

CanWel Building Materials Income Fund Announces Acquisition of Broadleaf Logistics Company, \$50 Million Bought Deal Private Placement Financing and Conversion to a Dividend Paying Corporation

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CanWel Building Materials Income Fund (the "Fund") (TSX:CWX.UN) announced today that it has entered into binding agreements with respect to a series of transactions involving:

- the acquisition of Broadleaf Logistics Company ("Broadleaf"), a leading supplier of brand-name building materials across Canada (the "Acquisition");
- a \$50 million bought deal private placement of subscription receipts (the "Private Placement"); and
- conversion of the Fund from an income trust into a dividend paying corporation called CanWel Holdings Corporation (the "Conversion").

After giving effect to these transactions, CanWel Holdings Corporation ("New CanWel") will be a leading distributor of building products in Canada, with a larger and more diversified base of customers, suppliers and product offerings. On a pro forma basis, the combined business would have generated revenues of approximately \$1.5 billion and \$940 million for the year ended December 31, 2008 and the nine-months ended September 30, 2009, respectively. The Fund also expects that the combined business will achieve significant synergies by, among other things, rationalizing the existing distribution networks of the Fund and Broadleaf. At the same time, the Conversion is expected to give New CanWel more flexibility to pursue future growth and better access to capital to fund that growth while at the same time providing investors with regular cash dividends. GMP Securities L.P. ("GMP") served as advisor to the Fund with regard to both the Acquisition and the Conversion.

Amar Doman, the Fund's Chairman remarked, "The combination of our two companies will add significant value to our customers. We will be integrating the Broadleaf business with our building materials division, the new CanWel-Broadleaf division. The breadth of the product lines that the combined company will offer is unmatched in Canada. We are also very fortunate to have high quality employees from Broadleaf join us at CanWel as we build what we believe will be a very exciting company. Our conversion out of an income trust structure back to a regular corporation, together with the concurrent equity offering, increases CanWel's flexibility, strengthens our balance sheet and allows us to carry on paying a dividend to our shareholders. I am very excited by these transactions, which I believe places CanWel-Broadleaf in a very strong position to take advantage of the anticipated recovery in housing and the market for lumber building materials. We would also like to thank our senior lender, Wachovia Capital Finance Corporation (Canada) a Wells Fargo Company, for their continued cooperation and support throughout these initiatives and this important time for CanWel."

The Acquisition

The Fund and New CanWel have entered into a share purchase agreement (the "Acquisition Agreement") with Broadleaf and Rudy Holding II S.A R.L. ("Rudy Holding"), the current owner of Broadleaf, pursuant to which New CanWel has agreed to purchase all of the outstanding shares of Broadleaf for aggregate consideration consisting of:

- CAD\$20 million in cash;
- 10.25 million common shares of New CanWel; and
- a secured subordinated promissory note in the principal amount of US\$18,500,000.

The purchase price payable by New CanWel under the Acquisition Agreement is subject to certain post-closing adjustments based on the relative amounts of net working capital of each of New CanWel and Broadleaf upon completion of the Acquisition.

Completion of the Acquisition is subject to a number of conditions including the receipt of unitholder, regulatory and Toronto Stock Exchange ("TSX") approvals, completion of the Private Placement and the Conversion, and New CanWel having entered into an amended and restated senior credit facility with the existing senior lenders to the Fund. In addition, New CanWel has agreed to expand its board to appoint two nominees of Rudy

Holding to its board of directors upon completion of the Acquisition.

In connection with the Acquisition, The Futura Corporation ("TFC") and certain of its affiliates have entered into a support agreement with Rudy Holding pursuant to which they have agreed, among other things to vote all of their units and special voting units of the Fund in favour of the Acquisition, the Private Placement and the Arrangement. TFC and such affiliates currently own an aggregate of 14,403,862 units and special voting units, representing approximately 41% of the aggregate number of outstanding units and special voting units.

Upon completion of the Acquisition, Rudy Holding, TFC and New CanWel will enter into a securityholders agreement pursuant to which, among other things, Rudy Holding will receive the right to nominate up to two directors of New CanWel and each of Rudy Holding and TFC will be subject to certain lock-up and standstill arrangements with respect to their common shares of New CanWel. TFC will also continue to have the rights under its existing securityholders agreement with the Fund, together with its board nomination rights under the Fund's Declaration of Trust, both of which will be assumed by New CanWel upon completion of the Conversion.

The Private Placement

The Fund has entered into an agreement with GMP providing for the private placement, on a bought deal basis, of 13,158,000 subscription receipts (the "Subscription Receipts") at price of \$3.80 per Subscription Receipt for gross proceeds of \$50 million. GMP has the option, exercisable in whole or in part up to 48 hours prior to the closing of the Private Placement, to offer for sale up to an additional 1,973,700 Subscription Receipts for additional gross proceeds of up to \$7.5 million.

Subject to the satisfaction of certain conditions, including unitholder approval of the Private Placement, each Subscription Receipt will entitle the holder to receive one unit of the Fund without further payment or action on the part of the holder immediately prior to the completion of the Conversion and the Acquisition. If the Private Placement is not approved by unitholders or if the Acquisition and Conversion are not completed by April 30, 2010, then the Subscription Receipts shall be automatically redeemed by the Fund at a price of \$3.80 per Subscription Receipt plus accrued interest.

The net proceeds of the Private Placement will be used to pay the cash portion of the purchase price for the Acquisition and expenses associated with the Acquisition, the Private Placement and the Conversion, to repay certain indebtedness and for general corporate purposes. Closing of the Private Placement is subject to a number of

conditions, including TSX approval and is expected to occur prior to December 31, 2009.

The Conversion

The Fund has entered into an arrangement agreement providing for its conversion from an income trust into a corporation. Following completion of the Conversion, it is anticipated that New CanWel will commence paying quarterly cash dividends at the rate of \$0.10 per common share.

The Conversion is a condition precedent to completion of the Acquisition. In addition, given the changes to Canadian income tax rules applicable to specified investment flow through trusts that will take effect in January 2011, the primary benefit of the income trust structure will soon be eliminated. As a result, the Conversion is expected to provide New CanWel with more flexibility regarding the growth and retention of its capital, access to additional capital and to facilitate future growth.

Pursuant to the Conversion, holders of Fund units will receive, in exchange for each of their Fund Units, at no additional cost, one common share of New CanWel. Holders of Class B exchangeable limited partnership interests of CanWel Holding Partnership will also receive, in exchange for each such unit, at no additional cost, one common share of New CanWel. It is expected that the Conversion will be completed on a tax-free, rollover basis for Canadian income tax purposes.

The Conversion will be completed by way of a plan of arrangement under the Canada Business Corporations Act. Completion of the Conversion is subject to a number of conditions, including unitholder, TSX and court approval and the concurrent completion of the Acquisition and the Private Placement.

It is anticipated that the board of directors of New CanWel will initially be comprised of the current trustees of the Fund: Amar S. Doman, Tom Donaldson, Ian M. Baskerville, Peter Dhillon, Kelvin Dushnisky, Todd Grenich, Stephen W. Marshall, Siegfried J. Thoma, and the two nominees of Rudy Holding. The senior management of New CanWel will be comprised of the current senior management of the Fund (other than Tom Donaldson who has previously announced his retirement as President and Chief Executive Officer of the Fund effective January 31, 2010 and who will be replaced by Amar Doman at that time).

Recommendation of the Board of Trustees

The Fund's financial advisor, GMP, has provided the board of trustees with fairness opinions that indicate that (i) the Arrangement is fair, from a financial point of view, to the holders of Fund units and (ii) the Acquisition is fair, from a financial point of view to the Fund and New CanWel. The board of trustees, based upon their investigations, including their consideration of the fairness opinions, unanimously concluded that the Acquisition, the Private Placement and the Arrangement are in the best interests of the Fund, and recommends that unitholders vote in favour of the Acquisition, the Private Placement and the Arrangement.

Special Meeting and Information Circular

The Fund will be convening a special meeting of its unitholders to consider the Acquisition, the Private Placement and the Conversion. The Fund currently anticipates that the special meeting will be held in January 2010 and that an information circular containing additional details regarding the business of the special meeting will be mailed to unitholders before year end.

About CanWel

The Fund trades on the Toronto Stock Exchange under the symbol CWX.UN and is one of Canada's largest national distributors in the building materials and related products sector, operating 16 distribution centres across Canada. The Fund distributes a wide range of hardware, building materials, lumber, and renovation products. Further information can be found in the disclosure documents filed by the Fund with the securities regulatory authorities, available at www.sedar.com

About Broadleaf

Broadleaf is a leading seller and supplier of nationally recognized brand-name building materials with approximately 270 employees and 14 distribution centres covering all major regional markets in Canada. With a long and proud history in the industry, Broadleaf has worked hard to build solid, long-term relationships with clients, suppliers, and employees. In June 2007, Broadleaf - formerly the Canadian operations of Weyerhaeuser's building materials distribution division - was acquired by Platinum Equity, a global M&A&O(R) firm specializing in the merger, acquisition and operation of companies that provide services and solutions to customers in a broad range of business markets.

Cautionary Statements

Certain statements in this press release, including in particular statements regarding the proposed Acquisition, Conversion and Private Placement, the expected benefits of these transactions and the performance and financial results of New CanWel following completion of these transactions, may constitute "forward-looking" statements. When used in this press release, such statements use words, including but not limited to, "may", "will", "expect", "believe", "plan", "intend", "anticipate", "future" and other similar terminology. These forward-looking statements reflect the current expectations of the Fund's management regarding future events and operating performance, but involve known and unknown risks, uncertainties and other factors which may cause the outcome of the Acquisition, the Private Placement and/or the Conversion or the actual results, performance or achievements of the Fund, Broadleaf and/or New CanWel, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual events could differ materially from those projected herein and depend on a number of factors. These factors would include, but are not limited to, dependence on market and economic conditions, sales and margin risk, competition, information system risks, availability of supply of products, risks associated with the introduction of new product lines, product design risk, environmental risks, volatility of commodity prices, inventory risks, customer and vendor risks, acquisition and integration risks, availability of credit, credit risks, interest rate risks, regulatory risks and employee retention risks. There can be no assurance that the Acquisition, the Private Placement or the Conversion will be completed on the terms described in this press release or at all. In addition, there are numerous risks associated with an investment in units of the Fund, which are also further described in the "Risk Factors" section of our annual information form dated March 31, 2009 and our other public filings on SEDAR. These forward-looking statements speak only as of the date of this press release. Except as required by applicable securities laws, the Fund does not undertake, and specifically disclaims, any obligation to update or revise any forward looking information, whether as a result of new information, future developments or otherwise, except as required by applicable law. The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registrations requirements of such Act. This press release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Chairman of the Board

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