

LIQUOR STORES INCOME FUND ANNOUNCES INCREASE IN DISTRIBUTIONS

EDMONTON , JANUARY 10, 2006 - Liquor Stores Income Fund (“the Fund”) announced today that it will increase its monthly distribution by \$0.01042 per unit from \$0.08958 to \$0.10 (or from \$1.075 to \$1.20 on an annualized basis), representing an 11.6 % increase. The increased distribution rate will be effective commencing with the distribution payable on February 15, 2006 to unitholders of record on January 31, 2006. The increase in unitholder distributions results from the continued strong financial performance of the Fund’s current business and the accretive nature of acquisitions. This is the second increase in distribution levels since the Fund’s initial public offering in September, 2004.

Irving Kipnes , President and CEO of the Fund, stated, “ We are excited about the new stores we have added to the Fund in 2005 and the other acquisition opportunities that we are pursuing. We plan to continue to execute our growth strategy in both Alberta and British Columbia.”

About Liquor Stores Income Fund

The Fund is a publicly traded Canadian Income Fund that participates in the retail liquor industry in Alberta and British Columbia through its 59.82 % interest in Liquor Stores Limited Partnership (“Liquor Stores LP”). Liquor Stores Income Fund is the largest retailer in Alberta by number of stores. The Fund currently operates 75 stores, 5 of which are in British Columbia.

The Fund’s Units trade on the Toronto Stock Exchange under the symbol LIQ.UN

Additional information about Liquor Stores Income Fund is available at www.sedar.com and the Fund’s website at www.liquorstoresincomefund.ca

Disclaimer

Certain statements in this news release are “forward-looking statements”, which reflect management’s expectations regarding the future growth, proposed acquisitions, results of operations, performance, business prospects, opportunities and the amount and timing of the payment of distributions of the Fund. All statements other than statements of historical fact contained in this news release are forward-looking statements. Such forward-looking statements involve risks and uncertainties, as they reflect management’s current beliefs and are based on information currently available to management. Actual results may differ materially from those anticipated in the statements made. The forward-looking statements are expressly qualified in their entirety by this cautionary statement. The forward-looking statements are made as of the date of this news release and the Fund assumes no obligation to update or revise them to reflect new events or circumstances. Further information regarding the uncertainties and risks can be found in the disclosure documents filed by the Fund with the securities regulatory authorities, available at www.sedar.com.

Non-GAAP measures: References to “EBITDA” in this news release are to earnings before provision of interest, income taxes and amortization. Readers are cautioned that EBITDA and cash flow are not defined performance measures under Canadian generally accepted accounting principles and that EBITDA cannot be assured. The Fund’s calculation of EBITDA and cash flow may differ from similar calculation by comparable entities.

For further information , please contact

Irv Kipnes
Chief Executive Officer
Liquor Stores GP Inc
(780)944-9994 ext 6

Tom Thorvaldson
Interim Chief Financial Officer
Liquor Stores GP Inc
(780) 917-4184