

LIQUOR STORES INCOME FUND

PRESS RELEASE

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LIQUOR STORES INCOME FUND ANNOUNCES \$50 MILLION OFFERING OF SUBORDINATED UNSECURED CONVERTIBLE DEBENTURES

EDMONTON, ALBERTA (December 3, 2007) – Liquor Stores Income Fund (the "Fund") (TSX:LIQ.UN) is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by RBC Capital Markets under which the underwriters have agreed to purchase C\$50,000,000 aggregate principal amount of Subordinated Unsecured Convertible Debentures due December 31, 2012 (the "Debentures"). The offering is scheduled to close on or about December 21, 2007. The Fund has granted the underwriters an option to purchase up to an additional C\$7,500,000 aggregate principal amount of Debentures for a period of 30 days following closing of the offering.

The Debentures are subordinated, unsecured obligations of the Fund and will bear interest at a rate of 6.75% per annum payable semi-annually in arrears on June 30 and December 31 in each year commencing June 30, 2008. The Debentures are convertible at any time at the option of the holders into trust units at an initial conversion price of \$28.50 per trust unit. The Debentures will mature on December 31, 2012.

The net proceeds of the offering will be used to temporarily repay current indebtedness under the Fund's revolving credit facilities, which will be redrawn to fund new store acquisition and development, and for general corporate purposes.

A preliminary short-form prospectus will be filed with securities regulatory authorities in all provinces of Canada. The offering is being made in all provinces of Canada by means of a short-form prospectus, and is subject to customary regulatory approvals. The securities to be offered have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of such Act. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction.

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 and its 90.1% interest in Liquor Barn Limited Partnership. In aggregate these partnerships operate the largest number of private liquor stores in Canada by number of stores (currently 195 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.

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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 there from), 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.