

FOR IMMEDIATE RELEASE

January 23, 2006

STERLING SHOES INCOME FUND ANNOUNCES MONTHLY CASH DISTRIBUTION

VANCOUVER, BC, January 23, 2006 – Sterling Shoes Income Fund (TSX: SSI.UN) (“Sterling Shoes”), a leading independent footwear retailer, today announced that its Board of Trustees has approved a cash distribution of \$0.08958 per trust unit for the period from January 1, 2006 to January 31, 2006, payable on February 15, 2006 to unitholders of record at the close of business on January 31, 2006.

The Fund's Declaration of Trust requires that it pay or make payable all taxable income earned in its fiscal period ending December 31. During December 2005 Management estimated, and the Board of Trustees declared a special year-end distribution payable to unitholders of record on December 31, 2005 to achieve this requirement (payable, if necessary, in two installments). The initial installment of this special distribution (\$0.16 per Unit) was paid on January 16, 2006.

Upon completion of the annual financial statements, a final determination of any supplemental installment necessary to ensure the Fund's taxable income for 2005 has been paid or made payable will be made. This additional installment, if any, will also be paid to unitholders of record at December 31, 2005.

Sterling Shoes' policy is to pay cash distributions on the 15th of each month to unitholders of record on the last business day of the preceding month. Unitholders who are non-residents of Canada will be required to pay all withholding taxes payable on any distributions by Sterling Shoes. Distributions on the subordinated limited partner units of the Partnership are intended to be paid quarterly on a subordinated basis assuming certain financial tests are met.

About Sterling Shoes Income Fund

Sterling Shoes Income Fund became a publicly traded entity on the Toronto Stock Exchange on July 12, 2005 and is a leading Vancouver-based independent footwear retailer offering a broad selection of private label and brand name shoes and accessories across five Canadian provinces through its four separate retail banners: Sterling, Joneve, Shoe Warehouse and Freedman's. Since 1987, Sterling Shoes has grown from five shopping mall locations to 104 stores located primarily in western Canada in high-traffic, high-visibility locations within enclosed shopping malls, on high streets and in strip malls. Sterling Shoes currently employs over 750 employees, and sales for its initial 81-day period ended September 30, 2005 were \$19.5 million.

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

freedman
shoes

Sterling

Joneve

SHOE
WAREHOUSE

Sterling

STERLING SHOES LIMITED PARTNERSHIP

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

freedman
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SHOE
WAREHOUSE

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