

Sterling

STERLING SHOES LIMITED PARTNERSHIP

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For Immediate Release

STERLING SHOES ANNOUNCES COURT APPROVAL OF CONVERSION TO A CORPORATION

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Vancouver, B.C., June 25, 2010 - Sterling Shoes Income Fund (the "Fund") (TSX: SSI.UN) announced that it has obtained, today, a final order from the Supreme Court of British Columbia approving the previously announced conversion of the Fund's trust structure to a publicly traded corporation named Sterling Shoes Inc. The conversion is expected to become effective on or about July 1, 2010.

Following completion, the common shares of Sterling Shoes Inc. are expected to be listed for trading on the Toronto Stock Exchange under the symbol "SSI" and the existing debentures of the Fund will become debentures of Sterling Shoes Inc. trading under the symbol "SSI.DB". The debentures will continue to be convertible, but into common shares of Sterling Shoes Inc. at the same price at which the debentures are now convertible into units of the Fund: namely, \$21.15 per common share, subject to adjustment as provided for in the indenture governing the convertible debentures.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Certain statements contained in this news release including statements that contain words such as 'could' 'should', 'can', 'anticipate', 'estimate', 'propose', 'plan', 'expect' 'believe', 'will', 'may' and similar expressions and statements relating to matters that are not historical facts constitute "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, 'forward-looking information and statements').

In particular, this news release contains forward-looking information and statements relating to the expectations of the Fund regarding the proposed conversion including, but not limited to: timing, completion and receipt of necessary approvals of the conversion.

These forward-looking information and statements are based on certain assumptions and analysis made by the Fund in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results, performance or achievements will conform to the Fund's expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results to differ materially from the Fund's expectations. Such risks and uncertainties include, but are not limited to the failure to receive approval of the conversion from third parties or regulatory authorities or to realize the anticipated benefits of the conversion.

Consequently, all of the forward-looking information and statements made in this news release are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Fund will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Fund or its business or operations. Readers are therefore cautioned not to place undue reliance on such forward-looking information and statements. Except as may be required by law, the Fund assumes no obligation to update publicly any such forward-looking information and statements, whether as a result of new information, future events or otherwise.

ABOUT STERLING SHOES

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 and Gia. Since 1987, Sterling Shoes has grown from five shopping mall locations to 160 stores (as at June 25, 2010) located in high-traffic, high-visibility locations within enclosed shopping malls, on high streets and in strip malls. The Fund currently employs over 1,300 employees. 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.

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**SHOE
WAREHOUSE**

Joneve

**freedman
shoes**

gia shoes

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OUTLET**