

FOR IMMEDIATE RELEASE

December 17, 2009

## STERLING SHOES INCOME FUND

### Fund announces suspension of distribution to maintain financial flexibility

VANCOUVER, BC, December 17, 2009 –Sterling Shoes Income Fund (the “Fund” or “Sterling”) (TSX: SSI.UN, SSI.DB), a Vancouver-based, national specialty footwear retailer, today announced that in light of current economic conditions and the Fund’s objective to maintain financial flexibility, the Trustees have suspended Sterling’s monthly distributions effective immediately.

“Since the launch of the Fund in July 2005, we have returned \$38.4 million to our unitholders,” said Jeremy Horwitz, President and Chief Executive Officer of Sterling Shoes Income Fund. “We are continuing our efforts to strengthen the Fund’s balance sheet by conserving cash through cost reductions, inventory management and restricting capital spending. We believe our efforts will position Sterling for sustainable long-term earnings growth once economic conditions improve.”

The Trustees will continue to assess the status of distributions as economic conditions improve.

#### *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 Shoes, Gia and Sterling Outlet. Since 1987, Sterling Shoes has grown from five shopping mall locations to 162 stores (as at December 31, 2009) 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, 2009 were \$132.5 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.

#### *Forward-looking statements*

This press release contains “forward-looking statements”. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which may cause actual results, performance or achievements of Sterling or its subsidiaries, or industry results, to be materially different from any expectations expressed or implied by the forward-looking statements. Forward-looking information in this press release includes, but is not limited to: the belief that Sterling’s efforts to strengthen its balance sheet, including through suspension of distributions, cost reductions, inventory management and restrictions on capital spending, will position Sterling’s for sustainable long-term earnings growth once economic conditions improve. The forward-looking information disclosed herein is based on a number of assumptions including, among other things: that proposed cost reductions, inventory management and restricted capital spending can be successfully implemented; that such measures will conserve cash and strengthen the balance sheet and will steer Sterling toward sustainable long-term earnings and growth; that economic conditions will improve over time and will not deteriorate further; that Sterling will have continued access to capital; and that future results will be similar or better than historical results. When used in the press release, forward-looking information may include words such as “believe”, “may”, “will”, “expect”, “plan”, “continues” and other similar terminology. Forward-looking information also involves a number of risks and uncertainties including, but not limited to: unexpected or adverse changes in consumer preferences or discretionary spending patterns; competitive conditions; fluctuations in currency exchange rates; adverse changes in business and economic conditions, laws or accounting policies; inability to access capital, obtain financing on acceptable terms or conserve adequate cash; impact on liquidity if Sterling were to go offside of the covenants in its debt facilities; reliance on key personnel; failure to achieve anticipated operating and financial results. The foregoing list of risks relating

# Sterling

STERLING SHOES LIMITED PARTNERSHIP

to forward-looking statements is not exhaustive and should be considered in conjunction with the risk and uncertainties set out in Sterling's most recent annual information form. Readers are cautioned not to place undue reliance on the forward-looking statement, which is given as of the date it is expressed in this press release, and, except as required by law, Sterling assumes no obligations to update or revise forward-looking information to reflect new events or circumstances.

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.*

**Sterling**

**SHOE  
WAREHOUSE**

*Joneve*

**freedman  
shoes**

**gia** shoes

**Sterling**  
OUTLETS