



FOR IMMEDIATE RELEASE

January 17, 2008

## STERLING SHOES INCOME FUND

### Fund Announces Increase in Monthly Cash Distributions to \$0.125 per unit

VANCOUVER, BC, January 17, 2008 –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 \$0.125 per trust unit for the period from January 1, 2008 to January 31, 2008, payable on February 15, 2008 to unitholders of record at the close of business on January 31, 2008. This increase brings the Fund’s annualized monthly payout to \$1.50 per trust unit.

“Our outstanding performance has enabled us to continue to reward our unitholders with special distributions and increases in our monthly distributions,” said Jeremy Horwitz, President and Chief Executive Officer of the Fund. “Our monthly payout at \$0.125 per unit is 40 percent more than when we went public in July 2005. Furthermore, for 2005, 2006 and 2007, we have been able to make special, year-end payments of 16 cents, 47 cents and 36 cents per unit, respectively. These special distributions are a key part of our distribution strategy and result in a substantial return on the investment that our unitholders have made in Sterling.”

Upon completion of the Fund’s audited financial statements for the year ended December 31, 2007 (in March 2008), this special distribution for the year ended December 31, 2007 may be supplemented by a further payment to allow the Fund to distribute all of its taxable income for 2007. Any such further payment would be payable to unitholders of record at the close of business on December 31, 2007. The special cash distribution is not indicative of future performance.

Sterling Shoes Limited Partnership (the “Partnership”) is continuing to pay equivalent distributions to the retained interest holder on the Subordinated Exchangeable LP Units of the Partnership.

The Fund experienced exceptional growth in the number of new stores openings during 2007. At January 1, 2008 we operated 141 stores in five provinces under six banners, an increase of 14 net stores during 2007.

#### *Forward-looking statements*

This press release includes forward-looking statements. Forward-looking statements relate to, among other things, anticipated financial performance, business prospects, market forces and commitments, all of which may impact the amount of future distributions the Fund makes to its unitholders. Many of these statements can be identified by words such as “believe”, “expects”, “expected”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues” or similar words. The Fund believes the expectations reflected in such statements are reasonable but no assurance is given that such expectations will be correct. All forward-looking statements are based on the Fund’s beliefs and assumptions based on information available at the time the assumptions were made and on management’s experience and perception of historical trends, current conditions and expected further developments as well as other factors deemed to be appropriate in the circumstances. By its nature such forward-looking information is subject to various risks and uncertainties that are known and unknown, including those material risks discussed in the Fund’s most recent annual information form and management’s discussion and analysis, which would cause actual results and experience to differ materially from anticipated results or other expectations expressed. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed in this press release and the Fund undertakes no obligation to update publicly or revise any forward-looking information, except as required by law.



# Sterling

STERLING SHOES LIMITED PARTNERSHIP

## *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 six separate retail banners: Sterling, Joneve, Shoe Warehouse, Freedman, Gia and Sterling Outlet. Since 1987, Sterling Shoes has grown from five shopping mall locations to 141 stores (as at January 17, 2008) located in high-traffic, high-visibility locations within enclosed shopping malls, on high streets and in strip malls. The Fund currently employs over 1,000 employees, and sales of the business for the 12 month period ended September 30, 2007 were \$114.1 million. The Fund's units are listed on the Toronto Stock Exchange under the symbol SSI.UN. The Fund's convertible debentures are listed on the Toronto Stock Exchange under the symbol SSI.DB.

For further information, please visit us at [www.SterlingShoesIncomeFund.com](http://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.*

**freedman**  
shoes

**Sterling**

*Joneve*

**SHOE**  
**WAREHOUSE**