

Liquor Stores Income Fund to grow again in U.S. with strategic acquisition of eight stores in Kentucky

EDMONTON, Alberta, August 11, 2009 - Liquor Stores Income Fund (the "Fund") (TSX: "LIQ.UN") announced today that it has signed a definitive agreement for the acquisition of a chain of eight liquor stores in Kentucky. The Fund, through a subsidiary, will acquire all eight stores which comprise the Liquor Barn chain of liquor stores, operating in the cities of Louisville and Lexington. The acquisition is subject to the completion of due diligence, customary closing conditions, and regulatory approvals. Closing is anticipated to occur prior to December 2009 and the transaction will be funded from available credit facilities.

This Kentucky liquor chain would be the second US acquisition for the Fund. The first US acquisition, completed in 2008, involved all 19 stores in greater Anchorage operated by Brown Jug Inc.

"This acquisition will allow us to approximately double our US business in terms of revenue," said Rick Crook, President & Chief Executive Officer of the Fund. "As with Alaska, we have the benefit of an established brand in an attractive market that will add to the Fund's planned regional diversification. Management believes Liquor Barn will be an excellent strategic fit."

Liquor Barn is the largest independent liquor store chain in the state by revenue. Store sizes for Liquor Barn's stores range from 7,500 square feet to 50,000 square feet and the chain has approximately 300 employees.

Liquor Barn and its predecessors have been in the liquor retailing business in the Louisville and Lexington-areas since 1967 and are well known in the industry for their strong customer recognition and diverse offering of Kentucky-made liquor products. Liquor Barn is a strong supporter of community arts and charitable programs and was the recent recipient of the prestigious "2009 Kentucky Governor's Award in the Arts".

About Liquor Stores

Liquor Stores Income Fund is a publicly traded Canadian income trust that participates in the retail liquor industry in Alberta, British Columbia, and Alaska through its 82.1% interest in Liquor Stores Limited Partnership, which currently operates the largest number of private liquor stores in Canada by number of stores (currently 206 stores in Canada). The trust units of the Fund trade on the Toronto Stock Exchange under the symbol "LIQ.UN".

About Liquor Barn of Kentucky

The Liquor Barn chain, which operates under the trade names Liquor Barn and Shopper's Village Liquors, has eight liquor stores in Kentucky. In addition to alcoholic beverages, Liquor Barn outlets offer tobacco products, deli items, and party supplies.

For additional information about Liquor Barn in Kentucky, please visit the company's website at www.liquorbarn.com.

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 and performance, cash distributions, business strategy, proposed acquisitions, projected costs and plans and objectives of or involving the Fund or Liquor Stores Limited Partnership. Specific forward-looking statements contained in this news release include, among others, statements regarding the completion of the acquisition and the operational and financial performance of the acquired business. 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. There can be no assurance that such expectations will prove to be correct.

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.

For additional information about Liquor Stores Income Fund, visit www.sedar.com and the Fund's website at www.liquorstoresincomefund.ca

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