

LIQUOR DEPOT

LIQUOR STORES INCOME FUND

December 18, 2008



The Liquor Industry

- Attractive growing industry
 - 6.1% CAGR to 2008 in Alberta
 - 6.6% CAGR from 2001 to 2008 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

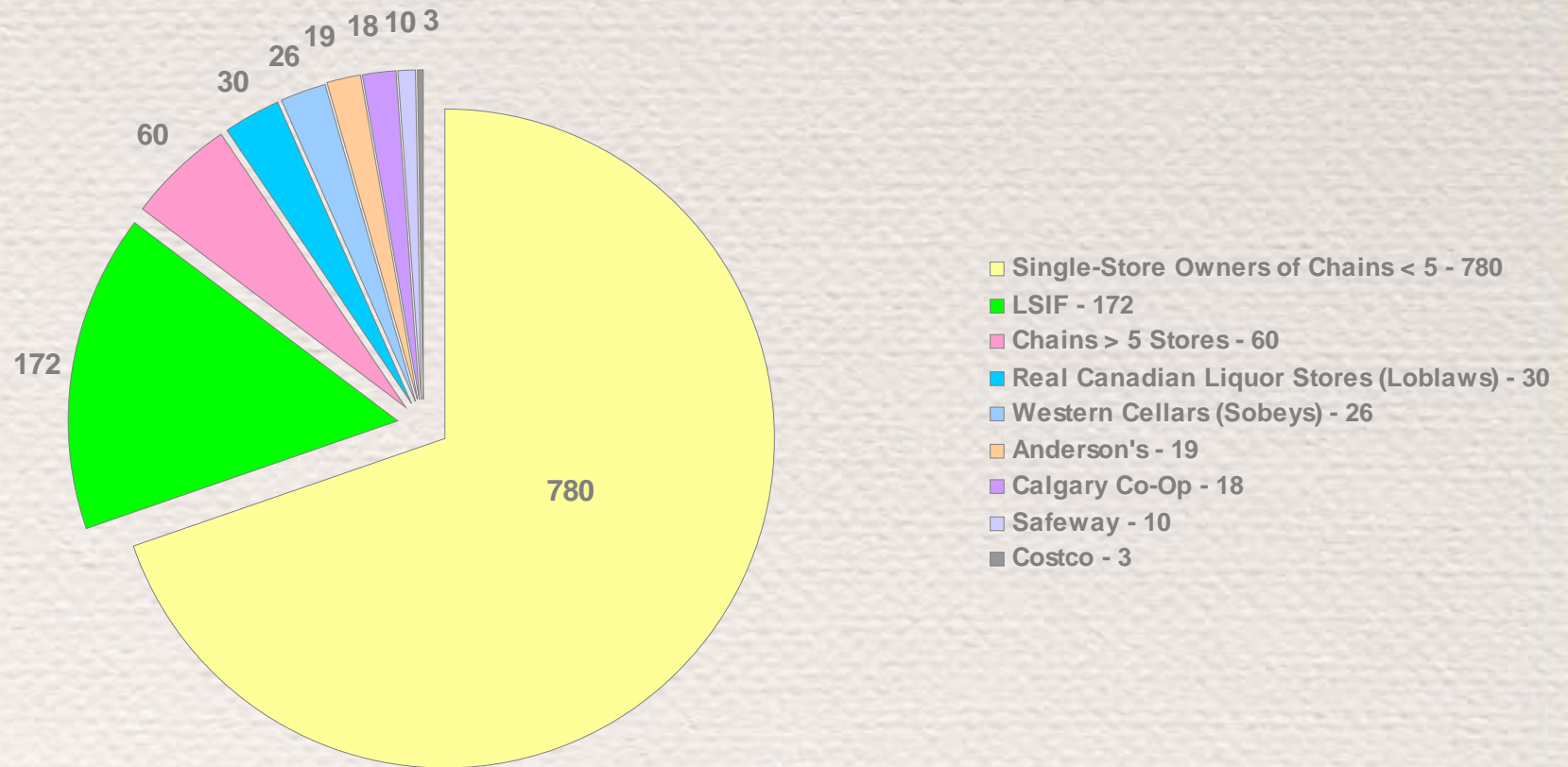
British Columbia

- Partially privatized industry with both government (200 ±) and private retail liquor stores (620 ±)
 - Product sold to privately-owned stores at a 16% discount rate



Alberta - Competition

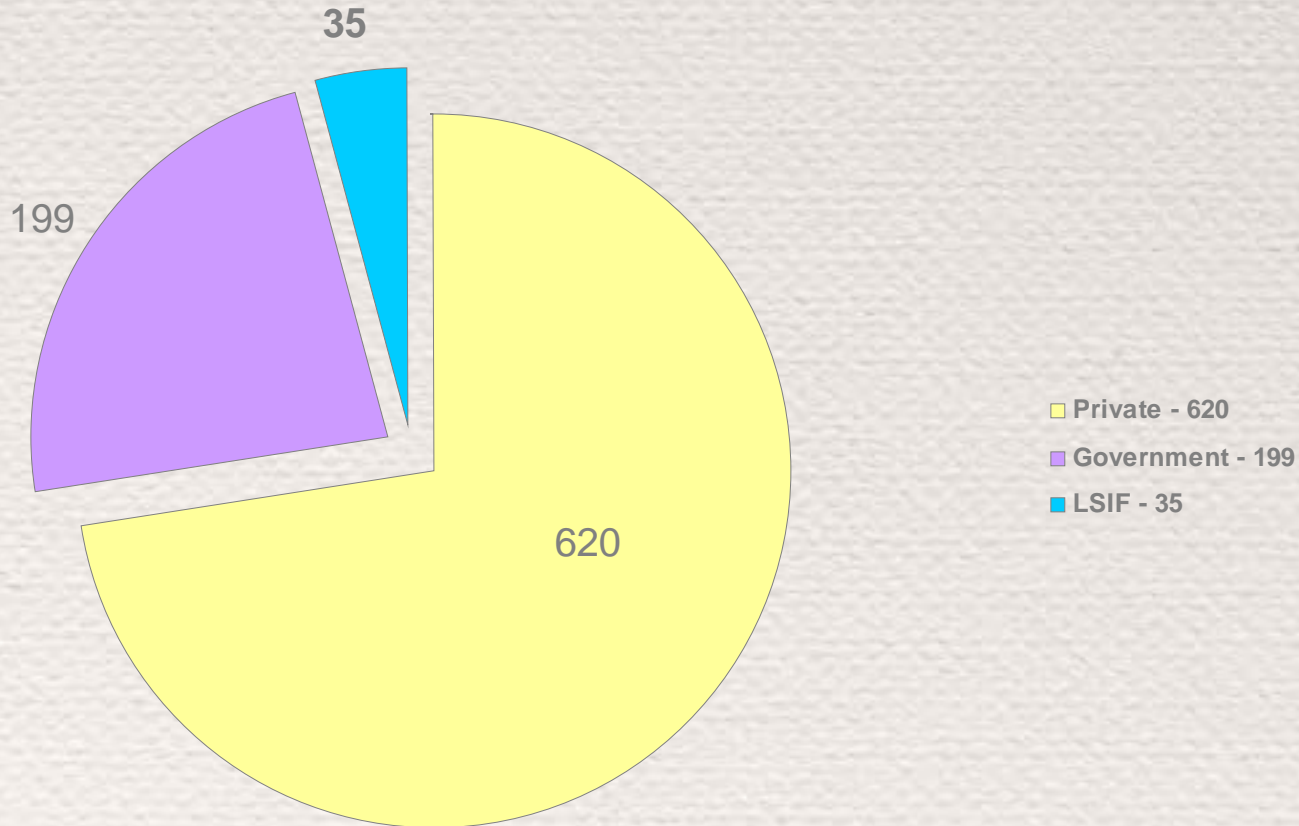
Alberta Retail Liquor Stores



Total Stores Alberta (March 2008) – 1,118 approximately
(Source: Alberta Liquor and Gaming Commission)

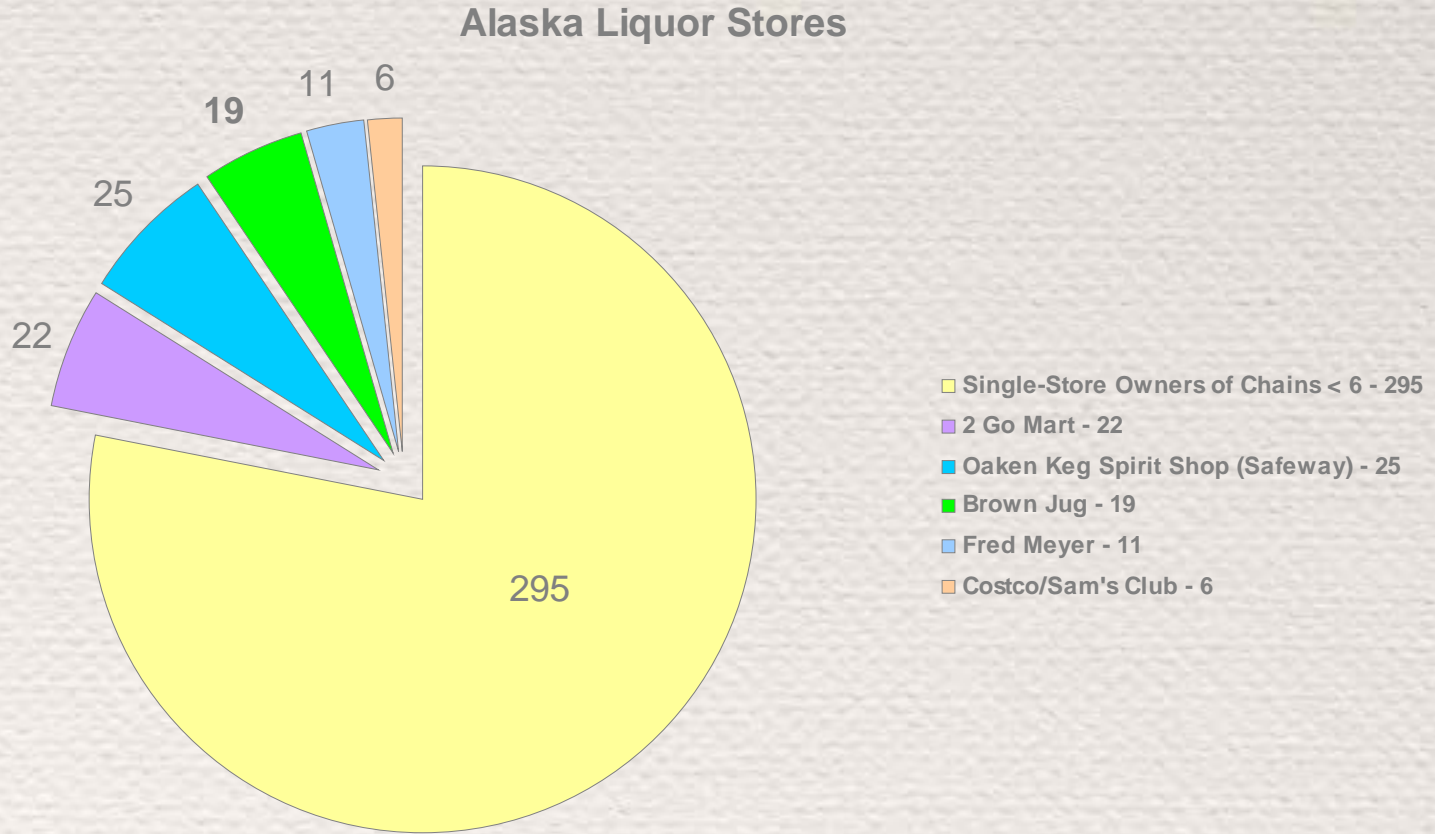
British Columbia - Competition

British Columbia Liquor Stores



Total Stores British Columbia (March 2008) – 854
(Source: British Columbia Liquor Distribution Branch)

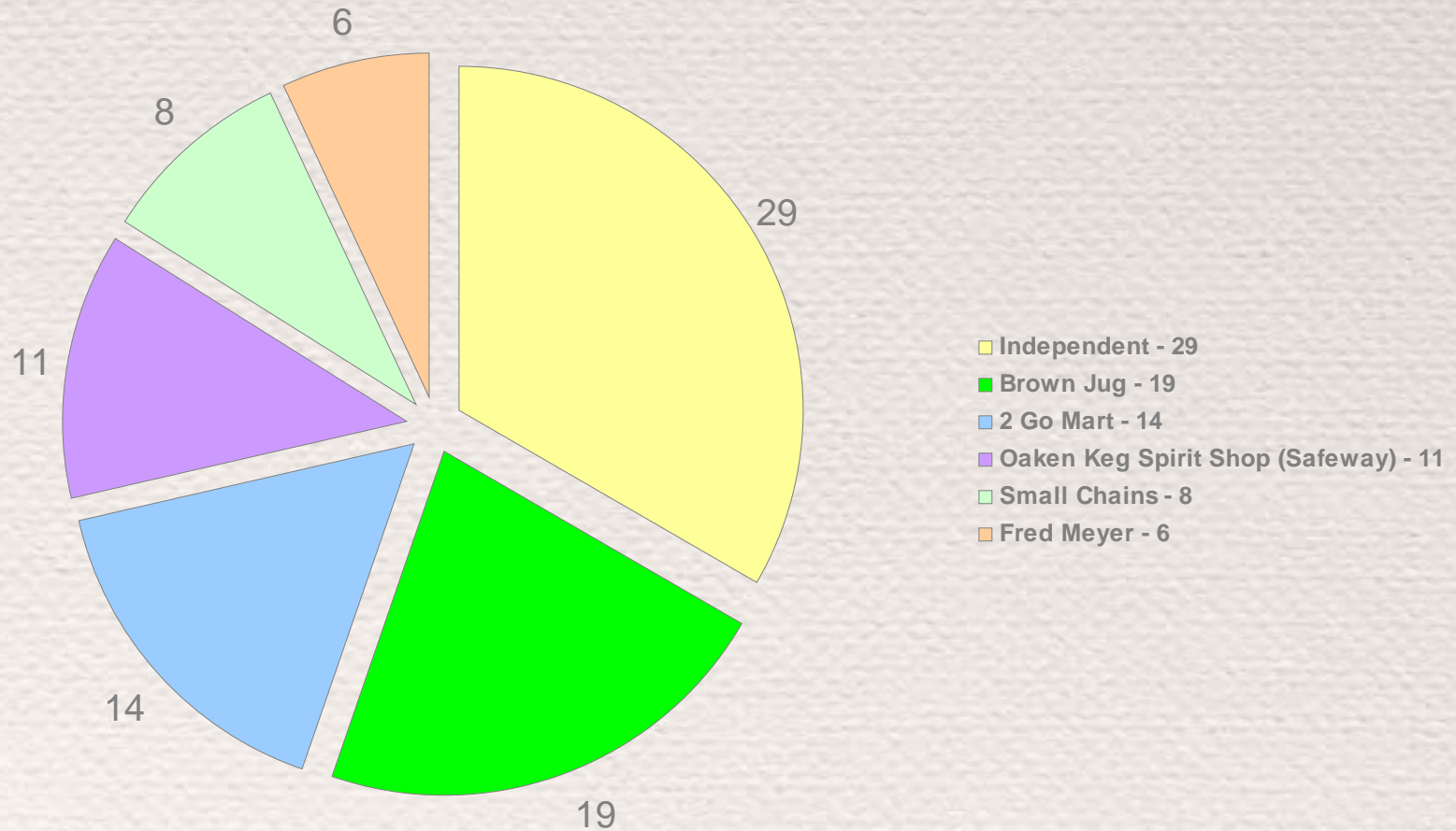
Alaska - Competition



Total Stores Alaska - 378 approximately
(Source: Alcohol Beverage Control)

Anchorage/Wasilla - Competition

Anchorage/Wasilla Liquor Stores



Total Stores Alaska - 87 approximately
(Source: Alcohol Beverage Control)

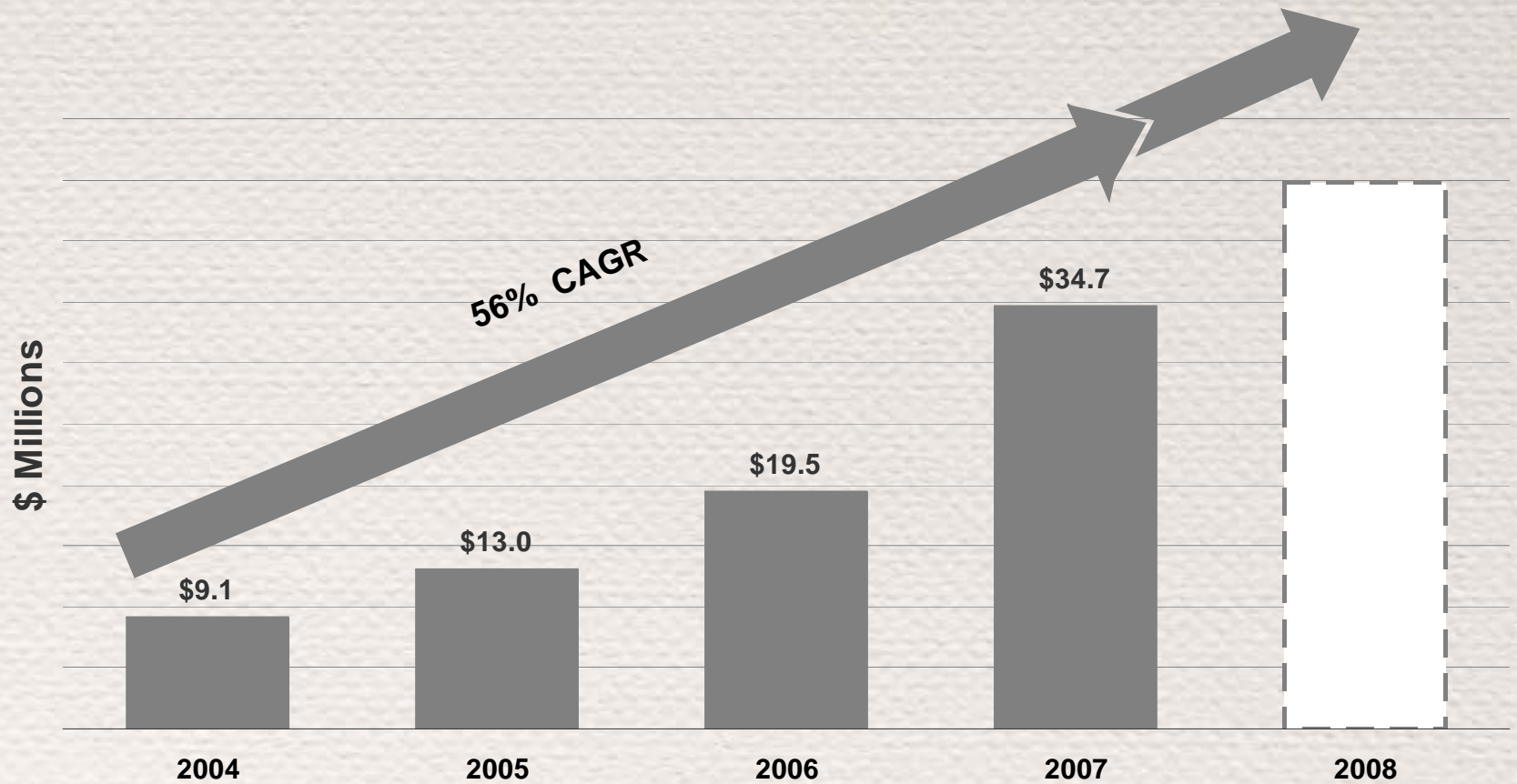
Liquor Stores Income Fund

- Ideal income fund assets
- Stable revenues & margins with EBITDA CAGR growth of 56% since 2004
- Alberta's largest liquor store retailer by number of stores and by sales

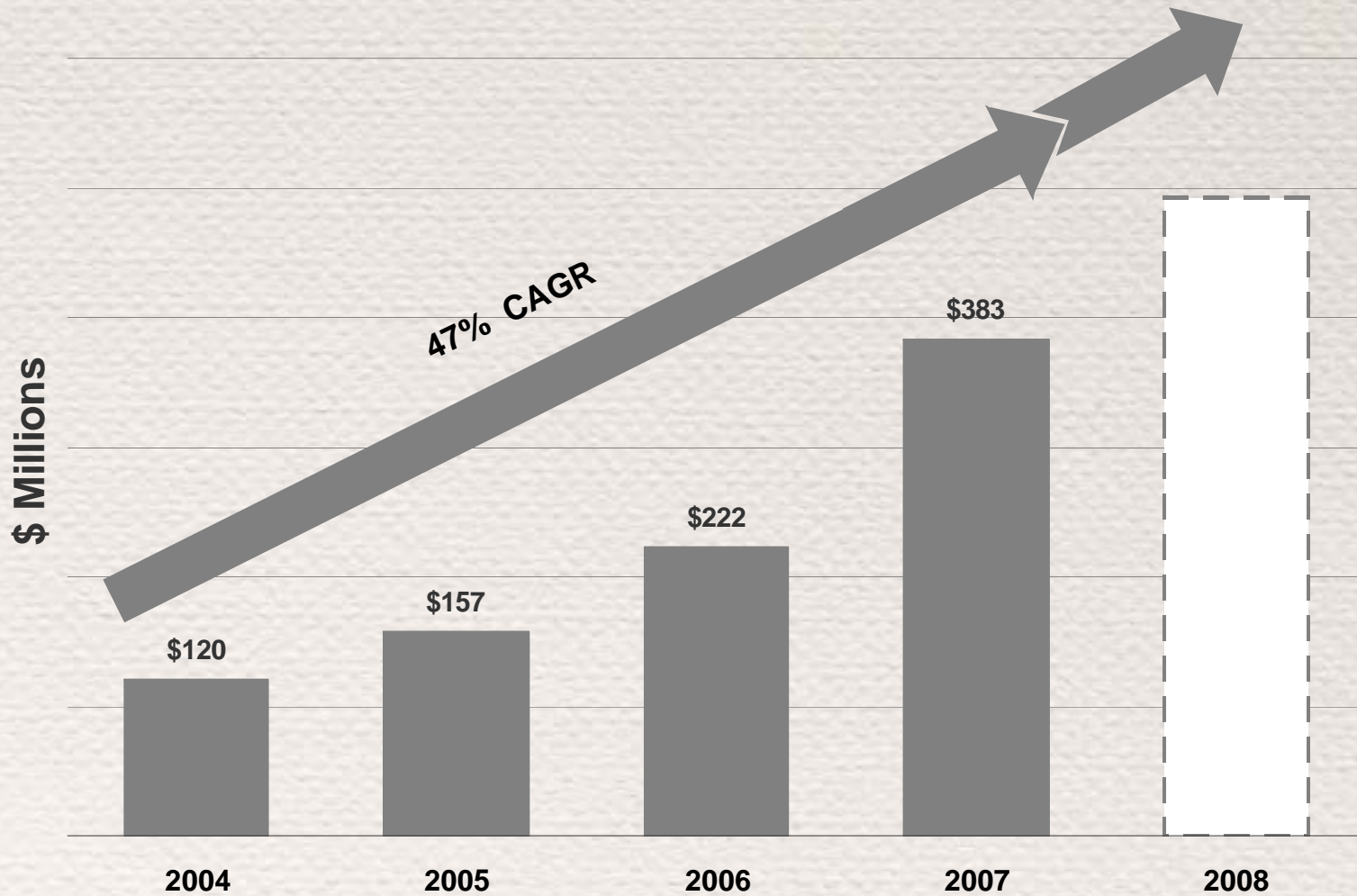


Note: Many of the numbers contained in this presentation are non-GAAP measures.

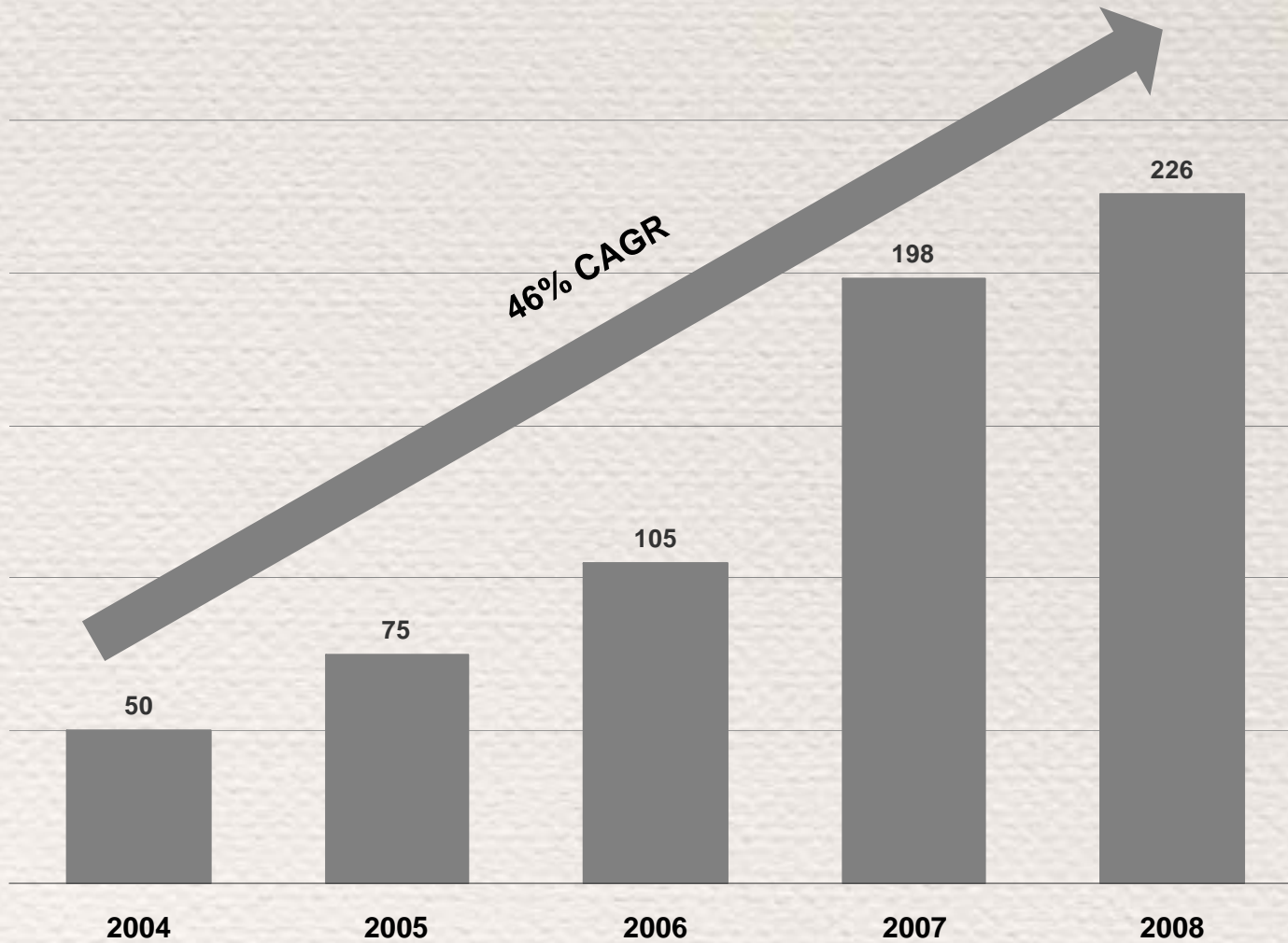
Reliable and Growing EBITDA



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

	Alberta			British Columbia			Alaska		
	Edmonton ⁽¹⁾	Calgary ⁽¹⁾	Other ⁽²⁾	Lower Mainland	Vancouver Island	Interior	Anchorage	Other	Total ⁽³⁾
Number of Stores	79	45	48	13	11	10	19	1	226

Notes:

- (1) References to Edmonton and Calgary are to stores located in or near those urban centres.
- (2) Other communities served in Alberta include, by region, Northern (23), Southern (8), Central (14) and Resort communities (3).
- (3) Total stores is net of one store closure that occurred in October 2008 and two store closures that occurred in November 2008.

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
- At December 18, 2008, the Fund has substantial funds available for acquisition & development activities



Strong Alignment with Unitholders

- Executive management, directors, and IPO vendors currently hold >16.3% of units outstanding



2008 Highlights

- New stores
 - 34 additional stores acquired or opened in 2008 to date, including 19 in Alaska
- Strategic and financial benefits of Brown Jug Inc. acquisition
 - Enter a new market with a significant acquisition of liquor stores with an established brand
 - Increased regional diversification to enhance stability of cash flow
 - 8.5% increase in the number of stores under operation
 - Attractive purchase price representative of historical acquisitions in Alberta
 - Accretive to distributable cash per unit in the first full year of operation

Cash Distributions

- 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 quarter ended September 30, 2008

	2008		2007	
	Fund		Fund	
	\$	% of sales	\$	% of sales
# of Stores ⁽¹⁾	208		193	
Sales	123.9	100.00%	122.1	100.00%
Same store sales	106.8	86.20%	110.0	90.10%
Operating margin	12.4	10.02%	11.9	9.77%
Non-recurring items ⁽²⁾	0.1	0.07%	0.3	0.23%
Operating margin before non-recurring items	12.5	10.09%	12.2	10.00%
Distributable cash/unit after non-recurring items	0.49	-	0.49	-
Distributions declared/unit	0.41	-	0.38	-

- (1) The number of stores and corresponding results for 2008 includes partial months of operations for four stores (2007 –five) opened or acquired during the three months ended September 30, 2008
- (2) Non-recurring items for the three months ended September 30, 2008 include certain professional and consulting fees. Non-recurring items in the third quarter of 2007 were head office moving costs and Liquor Barn acquisition expenses.

Operating Results for the nine months ended September 30, 2008

	2008		2007			
	Fund		Proforma ⁽¹⁾		Fund	
	\$	% of sales	\$	% of sales	\$	% of sales
# of Stores ⁽²⁾	208		193		193	
Sales	339.9	100.00%	322.6	100.00%	257.1	100.00%
Same store sales	266.3	78.35%	271.0	84.01%	161.2	62.70%
Operating margin	27.5	8.10%	21.2	6.58%	22.3	8.68%
Non-recurring items ⁽³⁾	0.8	0.23%	4.8	1.49%	0.5	0.18%
Operating margin before non-recurring items	28.3	8.33%	26.0	8.07%	22.8	8.86%
Distributable cash/unit after non-recurring items	1.07	-	-	-	1.09	-
Distributions declared/unit	1.22	-	-	-	1.11	-

- (1) 2007 Fund Proforma refers to the results of the Fund for the nine months ended September 30, 2007, which include results for Liquor Barn stores from June 8 to September 30, 2007 and Liquor Barn Income Fund from January 1 to June 7, 2007.
- (2) For the nine months ended September 30, 2008, 2008 Fund Results include partial months of operations for 13 stores opened or acquired in 2008. 2007 Fund Proforma results contain partial months of operations for eight Fund stores opened or acquired in 2007. 2007 Fund Results contain partial months of operations for 81 Liquor Barn stores and eight Fund stores opened or acquired in 2007 and are not a good basis for comparison.
- (3) Non-recurring items for the nine months ended September 30, 2008 include recruitment and relocation expenses as well as consulting and professional fees related to non-recurring business matters. Non-recurring items in the first nine months of 2007 for the 2007 Fund Proforma were expenses incurred by Liquor Barn that related to the Fund's successful offer; and for the 2007 Fund Results, non-recurring items were head office relocation and Liquor Barn acquisition expenses.

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, secure and maintain 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; leverage and restrictive covenants in agreements relating to current and future indebtedness of Liquor Stores LP; restrictions on the potential growth of Liquor Stores LP as a consequence of the payment by Liquor Stores LP of a substantial amount of their respective operating cash flow and income tax related risks including the SIFT Rules.

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 “EBITDA” are to earnings before interest, income taxes, depreciation and amortization and 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, EBITDA and distributable cash are useful supplemental measures 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 trust 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 and Exchangeable Units)”.

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

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

Operating margin, operating margin as a percentage of sales, distributable cash, EBITDA 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, EBITDA 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, EBITDA 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, EBITDA 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 or Liquor Stores 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 and Liquor Stores 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.