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## **Liquor Stores Income Fund Announces Agreement To Complete a Private Placement of Trust Units**

**EDMONTON, Alberta, February 16, 2005** – Liquor Stores Income Fund (the "Fund") (TSX:"LIQ.UN") announced today that it has entered into an agreement with RBC Capital Markets to be lead manager in a private placement of approximately \$25 million of trust units from treasury. The Fund intends to use the net proceeds from the private placement to fund the previously announced addition of 15 new stores, to repay existing indebtedness and for general corporate purposes. The offering is scheduled to close in early March 2005 and is subject to the receipt of customary regulatory approvals.

On February 14, 2005, the Fund announced the planned acquisition of 13 additional liquor stores in Alberta and the development of two additional stores in British Columbia. In Alberta, the Fund will be acquiring all 10 of the stores operated by the Last Call Group, as well as three independently owned and operated stores. The Last Call Group is the fourth largest independent chain of liquor stores in Alberta. The acquisition of the new stores is subject to customary closing conditions and regulatory approvals. Closings are scheduled to take place during February and March 2005. The stores located in British Columbia are expected to open in March 2005. The total cost to the Fund of the 15 additional stores will be approximately \$11.1 million, not including inventory.

The Fund has also previously announced that, subject to the closing of the Last Call acquisitions, it intends to increase its annual distribution by \$0.075 per unit from \$1.00 to \$1.075 (\$0.08958 per month), commencing with the distribution to be paid to unitholders of record on May 31, 2005. The increase in unitholder distributions is due to the continued strong financial performance of the Fund's current business and the accretive nature of the acquisitions.

Irving Kipnes, President and CEO of the Fund, stated, "This private placement will position the Fund with a strong balance sheet to continue our growth strategy. We have recently increased the amounts available under our operating line from \$18 million to \$24 million and our acquisition line from \$10 million to \$20 million. The combination of the private placement and these larger facilities position the Fund for further growth."

The Fund is an open-ended trust that holds, indirectly, securities of Liquor Stores Limited Partnership ("Liquor Stores LP"). Liquor Stores LP is Alberta's largest liquor store operator, by number of stores, and currently operates 49 stores in Alberta and one store in British Columbia, which, with the addition of the 15 new stores, will increase to 62 stores in Alberta and three in British Columbia. The trust units of the Fund trade on the Toronto Stock Exchange under the symbol "LIQ.UN".

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the trust units in the United States. The trust units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Additional information about Liquor Stores Income Fund is available at [www.sedar.com](http://www.sedar.com).

Disclaimer



Certain statements in this news release are "forward-looking statements", which reflect management's expectations regarding the future growth, proposed acquisitions, results of operations, performance, business prospects, opportunities 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. 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](http://www.sedar.com).

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For further information, please contact:

Irv Kipnes  
Chief Executive Officer  
Liquor Stores GP Inc.  
(780) 944-9994 ext. 6

Tom Orysiuk  
Chief Financial Officer  
Liquor Stores GP Inc.  
(780) 917-4179