

NEWS RELEASE: Via
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Attention: Business/Financial Editors
HARDWOODS DISTRIBUTION INCOME FUND
TRADING SYMBOL: **Toronto Stock Exchange – HWD.UN**

Hardwoods Distribution Income Fund Announces Amendment to U.S. Credit Facility

Langley, B.C., June 24, 2009/ CNW/ –Hardwoods Distribution Income Fund (the “Fund”) today announced an amendment to the terms of its U.S. credit facility. The credit facility is available to the Fund’s U.S. operating subsidiary, Hardwoods Speciality Products USLP (“Hardwoods USLP”).

Amendment Highlights

- For the 18 month period June 30, 2009 to December 31, 2010, Hardwoods USLP’s Fixed Charge Coverage Ratio (“FCCR”) covenant is removed. Instead, during this time period Hardwoods USLP’s only financial covenant shall be to achieve a minimum trailing EBITDA amount
- For the nine month period January 1, 2011 to the credit facility’s maturity on September 30, 2011, Hardwoods USLP’s only financial covenant shall be to maintain a FCCR of not less than 1.00. The FCCR will be calculated on a trailing-twelve-month basis as follows:

$(\text{EBITDA} - \text{capital expenditures} - \text{cash taxes}) / (\text{interest expenses} + \text{distributions})$

- Throughout all periods described above, the financial covenants will only be applicable in the event that Hardwoods USLP’s unused credit availability falls below US\$4 million. Hardwoods USLP’s unused credit availability is currently above this US\$4 million threshold
- At the request of Hardwoods USLP, the maximum borrowings permitted under the credit facility was reduced from US\$30 million to US\$25 million. It is estimated that this reduction will result in a savings in annual interest charges of US\$37,500

- The amendment permits borrowings up to 85% of the book value of certain eligible accounts receivable and up to 50% of the book value of eligible inventory (reduced from 55% previously)
- Interest will be calculated at a rate of prime plus 3.0% on prime rate loans, and LIBOR plus 4.5% on LIBOR revolver loans. These rate spreads are approximately 225 basis points higher than Hardwoods USLP was paying immediately prior to entering into the amendment. Based upon current interest rates, Hardwoods USLP's cost of borrowing will now be 6.25% under prime rate loans, and 5.5% under LIBOR based loans.

“We are pleased to have completed this amendment with our U.S. lender,” commented Maurice Paquette, Hardwoods' President and CEO. “Although we will be paying a higher interest rate going forward, the financing rates achieved are competitive within the current credit environment. We believe the revised covenant package will benefit our U.S. business, providing greater financial flexibility as we work through the current uncertain economic environment.”

The description of the U.S. credit facility amendment set out above is qualified in its entirety by the Amendment Number Two to the Loan and Security Agreement, a copy of which will be filed at www.sedar.com.

About the Fund

Hardwoods Distribution Income Fund is an unincorporated, open-ended, limited purpose trust established to hold, indirectly, an 80% interest in the securities of Hardwoods Specialty Products LP and Hardwoods Specialty Products USLP. The Fund was launched on March 23, 2004, with the completion of an initial public offering of 14,410,000 units.

About Hardwoods

Hardwoods is one of North America's largest distributors of high-grade hardwood lumber and sheet goods to the cabinet, moulding, millwork, furniture and specialty wood products industries. Hardwoods operates 27 distribution centres in the U.S. and Canada.

Forward-Looking Information

Certain statements in this press release contain forward-looking information within the meaning of applicable securities laws in Canada (“forward-looking information”). The words “anticipates”, “believes”, “budgets”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “projects”, “schedule”, “should”, “will”, “would” and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information in this press release includes, but is not limited to: the financing rates achieved are competitive within the current credit environment; and the revised covenant package will benefit our U.S. business, providing greater financial flexibility as we work through the current uncertain economic environment.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. The factors which could cause results to differ from current expectations include, but are not limited to: the financing rates achieved are not competitive in the current or future credit environment and this adversely impacts upon our financial results; the revised covenant package does not provide us with greater or adequate financial flexibility to work through the current uncertain economic environment, and that as a result, Hardwoods USLP does not comply with its financial covenants, and that our lender exercises their rights and remedies during the continuance of any defaults under the US credit agreement and that, in such an event, a replacement facility cannot be obtained in order to permit the repayment of indebtedness under the US credit agreement, or that, if such a replacement facility is obtained, that it will not be obtained at costs, or on terms and conditions, comparable to those of our current US bank indebtedness; and, other risks described in the Fund's Annual Information Form and other continuous disclosure documents.

All forward-looking information in this press release is qualified in its entirety by this cautionary statement and, except as may be required by law, the Fund undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

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