

Sterling

STERLING SHOES LIMITED PARTNERSHIP

FOR IMMEDIATE RELEASE

December 17, 2007

STERLING SHOES INCOME FUND

Fund Announces Special Cash Distribution of 36 cents per unit, an Increase in Monthly Cash Distributions effective January 1, 2008 and the December Distribution

HIGHLIGHTS:

- **Special distribution of \$0.36 per unit declared payable on January 15, 2008, bringing 2007 cash distributions to \$1.80 per unit.**
- **A supplemental special distribution may be declared upon finalization of the audited financial statements.**
- **Monthly cash distribution increased to \$0.125 per unit from \$0.12 per unit effective January 1, 2008, bringing annualized monthly distributions to \$1.50 / unit.**
- **December 2007 distribution of \$0.12 per unit declared payable on January 15, 2008.**
- **Fund will end 2007 operating 141 stores in five provinces under its six separate banners, an increase of 14 net stores during 2007.**

VANCOUVER, BC, December 17, 2007 –Sterling Shoes Income Fund (the “Fund”) (TSX: SSI.UN), a Vancouver-based, national specialty footwear retailer, today declared a special cash distribution of \$0.36 per unit payable on January 15, 2008 to unitholders of record on December 31, 2007.

Upon completion of the Fund’s audited financial statements for the year ended December 31, 2007 (in March 2008), this special distribution 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.

The Fund also announced that it will increase its monthly cash distribution effective January 1, 2008 from \$0.12 per trust unit to \$0.125 per trust unit, bringing 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 will be 40 percent more than when we went public in July 2005. Furthermore, for 2005 and 2006, we were able to make special, year-end payments of 16 cents and 47 cents per unit. We are very pleased to be able to make yet another special cash distribution of 36 cents per unit that results in a substantial return on the investment that our unitholders have made in Sterling.”

The Fund also announced its cash distribution of \$0.12 per trust unit for the period from December 1, 2007 to December 31, 2007. The distribution is payable on January 15, 2008 to unitholders of record on December 31, 2007.

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 December 31, 2007

freedman
shoes

Sterling

Jones

SHOE
WAREHOUSE

Sterling

STERLING SHOES LIMITED PARTNERSHIP

we expect to be operating 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.

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 December 14, 2007) 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, or contact:

Daniel S. Gumprich
Chief Financial Officer
(604) 270-6114

Additional information about Sterling Shoes Income Fund can be found in the disclosure documents filed by Sterling.

freedman
shoes

Sterling

Joneve

SHOE
WAREHOUSE