

PRESS RELEASE

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LIQUOR STORES INCOME FUND ANNOUNCES \$35.7 MILLION ISSUANCE OF TRUST UNITS

EDMONTON, ALBERTA (September 7, 2006) – Liquor Stores Income Fund (the "Fund") (TSX:LIQ.UN) announced today that it has entered into an agreement to sell 1.6 million trust units at \$22.30 per trust unit to raise gross proceeds of approximately \$35.7 million on a bought deal basis. This issue will be made through a syndicate of underwriters led by RBC Capital Markets and including National Bank Financial Inc., Sprott Securities Inc., Clarus Securities Inc., HSBC Securities (Canada) Inc., and Raymond James Ltd. Closing is anticipated to be on or about October 2, 2006, subject to customary regulatory approvals.

The first cash distribution in which purchasers of the trust units offered will be eligible to participate will be for the month of October with a record date of October 31, 2006, which is expected to be payable on or about November 15, 2006.

The net proceeds of the offering will be used to repay current indebtedness, to fund acquisitions and new store development, and for general corporate purposes.

The units will be issued under a short form prospectus in all provinces of Canada other than Quebec. The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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 Limited Partnership is Canada's largest operator of private liquor stores by number of stores. It currently operates 98 stores.

The trust 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.

For further information, please contact:

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

Patrick de Grace, CA
Chief Financial Officer
Liquor Stores GP Inc.
(780) 917-4179

FORWARD LOOKING STATEMENTS

Certain statements in this news release are "forward-looking statements", which reflect management's expectations regarding the offering (including the use of proceeds therefrom), 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 except as expressly required by applicable securities law. 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.