



LIQUOR STORES INCOME FUND

FOR IMMEDIATE RELEASE

LIQUOR STORES INCOME FUND REPORTS 2009 THIRD QUARTER AND NINE MONTH RESULTS

YEAR-TO-DATE SALES UP 13.4% TO \$385.5 MILLION FROM \$339.9 MILLION

YEAR-TO-DATE DISTRIBUTABLE CASH PER UNIT BEFORE NON-RECURRING ITEMS UP 14.5% TO \$1.26 PER UNIT FROM \$1.10 PER UNIT

COMPLETION OF ACQUISITION OF LIQUOR BARN STORES IN KENTUCKY, USA

EDMONTON, ALBERTA, November 10, 2009 – Liquor Stores Income Fund (“Liquor Stores” or the “Fund”) (TSX: LIQ.UN) today reported its results for the 2009 third quarter and nine months ended September 30, 2009.

Rick Crook, President and CEO of LSGP, said, “We are excited to announce that we have completed the acquisition of eight Liquor Barn stores in Kentucky. With the acquisition of Liquor Barn (KY) we gain the benefit of an established brand in an attractive market and believe it will be an excellent strategic fit. We expect to approximately double our US revenue in 2010 with the addition of the Liquor Barn (KY) stores. We are pleased with the Fund’s diversification into the US markets of Kentucky and Alaska and expect to continue with further expansion in the US and Canada as new opportunities arise.”

Mr. Crook also commented, “We are pleased with the Fund’s results for the third quarter and year-to-date 2009. Overall sales for the quarter and nine months were up and margins were in line with expectations. Gross margin for the nine months ended September 30, 2009 was up 0.6%. As expected, due to the retail price reductions accompanying the Government of Alberta’s liquor mark-up reduction in July, gross margin for the third quarter was down 0.9%, but was still higher on a year-to-date basis than 2008. Due primarily to an increase in the number of stores operated by the Fund, distributable cash per unit for the nine months ended September 30, 2009 was up \$0.16 or 14.5% to \$1.26.”

NINE MONTHS ENDED SEPTEMBER 30, 2009

SALES AND MARGINS

Sales for the existing 225 stores totalled \$385.5 million, up 13.4% from \$339.9 million for the 208 stores operated a year earlier.

Same store sales for the nine months ended September 30, 2009 were \$255.2 million, down 4.3% from \$266.7 million for the comparable period in 2008. Same store sales for 2009 were impacted by the economic conditions experienced in resource dependent markets, unseasonably cool temperatures across Alberta during the spring months and specifically during the May long weekend and Canada Day, and the Government of Alberta liquor mark-up increase in the second quarter.

Operating margin was up \$4.7 million or 17.1% to \$32.2 million in 2009 from \$27.5 million in 2008. The increase in the operating margin is mainly attributable to the increase in number of stores.

Operating margin excluding non-recurring items was \$32.8 million, up \$4.5 million from \$28.3 million a year earlier.

DISTRIBUTABLE CASH AND DISTRIBUTIONS

For the nine months ended September 30, 2009, distributable cash excluding non-recurring items was \$28.3 million compared with \$24.8 million in 2008. Distributable cash including non-recurring items was \$27.7 million for the nine months ended September 30, 2009, up \$3.7 from \$24.0 for the same period in 2008.

Distributable cash per unit before non-recurring items was \$1.26 for 2009, up from \$1.10 for 2008. On a weighted average basis, distributable cash including non-recurring items for 2009 was \$1.23 per unit, up \$0.16 from \$1.07 in 2008.

During the nine months ended September 30, 2009, the Fund declared distributions of \$1.22 per unit, consistent with the same period a year earlier.

EARNINGS AND EARNINGS PER UNIT

Net earnings for the nine months ended September 30, 2009, before non-controlling interest and before a non-cash income tax charge, were \$19.4 million compared with \$16.5 million a year earlier.

The Fund's net earnings before non-controlling interest were \$19.2 million, up \$6.3 million from net earnings before non-controlling interest of \$12.9 million a year earlier. There was a non-cash future income tax charge in 2009 of \$0.2 million, which was a result of the amortization of and additions to goodwill, property, plant and equipment, and intangible assets. The future tax expense for the same period in 2008 was \$3.6 million.

Net earnings for the nine months ended September 30, 2009 were \$15.5 million, up from net earnings of \$9.7 million in 2008. Basic and diluted earnings per unit for 2009 were \$0.84 compared with basic earnings per unit of \$0.53 a year earlier.

Other comprehensive loss included \$3.5 million in currency translation losses from US operations.

THREE MONTHS ENDED SEPTEMBER 30, 2009

SALES AND MARGINS

Sales for the existing 225 stores totalled \$138.9 million, up 12.1% from \$123.9 million for the 208 stores operated a year earlier.

Same store sales were down \$3.4 million, or 3.4%, for the three months ended September 30, 2009. Same store sales continue to be impacted by the economic environment, as resource industries, which are key markets for the Fund, have been slow to recover from the economic downturn.

Operating margin was \$12.3 million for the third quarter of 2009, down 0.8% from \$12.4 million in 2008. On July 7, 2009 the Government of Alberta rescinded a liquor mark-up increase that went into effect in April 2009. Immediately following the announcement, the Fund reduced retail sales prices to reflect the decrease in liquor mark-up. This impacted operating margins in the third quarter as inventory holding gains realized in the second quarter reversed.

Operating margin before non-recurring items for the three months ended September 30, 2009 was \$12.5 million, consistent with a year earlier.

DISTRIBUTABLE CASH AND DISTRIBUTIONS

For the third quarter of 2009 distributable cash excluding non-recurring items was \$10.7 million compared with \$11.2 million for the third quarter of 2008. Distributable cash including non-recurring items was \$10.5 million for the three months ended September 30, 2009, down 5.4% from \$11.1 for the same period in 2008.

Distributable cash per unit before non-recurring items was \$0.47 for the third quarter of 2009, down from \$0.50 for the third quarter of 2008. On a weighted average basis, distributable cash including non-recurring items for the three months ended September 30, 2009 was \$0.47 per unit, down \$0.02 from \$0.49 in 2008. Distributable cash for the third quarter is down due primarily to retail price reductions which accompanied the reversal of the Government of Alberta's liquor mark-up earlier in the year. For the nine months ended September 30, 2009, distributable cash is up \$0.16 over 2008.

For the third quarter of 2009 the Fund declared distributions of \$0.41 per unit, consistent with a year earlier.

EARNINGS AND EARNINGS PER UNIT

Net earnings for the third quarter of 2009, before non-controlling interest and before a non-cash income tax charge, were \$7.9 million compared with \$8.9 million a year earlier.

The Fund's net earnings before non-controlling interest were \$7.5 million, down \$0.8 million from net earnings before non-controlling interest of \$8.3 million a year earlier. There was a non-cash future income tax expense in Q3 2009 of \$0.4 million, which was a result of the amortization of and additions to goodwill, property, plant and equipment, and intangible assets. The future tax expense for the same period in 2008 was \$0.6 million.

Third quarter 2009 net earnings were \$6.0 million, down from net earnings of \$6.6 million in 2008. Basic and diluted earnings per unit for the third quarter of 2009 were \$0.32 compared with basic and diluted earnings per unit of \$0.36 a year earlier.

Other comprehensive loss included \$2.2 million in currency translation losses from US operations.

Liquor Stores Summary Financial Results, three and nine months ended September 30, 2009 with comparisons to 2008

(000) except per unit amounts	Three months ended		Nine months ended	
	September 30, 2009	September 30, 2008 (restated – note 1)	September 30, 2009	September 30, 2008 (restated – note 1)
Sales	\$ 138,915	\$ 123,913	\$ 385,520	\$ 339,902
Operating margin before non-recurring items	\$ 12,457	\$ 12,500	\$ 32,797	\$ 28,340
Operating margin	\$ 12,277	\$ 12,410	\$ 32,180	\$ 27,545
Earnings before non-controlling interest (and before non-cash tax charge)	\$ 7,889	\$ 8,916	\$ 19,408	\$ 16,485
Earnings before non-controlling interest	\$ 7,466	\$ 8,329	\$ 19,212	\$ 12,905
Earnings	\$ 5,951	\$ 6,619	\$ 15,509	\$ 9,671
Diluted earnings per unit	\$ 0.32	\$ 0.36	\$ 0.84	\$ 0.53
Distributable cash (before non-recurring items)	\$ 10,708	\$ 11,216	\$ 28,334	\$ 24,826
Distributable cash (after non-recurring items)	\$ 10,528	\$ 11,126	\$ 27,717	\$ 24,031
Distributable cash per unit (before non-recurring items)	\$ 0.47	\$ 0.50	\$ 1.26	\$ 1.10
Distributable cash per unit (after non-recurring items)	\$ 0.47	\$ 0.49	\$ 1.23	\$ 1.07
Cash distributions per unit	\$ 0.41	\$ 0.41	\$ 1.22	\$ 1.22
Diluted average units outstanding	18,472	18,349	18,453	18,355
Stores in operation at September 30	225	208	225	208

(1) Information for the quarters has been restated in accordance with the adoption of CICA Emerging Issues Committee Abstract #171 Future Income Tax Consequences of Exchangeable Interests in an Income Trust or Specified Investment Flow-Through and CICA Handbook Section 3064 – Goodwill and intangible assets.

The Management's Discussion and Analysis (MD&A) as well as the complete financial statements and notes for the third quarter of 2009 are available on the Fund's website at this link: www.liquorstoresincomefund.ca and on the SEDAR website at www.sedar.com.

Conference Call

Liquor Stores Income Fund will conduct an investor conference call on Tuesday, November 10, 2009 to discuss results for the quarter ended September 30, 2009. The conference call will take place at 5 p.m. MT. Participants in the call include Rick Crook, President and CEO and Pat de Grace, Vice-President, Finance and Chief Financial Officer.

To take part in the call, please dial 416-695-6616, or toll-free 1-800-355-4959. An archived recording of the conference call will be available approximately one hour after the completion of the call until November 19, 2009, by dialling 416-695-5800, or toll-free 1-800-408-3053. The required passcode is 5173752. An archived recording of the call will also be available on the Liquor Stores Income Fund website.

About Liquor Stores Income Fund

The Fund is a publicly traded Canadian income fund that participates in the retail liquor industry in Alberta, British Columbia and Alaska through its 82.1% interest in Liquor Stores Limited Partnership. Management believes the Fund is Alberta's largest operator of private liquor stores by both number of stores and sales revenue. The Fund currently operates 234 stores. The trust units and 6.75% convertible subordinated debentures of the Fund trade on the Toronto Stock Exchange under the symbols "LIQ.UN" and "LIQ.DB", respectively.

Additional information about Liquor Stores Income Fund is available at www.sedar.com and the Fund's website at www.liquorstoresincomefund.ca.

NON-GAAP MEASURES

References to "EBITDA" are to earnings before interest, income taxes, depreciation and amortization and references to "distributable cash" are to cash available for distribution to unitholders in accordance with the distribution policies of the Fund. Management believes that, in addition to income or loss, EBITDA, distributable cash, distributable cash before non-recurring items, and operating margin before non-recurring items are useful supplemental measures of performance. Distributable cash of the Fund is a measure generally used by Canadian open-ended trusts as an indicator of financial performance. One of the factors that may be considered relevant by unitholders and prospective investors is the cash distributed by the Fund relative to the price of the Fund's trust units. Management believes that distributable cash of the Fund is a useful supplemental measure that may assist unitholders and prospective investors in assessing an investment in the Fund.

EBITDA and distributable cash are not measures recognized by GAAP and do not have a standardized meaning prescribed by GAAP. Investors are cautioned that EBITDA and distributable cash should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Fund's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Fund's method of calculating EBITDA and distributable cash may differ from the methods used by other issuers. Therefore, the Fund's EBITDA and distributable cash may not be comparable to similar measures presented by other issuers.

Same store sales include sales for stores that have been open 12 full months at the beginning of the reporting period and exclude stores which have significant wholesale business. Sales for two existing Liquor Depot stores for the three months ended September 30, 2009 and five stores for the nine months ended September 30, 2009 have also been excluded from same store sales where new Liquor Depot stores were opened within close proximity to existing stores.

Operating margin has been derived by adding amortization of inventory fair value adjustments, interest expense, non-recurring items, pre-opening costs, amortization of property and equipment, and intangibles to net earnings before non-controlling interest. Operating margin as a percentage of sales is calculated by dividing operating margin by sales.

Operating margin and operating margin as a percentage of sales are not measures recognized by GAAP and do not have a standardized meaning prescribed by GAAP. Investors are cautioned that operating margin and operating margin as a percentage of sales should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Fund's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Fund's method of calculating operating margin and operating margin as a percentage of sales may differ from the methods used by other issuers. Therefore, the Fund's operating margin and operating margin as a percentage of sales may not be comparable to similar measures presented by other issuers.

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, cash distributions, sales, business strategy, proposed acquisitions, budgets, litigation, 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 anticipated future operational and financial performance of the business acquired pursuant to the Brown Jug acquisition. 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, 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 the Third Quarter 2009 Management's Discussion and Analysis.

The information contained in this press release, including the information set forth under "Risk Factors" in the Third Quarter 2009 Management's Discussion and Analysis, identifies additional factors that could affect the operating results and performance of the Fund and Liquor Stores Limited Partnership.

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.

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