

Sterling

STERLING SHOES LIMITED PARTNERSHIP

FOR IMMEDIATE RELEASE

SEPTEMBER 27, 2011

STERLING SHOES INC.

(TSX: SSI, formerly *Sterling Shoes Income Fund*)

STERLING ANNOUNCES UPDATE ON CONVERTIBLE DEBENTURES

Vancouver – September 27, 2011, Sterling Shoes Inc. (TSX: SSI) (“Sterling”) announced today that its Board of Directors has resolved that Sterling will not make the interest payment on its Unsecured Subordinated Convertible Debentures (“Convertible Debentures” – TSX:SSI.UN) that is due to be paid on October 31, 2011.

As previously reported, Sterling has reached an agreement with its senior lender, the Bank of Montreal, on an amended credit facility which includes, among other things, certain provision and covenants that must be met in order to retain the ability to maintain the interest payments required on the Convertible Debentures. Due to a continued challenging retail environment and the current cash flow situation of the Company, the Board of Directors of Sterling determined not to make the October 31, 2011 interest payments on its Convertible Debentures.

About Sterling Shoes Inc.

Sterling 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 five separate retail banners: Sterling, Joneve, Shoe Warehouse, Freedman Shoes and Gia. Since 1987, Sterling Shoes has grown from five shopping mall locations to 162 stores (as at May 12, 2011) located in high-traffic, high visibility locations within enclosed shopping malls, on high streets and in strip malls. The Company currently employs over 1,100 employees. The Company’s shares are listed on the Toronto Stock Exchange under the symbol SSI. The Company’s convertible debentures are listed on the Toronto Stock Exchange under the symbol SSI.DB.

For further information, please visit us at www.SterlingShoesInc.com, or contact:

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Additional information about Sterling Shoes Inc. can be found in the disclosure documents filed by Sterling Shoes Inc. with the securities regulatory authorities, available at www.sedar.com.