



LIQUOR STORES INCOME FUND

NEWS RELEASE

Liquor Stores Income Fund Receives Securityholder and Court Approvals for Conversion to Corporation and Announces Final Distribution as an Income Trust

Edmonton, Alberta, December 15, 2010 (TSX - LIQ.UN) Liquor Stores Income Fund (the "Fund" or "Liquor Stores") is pleased to announce that it has received securityholder and court approval for its previously announced plan of arrangement (the "**Arrangement**"), pursuant to which the Fund will convert from an income trust to a corporation to be named "Liquor Stores N.A. Ltd." ("**New Liquor Stores**"). Securityholders holding in excess of 99% of the Fund's trust units and Liquor Stores Limited Partnership's exchangeable limited partnership units voted in favour of the Arrangement. The Arrangement is expected to close on December 31, 2010. Pursuant to the Arrangement, securityholders will receive one common share of New Liquor Stores (a "**New Liquor Stores Share**") for each one trust unit and/or exchangeable limited partnership unit that they hold on December 31, 2010.

Upon completion of the Arrangement, the New Liquor Stores Shares and the convertible debentures of New Liquor Stores will be listed for trading on the Toronto Stock Exchange (the "**TSX**") under the trading symbols "LIQ" and "LIQ.DB", respectively.

The Fund is also announcing that the board of directors of Liquor Stores GP Inc., the administrator of the Fund, has declared a cash distribution of CDN\$0.135 per trust unit payable to unitholders of record on December 31, 2010 which will be paid to unitholders on January 14, 2011 (the "**December Distribution**"). The December Distribution will be the final cash distribution of the Fund and will be paid in the normal course.

As previously announced, following the Arrangement it is expected that New Liquor Stores will adopt a monthly dividend policy with an initial dividend rate of \$0.09 per New Liquor Stores Share, with the first dividend anticipated to be paid on February 15, 2011 to shareholders of record on January 31, 2011.

Liquor Stores' trust units and debentures are listed on the Toronto Stock Exchange under the symbols LIQ.UN and LIQ.DB.

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, British Columbia, Alaska and Kentucky through its approximately 83.9% interest in Liquor Stores Limited Partnership, which operates the largest number of private liquor stores in Canada by number of stores. Liquor Stores Limited Partnership currently operates 235 stores, including 20 Brown Jug locations in

Alaska and 8 Liquor Barn locations in Kentucky. 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 and the Fund's website at www.liquorstoresincomefund.ca.

Forward-Looking Statements

Certain statements contained in this document constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of the "safe harbour" provisions of applicable securities legislation. Forward-looking statements are typically identified by words such as "will" and "expect" and similar words suggesting future events or future performance. In particular, this document contains forward-looking statements pertaining to, without limitation, the proposed timing for closing the Arrangement, the payment of the December Distribution, the anticipated dividend policy of New Liquor Stores, and the listing of the New Liquor Stores Shares and convertible debentures of New Liquor Stores on the TSX. With respect to forward-looking statements contained in this document, Liquor Stores has made assumptions regarding, among other things, the ability to satisfy all conditions precedent to closing the Arrangement (including stock exchange listing requirements) and the dividend policy of New Liquor Stores. Although Liquor Stores believes that the expectations reflected in the forward-looking statements contained in this document, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause Liquor Stores' actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, general economic conditions in Canada, the U.S. and globally, that the closing conditions for the Arrangement may not be satisfied, that closing of the Arrangement may be delayed or may not occur at all. Readers are cautioned that this list of risk factors should not be construed as exhaustive. The forward-looking statements contained in this document speak only as of the date of this document. Except as expressly required by applicable securities laws, Liquor Stores does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

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