

FOR IMMEDIATE RELEASE

October 17, 2006

STERLING SHOES INCOME FUND ANNOUNCES MONTHLY CASH DISTRIBUTION

VANCOUVER, BC, October 17, 2006 – Sterling Shoes Income Fund (TSX: SSI.UN) (“Sterling Shoes”), a leading footwear retailer, today announced that its Board of Trustees has approved a cash distribution of \$0.105 per trust unit for the period from October 1, 2006 to October 31, 2006, payable on November 15, 2006 to unitholders of record at the close of business on October 31, 2006.

Sterling Shoes became a publicly traded entity on July 12, 2005, with a monthly distribution of \$0.08958 per trust unit. Effective May 1, 2006, Sterling Shoes increased its monthly distribution by 17% to \$0.105 per trust unit.

Sterling Shoes’ policy is to pay cash distributions on the 15th of each month to unitholders of record on the last business day of the preceding month. Unitholders who are non-residents of Canada will be required to pay all withholding taxes payable on any distributions by Sterling Shoes. Distributions on the subordinated limited partner units of the Partnership are intended to be paid quarterly on a subordinated basis assuming certain financial tests are met.

About Sterling Shoes Income Fund

Sterling is a leading Vancouver-based footwear retailer offering a broad selection of private label and brand name shoes and accessories in five Canadian provinces through its five separate retail banners: Sterling, Joneve, Shoe Warehouse, Freedman’s and Gia Shoes. Since 1987, Sterling Shoes has grown from five shopping mall locations to 124 stores located in high-traffic, high-visibility locations within enclosed shopping malls, on high streets and in strip malls. The Fund currently employs over 900 employees, and its sales for the 12 month period ended June 30, 2005 were \$90.1 million. The Fund’s units are listed on the Toronto Stock Exchange under the symbol SSI.UN.

For further information, please visit us at www.SterlingShoesIncomeFund.com, or contact:

Daniel S. Gumprich
Chief Financial Officer
(604) 270-6114

Additional information about Sterling Shoes Income Fund can be found in the disclosure documents filed by Sterling Shoes Income Fund with the securities regulatory authorities, available at www.sedar.com.