

LIQUOR STORES INCOME FUND PRESS RELEASE

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LIQUOR STORES INCOME FUND ANNOUNCES EXERCISE OF THE FULL OVER-ALLOTMENT OPTION IN CONNECTION WITH ITS OFFERING OF SUBORDINATED UNSECURED CONVERTIBLE DEBENTURES

EDMONTON, ALBERTA (January 15, 2008) — Liquor Stores Income Fund (the "Fund") (TSX:LIQ.UN) is pleased to announce that the underwriters of its offering of 6.75% Unsecured Convertible Subordinated Debentures due December 31, 2012 (the "Debentures") have exercised in full their over-allotment option, resulting in the issue of an additional \$7,500,000 aggregate principal amount of Debentures.

The Debentures are subordinated, unsecured obligations of the Fund and 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 and are listed on the Toronto Stock Exchange under the symbol LIQ.DB.

The net proceeds from the exercise of the over-allotment option will be used to temporarily repay indebtedness under the Fund's credit facilities, which will be redrawn to fund new store acquisition and development, and for general corporate purposes.

The underwriting syndicate for the Fund's Debenture offering was led by RBC Capital Markets and included Cormark Securities Inc., National Bank Financial Inc., Raymond James Ltd. and HSBC Securities (Canada) Inc.

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 81.5% interest in Liquor Stores Limited Partnership, which operates 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.

For further information, please contact:

Rick Crook
President & Chief Operating Officer
Liquor Stores GP Inc.
(780) 944-9994

Patrick de Grace, CA
Vice President Finance & 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.