

**STERLING SHOES INCOME FUND  
FILES FINAL PROSPECTUS FOR \$53 MILLION IPO**

Vancouver, B.C. – Sterling Shoes Income Fund (the “Fund”) is pleased to announce that the Fund has filed a final prospectus with the securities regulatory authorities in each of the provinces of Canada in connection with the Fund’s initial public offering. The Fund will issue 5,313,488 trust units at \$10.00 per unit for gross proceeds of \$53,134,880. The Fund has also granted the underwriters an over-allotment option to purchase an additional 332,093 trust units at \$10.00 per unit for a period of 30 days after closing.

After the closing of the offering, the Fund will hold an 80% indirect interest (85% if the over-allotment option is exercised in full) in Sterling Shoes Limited Partnership, which will acquire, own and operate the footwear retail business currently being carried on by Sterling Shoes Inc. (“Sterling Shoes”). Closing is subject to customary closing conditions and is currently scheduled for July 12, 2005.

The Fund intends to make monthly distributions of its distributable cash, estimated at \$1.075 per trust unit annually or \$0.0896 monthly. The first distribution to unitholders is expected to be made on September 15, 2005, for the period from closing to August 31, 2005, and is estimated to be \$0.1474 per unit. The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the trust units under the symbol “SSI.UN”, subject to the Fund satisfying the customary requirements of the TSX.

The underwriting syndicate for the offering is led by TD Securities Inc. and includes BMO Nesbitt Burns Inc., CIBC World Markets Inc., Scotia Capital Inc., Canaccord Capital Corporation and HSBC Securities (Canada) Inc.

A copy of the Fund’s final prospectus is available on SEDAR ([www.sedar.com](http://www.sedar.com)).

Sterling Shoes 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 100 stores located primarily in western Canada in high-traffic, high-visibility locations within enclosed shopping malls, on high streets and in strip malls. It has recently opened two stores in Ontario (Newmarket and Mississauga) and expects to open its first Toronto store in the Toronto Eaton Centre in August 2005. Sterling Shoes currently employs over 650 employees, and its sales for the 12 month period ended April 30, 2005 were \$73.3 million.

For further information, please contact:

Jeremy Horwitz  
President and Chief Executive Officer  
(604) 270-6114

Mannie Druker  
Vice-President, Finance and Leasing  
(604) 270-6114