

Sterling Shoes Income Fund Announces Closing of Initial Public Offering

VANCOUVER, B.C. – Sterling Shoes Income Fund (the “Fund”) announced today that it has successfully completed its initial public offering of 5,313,488 income trust units at a purchase price of \$10.00 per unit, for gross proceeds of \$53,134,880. Units of the Fund began trading today on the Toronto Stock Exchange under the symbol “SSI.UN”.

The Fund has granted to the underwriters an over-allotment option to purchase up to an additional 332,093 units at a price of \$10.00 per unit for a period of 30 days after closing. If the over-allotment option is exercised in full, total gross proceeds of the offering will be \$56,455,810.

The Fund used the net proceeds of the offering to acquire an indirect 80% interest (which will be increased to 85% if the underwriters’ over-allotment option is exercised in full) in the business currently operated by Sterling Shoes Inc.

The underwriting syndicate for the offering is led by TD Securities Inc. and includes BMO Nesbitt Burns Inc., CIBC World Markets Inc., Scotia Capital Inc., Canaccord Capital Corporation and HSBC Securities (Canada) Inc.

The Fund is an unincorporated, open-ended limited purpose trust established under the laws of British Columbia. A copy of the final prospectus can be viewed on SEDAR (<http://www.sedar.com>).

Sterling Shoes is a leading Vancouver-based independent footwear retailer offering a broad selection of private label and brand name shoes and accessories across five Canadian provinces through its four separate retail banners: Sterling, Joneve, Shoe Warehouse and Freedman’s. Since 1987, Sterling Shoes has grown from five shopping mall locations to 100 stores located primarily in western Canada in high-traffic, high-visibility locations within enclosed shopping malls, on high streets and in strip malls. It has recently opened two stores in Ontario (Newmarket and Mississauga) and is scheduled to open its first Toronto store in the Toronto Eaton Centre in August 2005. Sterling Shoes currently employs over 650 employees, and its sales for the 12 month period ended April 30, 2005 were \$73.3 million.

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