN THE CCAA PROCEEDINGS OF THE**