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STERLING SHOES INCOME FUND ANNOUNCES \$25 MILLION OFFERING OF CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

VANCOUVER, BRITISH COLUMBIA (TSX: SSI.UN) – September 11, 2007 - Sterling Shoes Income Fund ("Sterling Shoes" or the "Fund") is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by CIBC World Markets Inc. to issue \$25,000,000 principal amount of Convertible Unsecured Subordinated Debentures (the "Debentures") on a bought deal basis.

The Debentures will bear an interest rate of 6.50% per annum, payable semi-annually in arrears on October 31st and April 30th each year commencing April 30th, 2008. The Debentures will mature on October 31st, 2012.

The Debentures will be convertible at any time at the option of the holders into trust units ("Trust Units") of Sterling Shoes at a conversion rate of approximately 47.281 Trust Units per \$1,000 principal amount of Debentures, which is equal to a conversion price of \$21.15 per Trust Unit. After October 31st, 2010 and on or before October 31st, 2011, Sterling Shoes will have the right to redeem all or a portion of the Debentures equal to the principal amount plus accrued and unpaid interest, provided that the market price on the date on which the notice of redemption is given is not less than 125% of the conversion price. After October 31st, 2011, Sterling Shoes will have the right to redeem all or a portion of the Debentures equal to the principal amount plus accrued and unpaid interest.

The Debentures will be offered in all provinces of Canada except Quebec, through a short form prospectus, and via private placement in the United States under Rule 144A. Closing of the offering is expected to occur on or about October 3rd, 2007, subject to satisfaction of customary conditions including receipt of all necessary regulatory approvals.

Net proceeds from the financing will be used to repay existing indebtedness, fund Sterling Shoes' new store expansion projects and for general corporate purposes.

The securities offered have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the U.S. Securities Act.

About Sterling Shoes Income Fund

Sterling Shoes 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, Freedmans, Gia and Sterling Outlet. Since 1987, Sterling Shoes has grown from five shopping mall locations to 136 stores located in high-traffic, high-visibility locations within enclosed shopping malls, on high streets and in strip malls. Sterling Shoes currently has over 1,000 employees, and revenues for the twelve-month period ended June 30, 2007 were \$110.6 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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