TERMINATION AGREEMENT

THIS TERMINATION AGREEMENT is made as of June 30, 2010.

BY AND BETWEEN:

STERLING SHOES INCOME FUND, an unincorporated trust established under the laws of the Province of British Columbia
(the "**Fund**")

AND:

SS HOLDINGS TRUST, an unincorporated trust established under the laws of the Province of British Columbia
(the "**SS Holdings**")

AND:

STERLING SHOES LIMITED PARTNERSHIP, a limited partnership established under the laws of the Province of Manitoba
(the "**Partnership**")

AND:

STERLING SHOES GP INC., a company incorporated under the laws of the Province of British Columbia
(the "**GP**")

AND:

SSI INVESTMENTS INC., a company incorporated under the laws of the Province of British Columbia
("**SSI**")

WHEREAS the holders of units ("**Units**") and special voting units ("**Special Voting Units**") of the Fund have passed a special resolution at the annual and special meeting of the Fund held on June 24, 2010 authorizing the conversion of the Fund's trust structure to a corporate structure by way of plan of arrangement (the "**Arrangement**") pursuant to which the Fund and SS Holdings will be dissolved into the Corporation, all of the Units, Special Voting Units and limited partnership units of the Partnership will be transferred to Sterling Shoes Inc.;

AND WHEREAS the parties wish to terminate certain agreements entered into in connection with the establishment of the Fund's trust structure at the time of the initial public offering of the Fund;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements herein contained, and in consideration of the payment of $1.00 by each party hereto to each other party hereto, the receipt and sufficiency of all such consideration is hereby acknowledged, the parties hereto agree as follows:

1. <u>Preamble</u>

The preamble shall form an integral part of this Agreement.

2. <u>Waiver of Rights</u>

Each of the parties hereby waives any rights it may have under the Fund Agreements (as defined below) in connection with the consummation of the transactions contemplated by the Arrangement. SSI also waives any rights it may have under the constituting documents of the Fund and the Partnership in connection with same.

3. <u>Termination of Agreements</u>

The following agreements shall be terminated as at 12:01 a.m. (Vancouver time) (the "**Effective Time**") on the day the Arrangement becomes effective under the *Canada Business Corporations Act*:

(i) the exchange agreement made as of July 12, 2005 between the Fund, the Trust, the Partnership, GP and SSI;

(ii) the governance agreement made as of July 12, 2005 between the Fund, the Trust, the Partnership, GP and SSI; and

(iii) the administration and services agreement made as of July 12, 2005 between the Fund, the Trust and the Partnership (collectively, the "**Fund Agreements**");

provided that obligations of the parties pursuant to the terms of the Fund Agreements which accrued prior to their termination and intended to continue shall survive the termination of the Fund Agreements.

4. <u>Further Assurances</u>

The parties agree to do all such acts and things and execute and deliver all transfers, assignments and instruments which may be necessary or desirable to give effect to this Agreement.

5. <u>Entire Agreement</u>

This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof.

6. <u>Successors and Assigns</u>

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, administrators, representative and assigns.

7. <u>Governing Law</u>

This Agreement is governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The parties hereby submit to the non-exclusive jurisdiction of the courts of the Province of British Columbia and all legal proceedings arising out of or in connection with this Agreement may be brought before the courts of the Province of British Columbia.

8. **Counterparts**

This Agreement may be executed in one or more counterparts, each of which when taken together will constitute this Agreement.

(signature page follows)

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

STERLING SHOES INCOME FUND, by its administrator, STERLING SHOES LIMITED PARTNERSHIP, by its general partner, STERLING SHOES GP INC.

Per: *"Daniel S. Gumprich"*
Daniel S. Gumprich
Chief Financial Officer

SS HOLDINGS TRUST, by its administrator, STERLING SHOES LIMITED PARTNERSHIP, by its general partner, STERLING SHOES GP INC.

Per: *"Daniel S. Gumprich"*
Daniel S. Gumprich
Chief Financial Officer

STERLING SHOES LIMITED PARTNERSHIP, by its general partner, STERLING SHOES GP INC.

Per: *"Daniel S. Gumprich"*
Daniel S. Gumprich
Chief Financial Officer

STERLING SHOES GP INC.

Per: *"Daniel S. Gumprich"*
Daniel S. Gumprich
Chief Financial Officer

SSI INVESTMENTS INC.

Per: *"Mannie Druker"*
Mannie Druker
Director