



**FOR IMMEDIATE RELEASE**

## **LIQUOR STORES URGES LIQUOR BARN UNITHOLDERS TO TENDER**

### **--Purchases By Liquor Barn's CEO Indicate No Competing Offer--**

EDMONTON, May 23, 2007 -- Liquor Stores Income Fund (TSX:LIQ.UN) today urged unitholders of Liquor Barn Income Fund (TSX:LBN.UN) to tender their units to Liquor Stores' offer before it expires at 10:00 pm (Edmonton time) on May 28, 2007.

Liquor Stores also commented on the recent acquisition of 325,100 Liquor Barn units by Liquor Barn's Chief Executive Officer, Dr. John Mather. Dr. Mather's unit purchases strongly suggest that Liquor Barn has not attracted a competing offer.

"We would not expect Dr. Mather to engage in such trades if he was aware, in his capacity as Liquor Barn CEO, that a competing offer for Liquor Barn was forthcoming," said Irv Kipnes, Liquor Stores' Chief Executive Officer. "In the absence of any news to the contrary from Liquor Barn, it seems reasonable to assume that Liquor Barn's strategic review process has failed to produce a better offer than ours."

"Our offer represents a premium of more than 40% to Liquor Barn's pre-bid price, an immediate 2.6% increase in distributions and ongoing ownership in the leading independent liquor retailer in British Columbia and Alberta," said Mr. Kipnes.

"Liquor Barn unitholders should understand there can be no assurance that Liquor Barn units, which were trading at a price of \$8.40 immediately before our offer, will retain their current price if our offer is not completed. Liquor Barn unitholders only have a few days left to tender their units, and should be instructing their stockbrokers now with regard to the decision to tender."

### **About the Offer**

Liquor Stores is offering Liquor Barn unitholders 0.53 of a trust unit of Liquor Stores in exchange for each Liquor Barn trust unit, which represents a current implied value of \$11.79 per Liquor Barn trust unit, or a premium of approximately 40.4%, based on the Toronto Stock Exchange closing prices of the Liquor Stores units on May 22, 2007 and the Liquor Barn units on April 9, 2007.

Full details of the offer are included in the offer and takeover bid circular dated April 10, 2007 and the notice of extension dated May 14, 2007, both of which are available to Liquor Barn unitholders by visiting [www.sedar.com](http://www.sedar.com) or the Liquor Stores' web site at [www.liquorstoresincomefund.ca](http://www.liquorstoresincomefund.ca). The offer expires at 10:00 pm (Edmonton time) on May 28, 2007.

Liquor Stores has engaged RBC Capital Markets as financial advisor and dealer manager in connection with the offer. Georgeson Shareholder Communications has been engaged as the information agent for the offer and CIBC Mellon Trust Company has been retained as the depositary for the offer.

Questions and requests for assistance about the offer may be directed to Georgeson Shareholder Communications Canada, Inc., the Information Agent for the offer, toll-free at 1-866-656-4120. Unitholders can also consult their broker or financial advisor for further information.

### **Important Information for Liquor Barn Unitholders**

The offer to purchase and takeover bid circular and notice of extension filed with the provincial securities commissions in Canada contain the terms and conditions of, and other important information relating to, the offer and should be read by Liquor Barn security holders in their entirety. The public is able to obtain at no charge the offer to purchase, takeover bid circular, notice of extension and all other documents relating to the offer on the system for electronic document analysis and retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

This announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security. The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

### **About Liquor Stores Income Fund**

Liquor Stores Income Fund is a publicly traded Canadian income trust that participates in the retail liquor industry in Alberta and British Columbia through its 75.6% interest in Liquor Stores Limited Partnership, which operates the largest number of private liquor stores in Canada by number of stores (currently 107 stores). Liquor Stores Income Fund trades on the Toronto Stock Exchange under the symbol LIQ.UN. For additional information about Liquor Stores Income Fund, visit [www.sedar.com](http://www.sedar.com) and Liquor Stores Income Fund's website at [www.liquorstoresincomefund.ca](http://www.liquorstoresincomefund.ca).

### **United States Considerations**

The offer is made for the securities of a Canadian trust. The offer is subject to Canadian disclosure requirements that are different from those of the United States. Financial statements included in the takeover bid circular, or incorporated by reference therein, as well as financial statements of Liquor Barn, have been prepared in accordance with Canadian accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for Liquor Barn unitholders in the U.S. to enforce their rights and any claim they may have arising under the U.S. federal securities laws, since Liquor Stores is located in a foreign country, and some or all of its officers (if any) and trustees and the officers and directors of Liquor Stores GP Inc. may be residents of a foreign country. Liquor Barn unitholders in the U.S. may not be able to sue a foreign trust or its officers (if any) or trustees, or the officers or directors of Liquor Stores GP Inc., in a foreign court for violations of U.S. securities laws. It may be difficult to compel a foreign trust and its affiliates, including its officers (if any) and trustees and the officers and directors of Liquor Stores GP Inc. to subject themselves to a U.S. court's judgment.

Liquor Barn unitholders in the U.S. should be aware that Liquor Stores may purchase Liquor Barn units otherwise than under the offer, such as in open market or privately negotiated purchases.

### **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 potential benefits to be derived from the combination of Liquor Stores Income Fund and Liquor Barn Income Fund, future financial position, cash distributions, business strategy, proposed acquisitions, budgets, litigation, projected costs and plans and objectives of or involving Liquor Stores Income 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 Liquor Stores Income 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 Liquor Stores Income Fund's Annual Information Form and other documents Liquor Stores Income Fund files with Canadian securities regulatory authorities, copies of which are available from Liquor Stores Income Fund directly, or its website, [www.liquorstoresincomefund.ca](http://www.liquorstoresincomefund.ca), or on the SEDAR website at [www.sedar.com](http://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 Liquor Stores Income Fund assumes no obligation to update or revise them to reflect new events or circumstances except as expressly required by applicable securities law.

FOR FURTHER INFORMATION PLEASE CONTACT:

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