

LIQUOR STORES INCOME FUND

**Instrument of Proxy
For the Annual and Special Meeting of Unitholders**

The undersigned holder ("**Unitholder**") of trust units or special voting units (collectively, "**Units**") of Liquor Stores Income Fund (the "**Fund**") hereby appoints Henry Bereznicki, Chairman of Liquor Stores GP Inc. (the "**GP**"), the administrator of the Fund, of the City of Edmonton, in the Province of Alberta, or, failing him, Irving Kipnes, Chief Executive Officer of the GP, of the City of Edmonton, in the Province of Alberta, or instead of either of the foregoing, _____, as proxyholder of the undersigned, with full power of substitution, to attend and act and vote for and on behalf of the undersigned at the Annual and Special Meeting of the Unitholders of the Fund (the "**Meeting**"), to be held on May 8, 2008, and at any adjournment or adjournments thereof and on every ballot that may take place in consequence thereof to the same extent and with the same powers as if the undersigned were personally present at the Meeting with authority to vote at the said proxyholders' discretion, except as otherwise specified below. Without limiting the general powers hereby conferred, the undersigned hereby directs the said proxyholder to vote the Units represented by this instrument of proxy in the following manner:

1. **FOR** or **WITHHOLD FROM VOTING FOR** the election of four (4) trustees of the Fund as specified in the Information Circular of the Fund dated March 27, 2008 (the "**Circular**");
2. **FOR** or **WITHHOLD FROM VOTING FOR** the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Fund for the ensuing year;
3. **FOR** or **WITHHOLD FROM VOTING FOR** passing a special resolution approving certain amendments to the Fund's Declaration of Trust and replacement of the Administration Agreement to provide for the appointment of a corporate trustee of the Fund, as more particularly described in the Information Circular of the Fund dated March 27, 2008;
4. **FOR** or **AGAINST** passing an ordinary resolution in the form set forth in the Circular approving the Fund's Unit Award Incentive Plan, as more particularly described in the Circular; and
5. At the discretion of the said proxyholder, upon any amendment or variation of the above matters or any other matter that may properly be brought before the Meeting or any adjournment thereof, in such manner as such proxyholder, in his sole judgment may determine.

This Instrument of Proxy is solicited on behalf of the trustees of the Fund. The Units represented by this Instrument of Proxy will be voted and, where the Unitholder has specified a choice with respect to the above matters, will be voted as directed above or, if no direction is given, will be voted in favour of the above matters. Each Unitholder has the right to appoint a proxyholder, other than the persons designated above, who need not be a Unitholder, to attend and to act for him and on his behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the Unitholder's appointee should be legibly printed in the blank space provided.

The undersigned hereby revokes any proxies heretofore given.

Dated this ____ day of _____, 2008.

(Signature of Unitholder)

(Name of Unitholder - please print)

NOTES:

1. If the Unitholder is a corporation, its corporate seal must be affixed or it must be signed by an officer or attorney thereof duly authorized.

2. This form of proxy must be dated and the signature hereon should be exactly the same as the name in which the Units are registered. This form of proxy must be dated and the signature hereon should be exactly the same as the name in which the Units are registered. If the date is not inserted in the blank space provided above, this proxy shall be deemed to be dated on the day on which it is mailed by the Fund with the Circular.

3. Persons signing as executors, administrators, trustees, etc., should so indicate and give their full title as such.

4. This instrument of proxy will not be valid and not be acted upon or voted unless it is completed as outlined herein and delivered to CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1 (or by facsimile to 416-368-2502), not less than 48 hours before the time set for the holding of the Meeting or any adjournments thereof. A proxy is valid only at the Meeting in respect of which it is given or any adjournment(s) of that Meeting.