

May 31, 2006

Attention Business/Financial Editors:

**Liquor Stores Income Fund Announces the Planned
Acquisition of 12 Liquor Stores in Calgary**

EDMONTON, May 31, 2006 - Liquor Stores Income Fund (the "Fund") (TSX: "LIQ.UN") announced today the planned acquisition of 12 additional stores in Alberta. The Fund will be acquiring 12 of the 14 stores operated by Willow Park Group in Calgary. Willow Park Group is the 6th largest independent chain of liquor stores in Alberta. The acquisition of the new stores is subject to customary closing conditions and regulatory approvals. Completion is expected to take place during June and July. The total cost to the Fund of the 12 stores and the 13 previously announced acquisition and development stores is approximately \$24,000,000 and together they are expected to result in the addition of approximately \$3,000,000 in EBITDA to the Fund on an annualized basis. The 12 stores announced are in addition to the 13 stores announced in the May 12th, 2006 press release, and will bring the total number of stores to be operated by the Fund to 100.

All of the Fund's growth from new store development and acquisition is from transactions with arm's length third parties and the accretion in value of these acquisitions and developments accrues to the benefit of the Fund's unitholders.

Irving Kipnes, President and Chief Executive Officer of Liquor Stores GP Inc., stated "I am extremely pleased with the performance of the Fund's acquisition and new store development program in that we have reached our stated 3 to 5 year target of doubling the number of stores in the Fund in less than 2 years. We are looking forward to continued growth of the Fund. "

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 72.3% interest in Liquor Stores Limited Partnership. Liquor Stores Income Fund is Canada's largest operator of private liquor stores by number of stores.

The Fund 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.

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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 cash available for distribution before debt service, changes in working capital, capital expenditures and income taxes are useful supplemental measures of performance. Specifically, management believes that EBITDA is the appropriate measure from which to make adjustments to determine the distributable cash of the Fund. 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 prospective investors is the cash distributed by the Fund relative to the price of the Fund Units, management believes that distributable cash of the Fund is a useful supplemental measure that may assist prospective investors in assessing an investment in the Fund.

EBITDA and distributable cash are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that EBITDA and distributable cash should not replace net income 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 methods of calculating EBITDA and distributable cash may differ from the methods used by other issuers. Therefore, the Fund's EBITDA and distributable cash may not be comparable to similar measures presented by other issuers.

FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements. All statements other than statements of historical fact contained in this press release are forward-looking statements, including, without limitation, statements regarding the future financial position, cash distributions, business strategy, proposed acquisitions, 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 press release. 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” in the Fund’s Annual Information Form and other documents the Fund files with Canadian securities regulatory authorities, copies of which are available from the Fund directly, or on its website, www.liquorstoresincomefund.ca, or on the SEDAR website at www.sedar.com .

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this press release are made as of the date of this press release 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.