

FOR IMMEDIATE RELEASE

September 18, 2006

STERLING SHOES INCOME FUND ANNOUNCES MONTHLY CASH DISTRIBUTION

VANCOUVER, BC, September 18, 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 September 1, 2006 to September 30, 2006, payable on October 15, 2006 to unitholders of record at the close of business on September 30, 2006. Sterling Shoes increased its monthly distribution by 17% from \$0.08958 per trust unit effective May 1, 2006.

Sterling Shoes also announced today a \$418,437 distribution by Sterling Shoes Limited Partnership (the “Partnership”) to SSI Investments Inc. (“SSI”) (the entity that previously carried on the Sterling Shoes business and that retains a 20% interest in the Partnership) as the holder of record on September 30, 2006 of subordinated limited partner units in the Partnership. This distribution amounts to a payment of \$0.315 per Subordinated Exchangeable LP Unit for the period from July 1, 2006 to September 30, 2006, resulting in the Subordinated Exchangeable LP Units receiving distributions equal (on a per unit basis) to the trust unit distributions for that period. This distribution will also be payable on October 15, 2006.

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 122 stores 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, 2006 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.

freedman
shoes

Sterling

Joneve

SHOE
WAREHOUSE