



CanWel Building Materials
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Press Release

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CANWEL BUILDING MATERIALS INCOME FUND COMPLETES CONVERSION TO A CORPORATION AND ACQUISITION OF BROADLEAF LOGISTICS COMPANY

- CanWel transformed into the largest building materials distributor in Canada
- \$57.5 million financing of subscription receipts converted into common shares
- Renewed and extended \$325 million banking facility until January, 2013⁽¹⁾

VANCOUVER, CANADA – February 1, 2010 – CanWel Building Materials Income Fund (the “**Fund**”) (TSX:CWX.UN) is pleased to announce it has completed its previously announced conversion into CanWel Holdings Corporation (“**New CanWel**”) and acquisition of Broadleaf Logistics Company (“**Broadleaf**”).

“The completion of these transactions marks a very significant event in CanWel’s evolution, of which we are all very proud,” noted Amar Doman, CanWel’s Chairman and CEO. “On behalf of the CanWel family, I would like to welcome our new employees and colleagues at the CanWel+Broadleaf division in building a larger, stronger, best in class building materials distribution company in Canada.”

Pursuant to the conversion, all of the outstanding units of the Fund (“**Fund Units**”) and Class B exchangeable limited partnership interests of CanWel Holding Partnership were exchanged for common shares of New CanWel (“**Common Shares**”) on a one-for-one basis. In addition, all of the outstanding options to acquire Fund Units were exchanged for options to acquire an equal number of Common Shares on the same terms and all of the outstanding entitlements under the Fund’s restricted equity unit plan became rights to acquire an equivalent number of Common Shares on the same terms.

Immediately prior to the conversion, all of the 15,131,700 subscription receipts that the Fund issued by way of private placement on December 17, 2009 were exchanged for Fund Units on a one-for-one basis. All of these Fund Units were then exchanged for Common Shares as part of the conversion.

Pursuant to the acquisition, New CanWel acquired all of the issued and outstanding shares of Broadleaf from Rudy Holding II S.à r.l (“**Rudy Holding**”) for aggregate consideration consisting of (i) CAD\$20 million in cash, (ii) 10.25 million Common Shares and (iii) a secured subordinated promissory note in the principal amount of US\$18,500,000. The purchase price payable by New CanWel remains subject to certain post-closing adjustments based on the relative amounts of net working capital of each of New CanWel and Broadleaf on closing.

After giving effect to these transactions, there are 60,600,915 outstanding Common Shares of which 14,403,862 (approximately 23.8%) are directly or indirectly owned by the Chairman of New CanWel and 10,250,000 are directly or indirectly owned by Rudy Holding.

"We are very pleased to have renewed and extended our credit facilities until 2013," added Amar Doman. "We are excited to be continuing our over 10 year relationship with our lenders at Wachovia Capital Finance Canada, and bringing Broadleaf over into our group and the facility."

New CanWel intends to change its name to "CanWel Building Materials Group Ltd." following its annual shareholders meeting in May 2010. Until then, it will carry on business under the name "CanWel Building Materials".

About CanWel Building Materials

CanWel Building Materials trades on the Toronto Stock Exchange under the symbol CWX and is Canada's largest national distributor in the building materials and related products sector, operating distribution centres coast to coast in all major cities and strategic locations across Canada. CanWel Building Materials distributes a wide range of hardware, building materials, lumber, and renovation products. Further information can be found in the disclosure documents filed by CanWel Building Materials (and its predecessor, the Fund) with the securities regulatory authorities, available at www.sedar.com.

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Cautionary Statements

Certain statements in this press release 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 actual results, performance or achievements of 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. In addition, there are numerous risks associated with an investment in Common Shares, which are also further described in the "Risk Factors" section of the Fund's annual information form dated March 31, 2009, its management information circular and the other public filings of New CanWel and the Fund 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.

⁽¹⁾ Credit facility is a \$275 million primary facility, with an additional \$50 million accordion feature, available on request.