

LIQUOR DEPOT

LIQUOR STORES INCOME FUND

ANNUAL GENERAL MEETING

Thursday May 8, 2008



The Industry

- Attractive growing industry
 - 5.0% CAGR to 2007 in Alberta
 - 5.7% CAGR from 2001 to 2007 in B.C.



Favorable Regulatory Environment

Alberta

- Legislated “level playing field”
 - Separate and distinct business requirement in the Alberta Act
 - Uniform wholesale and postage stamp delivery costs

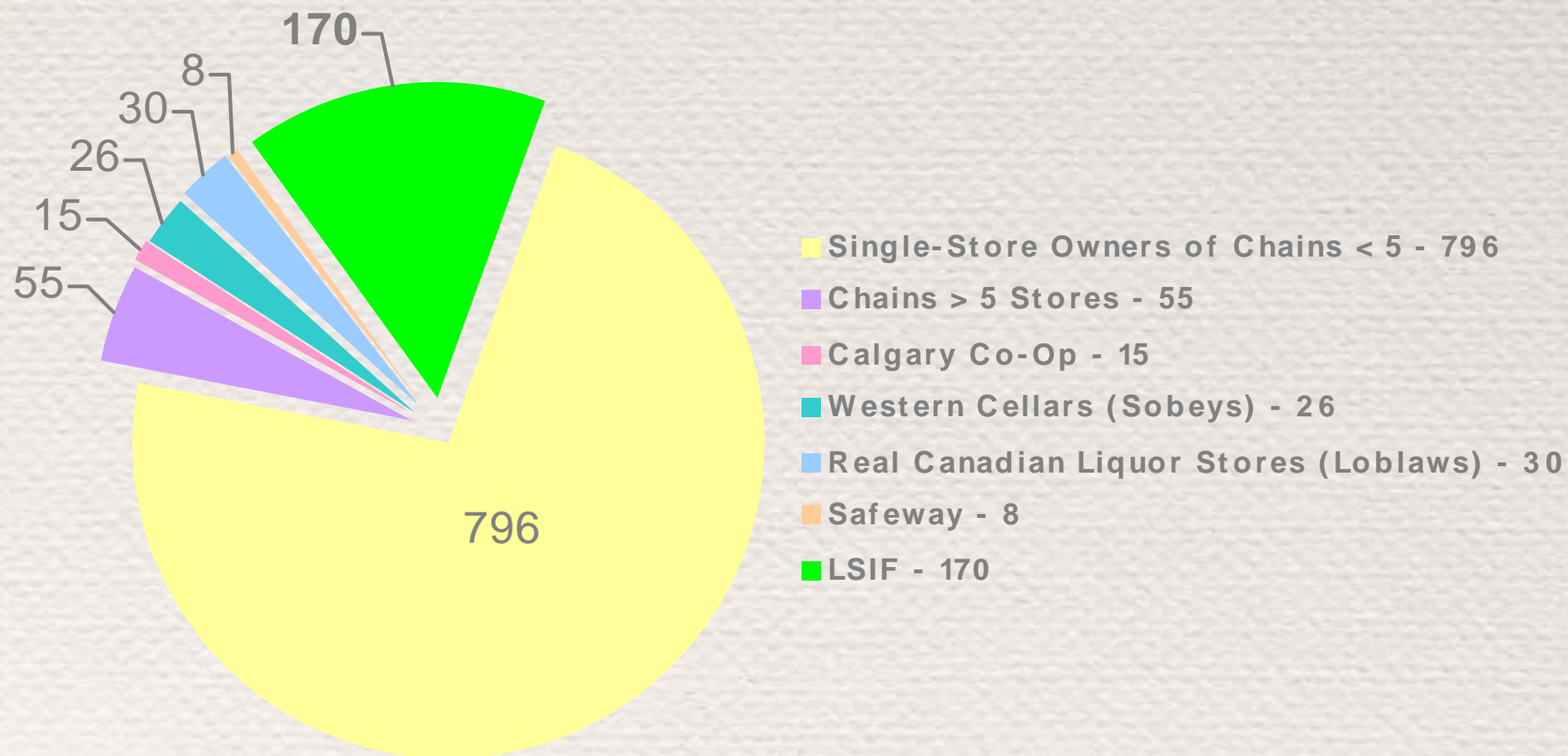
British Columbia

- Partially privatized industry with both government and privately owned and operated retail liquor stores
 - Substantially all product sold to privately-owned stores at a standard 16% discount rate



Alberta - Competition

Alberta Retail Liquor Stores



Total Stores Alberta – 1100 approximately
(Source: Alberta Liquor and Gaming Commission)

British Columbia - Competition



Total Stores British Columbia – 831
(Source: British Columbia Liquor Distribution Branch)

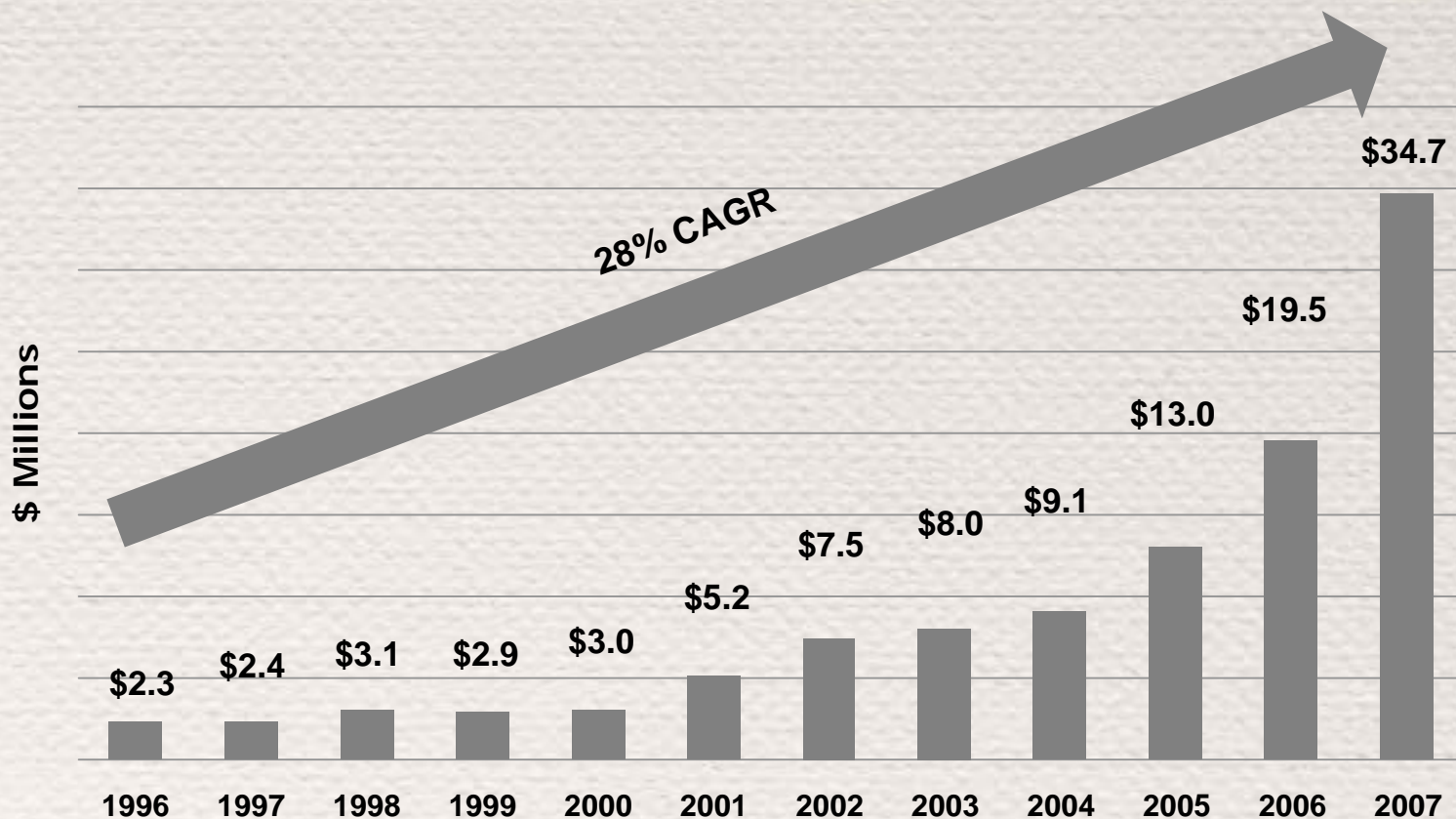
Liquor Stores Income Fund

- Ideal income fund assets
- Stable revenues & margins with EBITDA CAGR growth of 28% since 1996
- Alberta's largest liquor store retailer by number of stores and by sales

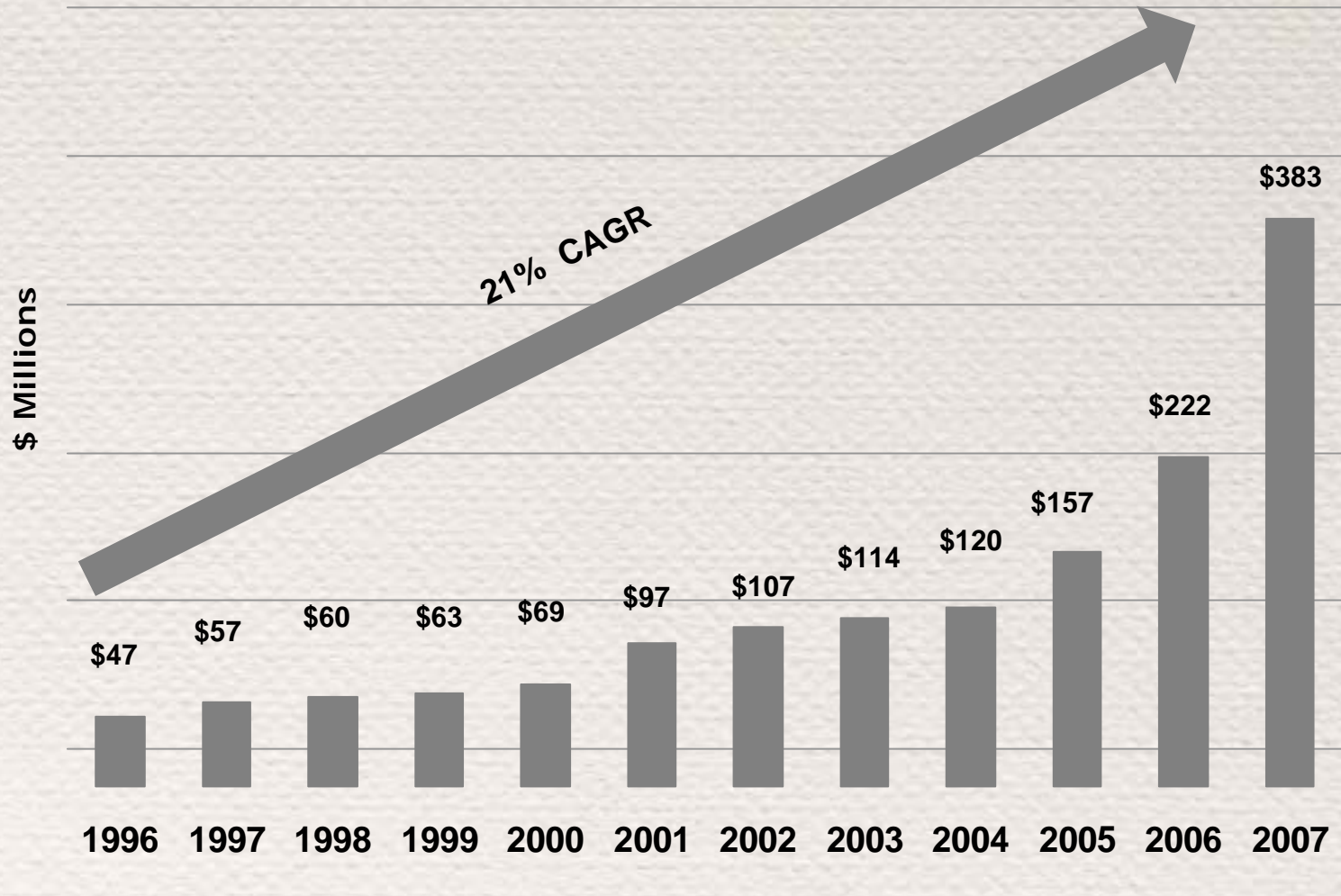


Note: Many of the numbers contained in this presentation are non-GAAP measures.

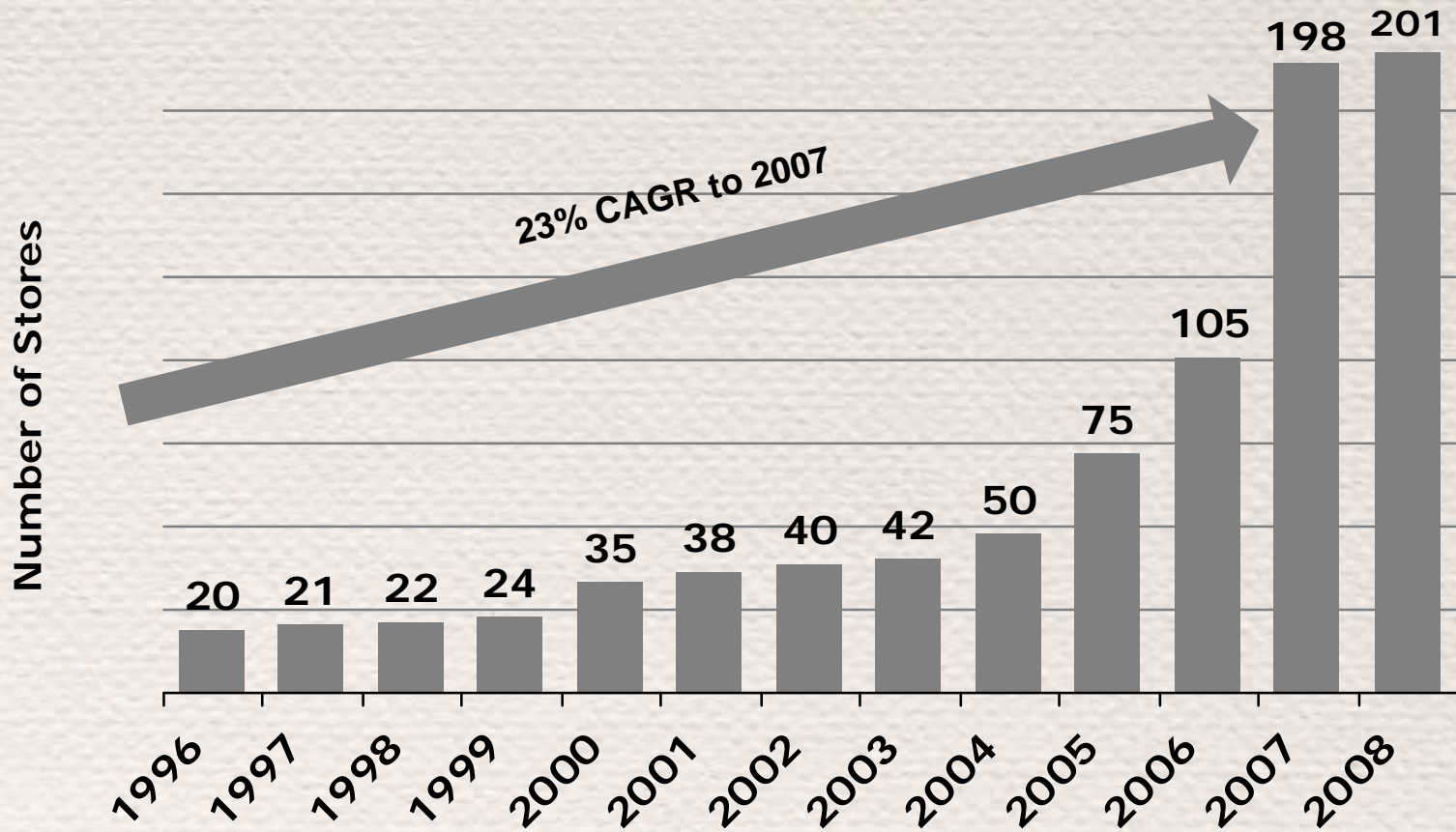
Reliable and Growing EBITDA



Strong Sales Growth



Track Record of Consistent Store Growth

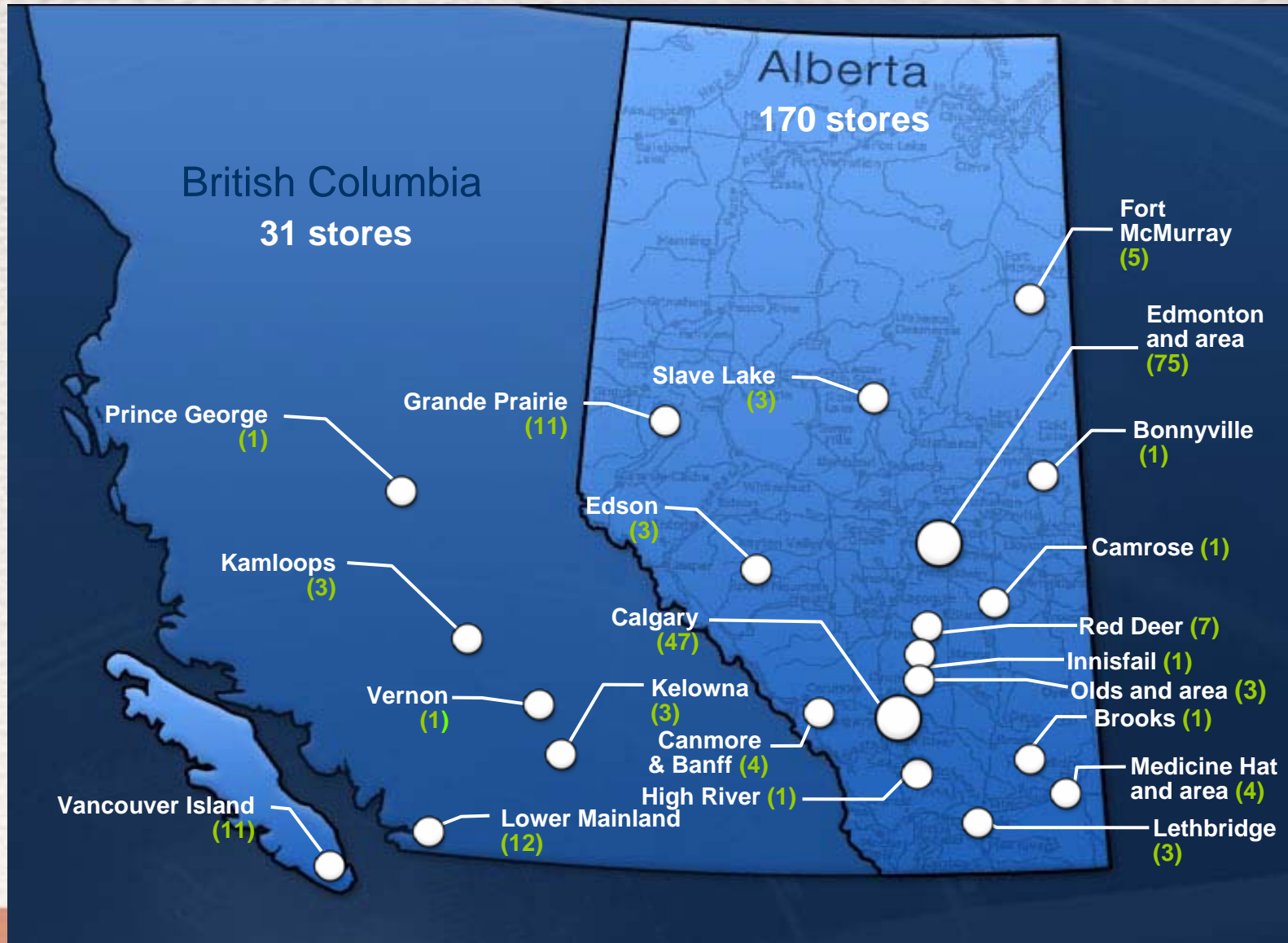


Success Factors

- Convenient locations
 - Strong real estate expertise
- Liquor products comprise 99%+ of sales
 - Very experienced liquor store operators since 1993
- Cash business
- Proven strategies for continued growth



Store Locations



Outstanding Product Merchandising

- Major competitive advantages
 - Optimal traffic flow
 - Upscale attractive store designs
 - Broader product offerings
 - Higher margin product focus
- Our average sales in Alberta stores are \$2.2 million compared to industry average of \$1.5 million
- Average sales in our British Columbia stores are approximately \$2.6 million



Strong Financial Capacity

- Raised \$93 million on three issuances of units since IPO
- Raised \$55 million on issuances of convertible subordinated debentures
- \$120 million credit facility
- Approximately \$60 million + available for acquisition & development



Strong Alignment with Unitholders

- Executive management, directors, and IPO vendors currently hold >15.9% of units (fully diluted)
- Long Term Incentive Plans



2007 Highlights

- New stores
 - Acquired or developed 146 stores since IPO
 - **81 Liquor Barn stores acquired in 2007**
 - **10 additional stores acquired or opened in 2007**
- Cash distributions
 - Initial Distribution - \$1.00
 - To date five increases in distributions:
 - May 2005 - 7.5% to \$1.075 per year
 - February 2006 - 11.6% to \$1.20 per year
 - November 2006 - 16.7% to \$1.40 per year
 - **March 2007 - 7.1% to \$1.50 per year**
 - **December 2007 - 8.0% to \$1.62 per year**



Operating Results for the year ended December 31, 2007

(millions except per unit amounts)	2007	% Change	2006
Sales	\$ 383.1	73%	\$ 222.0
Operating margin	\$ 35.2	81%	\$ 9.5
Percent of sales	8.6%	(0.2%)	8.8%
Actual Units outstanding	22.5	67%	13.5
Weighted Average Units outstanding	18.6	56%	12.0
Distributable cash per unit	\$ 1.67	20%	\$ 1.39
Payout Ratio	90.0%	0.8%	89.2%

Operating Results for the period ended March 31, 2008

	2008		2007			
	Fund		Fund		BAR Pro Forma ⁽¹⁾	
	\$	% of sales	\$	% of sales	\$	% of sales
# of Stores	198		105		175	
Sales	94.4	100.0%	51.8	100.0%	83.5	100.0%
Operating margin before non-recurring items	5.5	5.8%	3.2	6.2%	4.0	4.8%
Non-recurring items ⁽²⁾	0.5	0.5%	-	-	-	-
Operating margin	5.0	5.3%	3.2	6.2%	4.0	4.8%
Distributable cash/unit after non-recurring items	0.17	-	0.20	-	-	-
Distributions declared/unit	0.41	-	0.36	-	-	-

(1) Fund Proforma refers to the combined results of Liquor Stores Income Fund and Liquor Barn Income Fund for the three months ended March 31, 2007 as presented in the BAR.

(2) Non-recurring items in the first quarter of 2008 include relocation expense and search fees related to senior management recruitment as well as consulting fees and legal fees.

Historic Unit Price

Liquor Stores Income Fund Unit Price



Risk Factors

The Fund's results of operations, business prospects, financial condition, cash distributions to unitholders and the trading price of the Units are subject to a number of risks. These risk factors include: risks relating to government regulation; competition; its ability to locate and secure acceptable store sites and to adapt to changing market conditions; risks relating to future acquisitions and development of new stores; failure to successfully integrate acquisitions; dependence on key personnel; the Fund's ability to hire and retain staff at acceptable wage levels; risks related to the possibility of future unionization; supply interruption or delays; reliance on information and control systems; dependence on capital markets to fund its growth strategy beyond its available credit facilities; dependence of the Fund on Liquor Stores LP and Liquor Barn LP; leverage and restrictive covenants in agreements relating to current and future indebtedness of Liquor Stores LP and Liquor Barn LP; restrictions on the potential growth of Liquor Stores LP and Liquor Barn LP as a consequence of the payment by Liquor Stores LP and Liquor Barn LP of a substantial amount of their respective operating cash flow; income tax related risks including Bill C – 52 including the provisions related to the taxation of income trusts; and the Vendors' right to approve certain material transactions.

For a discussion of these risks and other risks associated with an investment in Units, see "Risk Factors" detailed in the Fund's Annual Information Form, which is available at www.sedar.com.

Non-GAAP Measures

References to “distributable cash” are to cash available for distribution to unitholders in accordance with the distribution policies of the Fund. Management believes that, in addition to income or loss, cash available for distribution before debt service, changes in working capital, capital expenditures and income taxes is a useful supplemental measure of performance. Distributable cash of the Fund is a measure generally used by Canadian open-ended trusts as an indicator of financial performance. As one of the factors that may be considered relevant by unitholders and prospective investors is the cash distributed by the Fund relative to the price of the Fund’s Units, management believes that distributable cash of the Fund is a useful supplemental measure that may assist unitholders and prospective investors in assessing an investment in the Fund. For a reconciliation of distributable cash to cash provided by operating activities please see "Distributable cash per unit (Fund Units, Exchangeable and Subordinated LP Units)".

“Payout ratio” is calculated by dividing cash distributions declared by distributable cash.

Operating margin has been derived by adding interest expense, amortization inventory fair value adjustments, amortization of property and equipment, intangibles and pre-opening costs, and non-recurring items to net earnings before non-controlling interest. Operating margin as a percentage of sales is calculated by dividing operating margin by sales.

Operating margin, operating margin as a percentage of sales, distributable cash and payout ratio are not measures recognized by GAAP and do not have a standardized meaning prescribed by GAAP. Investors are cautioned that operating margin, operating margin as a percentage of sales, distributable cash and payout ratio should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Fund's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Fund's method of calculating operating margin, operating margin as a percentage of sales, distributable cash and payout ratio may differ from the methods used by other issuers. Therefore, the Fund's operating margin, operating margin as a percentage of sales, distributable cash and payout ratio may not be comparable to similar measures presented by other issuers.

Forward Looking Information

This presentation contains forward-looking statements. All statements other than statements of historical fact contained in this presentation are forward-looking statements, including, without limitation, statements regarding the future financial position, cash distributions, business strategy, proposed or recent acquisitions and the benefits to be derived therefrom, budgets, litigation, projected costs and plans and objectives of or involving the Fund, Liquor Stores LP or Liquor Barn LP. You can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. These forward-looking statements include statements with respect to the amount and timing of the payment of the distributions of the Fund. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including, but not limited to, those discussed elsewhere in this management's discussion and analysis. There can be no assurance that such expectations will prove to be correct. Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include, but are not limited to, those discussed under "Risk Factors".

The information contained in this presentation, including the information set forth under "Risk Factors", identifies additional factors that could affect the operating results and performance of the Fund, Liquor Stores LP and Liquor Barn LP.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this presentation is made as of the date of this presentation and the Fund assumes no obligation to update or revise them to reflect new events or circumstances except as expressly required by applicable securities law.