

FOR IMMEDIATE RELEASE

January 12, 2007

Sterling Shoes Income Fund Announces Monthly Cash Distribution

VANCOUVER, BC, January 12, 2007 –Sterling Shoes Income Fund (the “Fund”) (TSX: SSI.UN), a Vancouver-based, national specialty footwear retailer, today announced that its Board of Trustees has approved a cash distribution of \$0.12 per trust unit for the period from January 1, 2007 to January 31, 2007, payable on February 15, 2007 to unitholders of record at the close of business on January 31, 2007.

Through a series of increases, the Fund has increased its monthly payout more than 34% since the Fund’s initial public offering in July 2005. Furthermore, the Fund made a special, one-time year-end payment of \$0.16 per unit for 2005 and has declared yet another special cash distribution of \$0.32 per unit for 2006, payable on January 15, 2007. The special cash distribution is not indicative of future performance.

About Sterling Shoes Income Fund

Sterling Shoes Income Fund 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. Since 1987, Sterling Shoes has grown from five shopping mall locations to 127 stores (as at January 12, 2006) located in high-traffic, high-visibility locations within enclosed shopping malls, on high streets and in strip malls. The Fund currently employs over 1000 employees, and sales of the business for the 12 month period ended September 30, 2006 were \$95.3 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:

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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.