- Not for distribution to United States newswire services or for dissemination in the United States -

Hardwoods Announces US$107 Million Acquisition of Rugby Architectural Building Products, C$50 Million Bought Deal Financing and a 14% Dividend Increase

Acquisition creates North America's largest distributor of hardwood lumber, panel and interior architectural building materials, with a coast-to-coast US presence and significantly increased access to commercial end-markets

- Establishes Hardwoods as the North American industry leader with a combined total of 64 branches, over 1,000 employees, and approximately C$1.0 billion in Pro Forma Sales for the last twelve months ("LTM") ended March 31, 2016
- Adds 31 new US locations, more than doubling Hardwoods' existing US branch footprint and significantly expanding its presence on the US East Coast
- Increases combined LTM Pro Forma Adjusted EBITDA by approximately US$12.5 million to roughly C$53 million for the period ended March 31, 2016
- Expected to be immediately accretive to both cash flow per share and earnings per share, with further benefits anticipated from structural and operating synergies
- Supports an approximate 14% increase in Hardwoods' quarterly dividend, subject to completion of the Transaction, while reducing the Q1 2016 Payout Ratio from 20.3% to a Pro Forma Payout Ratio of 17.8%

Langley, B.C., June 13, 2016 - Hardwoods Distribution Inc. ("Hardwoods" or the "Company") (TSX: HWD) today announced that it has, through certain of its subsidiaries, entered into an agreement (the "Transaction") to purchase substantially all of the assets used in the business of Rugby Acquisition, LLC and its subsidiaries collectively doing business as "Rugby Architectural Building Products" (collectively, "Rugby") for a total value of US$107 million (the "Purchase Price") plus up to another US$13 million based on future performance (the "Earn-Out Consideration").

Rugby is a leading US wholesale distributor of non-structural architectural grade building products to customers that supply end-products to the commercial market. Rugby also serves industrial, retail, residential and institutional construction end-markets. Headquartered in Concord, New Hampshire, Rugby has a strong national US footprint, operating 31 strategically located facilities that serve over 22,000 customers across 48 US states. Following closing of the Transaction, all of Rugby's 560 employees are expected to remain in place. David Hughes will continue to serve as Rugby's President and Drew Dickinson will remain as Rugby's Chief Operating Officer to continue to lead Rugby's business and execute upon its proven and successful business plan.

"This is a highly strategic business combination that brings together two successful, growth-oriented companies to create the number one distributor in our industry" commented Rob Brown, Hardwoods' President and CEO. "The Transaction meets our objective of increasing our distribution capability in additional US markets, particularly in the Eastern US. It also aligns with our 'strengthen commercial' strategy by deepening our presence in the attractive commercial market. Rugby's business model is very similar to our own and its product focus and customer base are highly complementary. Together, we are creating a larger, more efficient platform for distributing our respective product lines."

Transaction Highlights

1. **Establishes Hardwoods as the number one North American distributor of hardwood lumber, panel and interior architectural building materials.** The addition of 31 US facilities with minimal geographic overlap with Hardwoods' existing 25 US regional locations creates a strong, national US network able to serve a full range of national, regional and local customers.

2. **Significantly enhances the financial scale of Hardwoods.** For the LTM period ended March 31, 2016, Rugby generated Adjusted Sales of US$282 million and Adjusted EBITDA of US$12.5 million. For calendar year 2016, management is targeting EBITDA for Rugby of between US$13 million and US$14 million, before anticipated one time Transaction related costs and additional anticipated synergies from the Transaction.

3. **Accretive with further upside from expected synergies.** The Transaction is expected to be immediately accretive to both earnings and cash flow on a per share basis. Hardwoods has also identified significant synergies, including operational, structural and revenue efficiencies that are expected to provide further upside to the immediate accretion.

4. **Enables increase in Hardwoods' dividend while reducing Pro Forma Payout Ratio.** The accretive nature of the Transaction supports a ~14% increase to Hardwoods' annual dividend from C$0.22 per share to C$0.25 per share, concurrent with a decrease to Q1 2016 Payout Ratio from 20.3% to a Pro Forma Payout Ratio of 17.8%.

5. **Efficient use of Hardwoods' debt capacity.** Approximately 60% of the Purchase Price will be funded through an increase in borrowing, which in turn, is expected to improve the efficiency of Hardwoods' balance sheet. Hardwoods is expected to have a combined debt to LTM Pro Forma Adjusted EBITDA ratio of 2.3x, and plans to target a ratio of below 2.0x by focusing on debt reduction through internally generated cash flow.

6. **Expands Hardwoods' US geographic footprint with significantly increased presence in the Eastern US.** Approximately 40% of Rugby's sales for the LTM period ended March 31, 2016 were in the US Northeast and Southeast markets, with a combined warehouse space of over 690,000 square feet across 15 facilities.

7. **Increases Hardwoods' presence in the commercial end-market, a key strategic objective for the Company.** For the LTM period ended March 31, 2016, commercial Pro Forma Sales increase to approximately 35% from approximately 20% of Hardwood's LTM sales for the same period.

8. **Diversifies Hardwoods' customer and product concentration.** The Transaction adds a diversified client base of more than 22,000 customers. Hardwoods will also benefit from the addition of new and complementary products; Rugby currently carries approximately 36,000 SKUs of branded and unbranded products sourced from a network of approximately 800 suppliers.

9. **Fully aligned and incentivized management, and accretive earn-out structure.** Rugby's existing senior management team has an established track record of delivering profitable growth.

Up to US$13 million of additional Earn-Out Consideration could be paid if certain performance targets are met, based on a formula that would lower the effective purchase price multiple and result in greater accretion.

10. **Positions Hardwoods for further US expansion and growth.** Rugby management has successfully completed and integrated 17 acquisitions since 2009, and in doing so has demonstrated its ability to acquire businesses on attractive terms and integrate them successfully. Rugby management has identified a robust pipeline for future acquisitions in the US which Hardwoods believes will enhance its ability to further execute on its acquisition strategy.

“This is a transformational opportunity to move to the forefront of the industry, capitalize on the continued recovery in the US market, and create a platform for significant future growth,” said Mr. Brown. “Both Hardwoods and Rugby have impressive track records of profitable growth. I am delighted to welcome Rugby’s talented team and look forward to continuing to execute our successful strategies together.”

David Hughes, President and CEO of Rugby said, “We are very pleased to be joining Hardwoods’ team, and are excited to be part of North America’s leading diversified hardwood lumber, panel and architectural building products distribution company. We share an entrepreneurial spirit and intense commitment to customers and suppliers, and see this as a great move for all of our stakeholders.”

Purchase Price for Rugby

The Purchase Price consists of: (i) US$100 million in cash payable at closing; and (ii) 563,544 common shares of Hardwoods valued at US$7 million. These common shares of Hardwoods are based on a share price of US$12.4214, calculated with reference to the volume weighted average trading price, or "VWAP", of Hardwoods’ common shares on the Toronto Stock Exchange ("TSX") over the last 20 trading days ended June 10, 2016 and exchange rates over the same period. The Transaction includes traditional purchase price adjustments to ensure that Hardwoods will acquire sufficient working capital on closing of the Transaction.

In addition, Hardwoods may pay future Earn-Out Consideration of up to US$13 million in the form of shares or cash at the option of Hardwoods. Any such consideration will be based on the Rugby business achieving certain performance targets over the two years following closing of the Transaction, and will be payable after the second anniversary of the closing of the Transaction.

Dividend Increase

Hardwood's Board of Directors have approved an amendment to Hardwood’s dividend policy to increase Hardwood's annual dividend from C$0.22 per share to C$0.25 per share, a ~14% increase, subject to the completion of the Transaction. The dividend increase is expected to first apply to the quarterly dividend payment in October which has not yet been declared.

Bought Deal Financing

In connection with the Transaction, Hardwoods has entered into an agreement with a syndicate of investment dealers (the “Underwriters”) led by Cormark Securities Inc. (the “Lead Underwriter”) and including Canaccord Genuity Corp., CIBC World Markets Inc., Mackie Research Corp. and Acumen Capital Finance Partners Ltd., pursuant to which the Underwriters have agreed to purchase for resale to the public on a bought deal basis 3,449,000 subscription receipts of the Company (the “Subscription

Receipts”), at a price of C$14.50 per Subscription Receipt for gross proceeds of C$50,010,500 (the “Offering”).

In addition, the Company has granted the Underwriters an option (the “Over-Allotment Option”) to purchase up to an additional 517,350 Subscription Receipts (or, in certain circumstances, Common Shares (as defined below)) at the Offering price exercisable in whole or in part at any time until 30 days following the Offering Closing Date (as defined below), for market stabilization purposes and to cover over-allotments, if any.

The gross proceeds from the sale of the Subscription Receipts less 50% of the Underwriters’ commission (the “Escrowed Proceeds”), will be held by an escrow agent pending, among other things, the satisfaction or waiver of all conditions precedent to completing the Transaction other than the payment of the Purchase Price and such other conditions that by their nature may only be satisfied at the closing time for the Transaction (the “Release Condition”), and the delivery of a joint written notice from the Company and the Lead Underwriter to the subscription receipt agent confirming that that the Release Condition has been satisfied or waived.

Each Subscription Receipt will entitle the holder thereof to receive, for no additional consideration and without further action, one common share of the Company (a "Common Share") upon the completion of the Transaction. If (i) the Transaction does not close on or prior to the date that is 90 days following the Offering Closing Date (the “Release Deadline”), or (ii) the Company advises the Underwriters and the subscription receipt agent, or announces to the public by way of a news release, that it does not intend to proceed with the Transaction, holders of Subscription Receipts will be entitled to receive the full purchase price of their Subscription Receipts, together with their pro rata share of interest earned thereon (including interest on the initial portion of the underwriting commission). In addition, if the closing of the Transaction occurs prior to the Release Deadline and the record date for one or more cash dividends on the Common Shares occurs during the period from the Offering Closing Date to and including the closing date of the Transaction, each holder of a Subscription Receipt will be entitled to receive an amount per Subscription Receipt equal to the amount of such per Common Share dividend(s). This amount will be payable on the later of the closing date of the Transaction or the date such dividend(s) is paid to shareholders.

The closing of the Offering is expected to occur on or about June 30, 2016 (“Offering Closing Date”). The Company intends to use the net proceeds of the Offering to partially fund the acquisition of Rugby.

The Subscription Receipts will be distributed by way of a short form prospectus in all provinces of Canada, except Quebec, and may be offered in the United States on a private placement basis pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended, and in certain other foreign jurisdictions as the Company and the Underwriters may agree on a private placement basis.

Credit Facility

Hardwoods has received a term sheet from a US bank for a senior credit facility of US$135 million (the “Credit Facility”), consisting of, among other facilities, a revolving credit facility of US$125 million. The Credit Facility will be used by the Company to satisfy approximately US$65 million of the cash portion of the Purchase Price. The Credit Facility is expected to have a term of 5 years and is at competitive rates for this type of a facility. The Credit Facility will be secured by the assets of the Company’s US subsidiaries. Following the Transaction, Hardwoods will have approximately C$120 million in debt outstanding reflecting a combined debt to LTM Pro Forma Adjusted EBITDA of approximately 2.3x.

Conditions to Complete the Transaction

Completion of the Transaction is subject to a number of conditions, including approval of the TSX, US antitrust approval, as well as other conditions customary for a transaction of this nature. In addition, Hardwoods will need to enter into the Credit Facility and complete the Offering before it will be in a position to consummate the Transaction.

The Transaction is expected to close in July 2016.

Conference Call Information

Hardwoods will host a conference call at 4:15 PM Eastern Daylight Time on June 13, 2016 to discuss the Transaction. The call will be hosted by Rob Brown, President & CEO of Hardwoods and Faiz Karmally, CFO.

Participant Local Dial-in Number(s): 778-371-9827 647-427-7450
Participant North American Toll Free Number: 1-888-231-8191

A replay of the call will be available from June 13, 2016 at 7:30PM Eastern Daylight Time to June 27, 2016.

Encore North American Toll Free Number: 1-855-859-2056

Encore password: 32479486

Advisors

Cormark Securities Inc. and Fort Capital Partners are acting as financial advisors to Hardwoods. Farris, Vaughan, Wills & Murphy LLP is acting as Canadian counsel to the Company and Davis Wright Tremaine LLP is acting as US counsel to the Company.

This news release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

About Hardwoods Distribution Inc.

Hardwoods is one of North America’s largest distributors of high-grade hardwood lumber, sheet goods and architectural millwork to the cabinet, moulding, millwork, furniture and specialty wood products industries. The Company current operates a network in North America of 32 distribution centres, as well as 1 sawmill and kiln drying operation.

About Rugby Architectural Building Products

Rugby Architectural Building Products (www.rugbyabp.com) is a full-line wholesale distributor of specialty building products. Its primary business is the wholesale distribution of non-structural architectural grade building products sold principally to customers who supply end-products for the commercial, industrial, retail, residential and institutional markets. The company’s key product offerings include hardwood plywood, composite panels, solid surface countertops, post-form countertops, high-pressure laminate, interior and exterior doors and millwork, hardwood lumber, cabinet hardware, mouldings and industrial wood coatings. Value-added services include post-form countertop fabrication, custom color matching, laminated panels, cut-to-size panels, edge-banding, custom hardwood molding, hardwood lumber ripping and facing, and interior and exterior door pre-hanging.

Headquartered in Concord, NH, the company's 560 employees serve over 22,000 customers across the United States, with a geographic footprint covering 48 states from 31 distribution facilities servicing markets in Bronx, NY, Moonachie, NJ, Deer Park, NY, Metro Boston, Atlanta, GA, Tampa, FL, Indianapolis, IN, Amarillo, TX, Dallas, TX, Ft. Worth, TX, Houston, TX, San Antonio, TX, Phoenix, AZ, Las Vegas, NV, Los Angeles, CA, Portland, OR, Boise, ID, Salt Lake City, UT, Albuquerque, NM, Denver, CO, Roanoke, VA, Kernersville, NC, Charlotte, NC, Wilmington, NC, Nashville, TN, Chattanooga, TN, Columbus, GA, Savannah, GA, Suwanee, GA, and now, Decatur, AL.

Forward-Looking Statements

Certain statements in this news release may constitute "forward-looking information" or "financial outlook" within the meaning of applicable securities laws that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements or industry results expressed or implied by such forward-looking information and financial outlook. Forward-looking information and financial outlook are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions. Such information may involve, but is not limited to, comments with respect to strategies, expectations, planned operations or future actions. Forward-looking information in this news release includes, without limitation, statements with respect to: the anticipated closing of the Transaction, the terms thereof and the timing therefor; the Earn-Out Consideration; the approval of the Transaction by the TSX, US antitrust approval and the other conditions to the closing of the Transaction; expected impacts of the acquisition on Hardwoods EBITDA, Pro Forma Adjusted EBITDA, sales, Pro Forma Sales, earnings, cash flow, Payout Ratio, Pro Forma Payout Ratio and dividend growth, as well as on Hardwoods' future ability to reduce leverage levels; expected accretion to cash flow and earnings per share and synergies from the Transaction; Rugby's employees; planned changes in Hardwoods' business, including the addition of new lines of business; future acquisitions; the anticipated closing of the Offering; the anticipated use of net proceeds of the Offering; the terms of the Subscription Receipts; the manner in which the Escrowed Proceeds will be held and terms on which the Escrowed Proceeds will be released; the approval of the Transaction by the TSX; the amount and terms of the Credit Facility (as defined below) to be obtained to, among other things, partially satisfy the cash portion of the Purchase Price; the increase in the Company's dividend; the outlook of the Company's and Rugby's business and the industry in which each operates its business; the competitive environment in which the Company and Rugby operate; critical accounting estimates; management's assessment of future plans and operations. Actual events or results may differ materially.

The forecasts and projections that make up the forward-looking information and financial outlook in this news release are based on assumptions which include, but are not limited to: the satisfactory timing and receipt of regulatory approval with respect to the Offering and the Transaction; the completion of the Transaction; the Company realizing the expected benefits and synergies of the Transaction; no undisclosed liabilities associated with the Transaction; no material adverse changes occur in respect of the acquired assets before the completion of the Transaction; the Company can comply with the restrictive conditions required by the US Facility; there are no material exchange rate fluctuations *between the Canadian and US dollar that affect the Company's performance; the general state of the economy does not worsen; the Company and Rugby do not lose any key personnel; there are no decreases in the supply of, demand for, or market values of hardwood lumber or sheet goods that harm the Company's business; the Company does not incur material losses related to credit provided to its customers; the Company's products are not subjected to negative trade outcomes; the Company is able to sustain its level of sales and earnings margins; the Company is able to grow its business long term and to manage its growth; the Company is able to integrate acquired businesses; there is no new competition in the markets in which the Company operates that lead to reduced sales and profitability; the Company can comply with existing regulations and will not become subject to more stringent regulations; no material product liability claims; importation of products manufactured with hardwood lumber or sheet goods does not increase and replace products manufactured in North America; the Company's management information systems upon which it is dependent are not impaired; and, the Company's insurance is sufficient to cover losses that may occur as a result of its operations.*

The forward-looking information and financial outlook in this news release 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: failure to close the Offering; failure to close the Transaction; failure to realize the expected returns and synergies of the Transaction; potential undisclosed liabilities associated with the Transaction; no control by the Company over the acquired assets until completion of the Transaction; the Credit Facility will be subject to certain restrictive conditions that limit the discretion of management; the Company's high dependency on the assets and business acquired from the Sellers, if the Transaction closes; exchange rate fluctuations between the Canadian and US dollar could affect the Company's performance; the Company's results are dependent upon the general state of the economy; the Company depends on key personnel, the loss of which could harm its business; decreases in the supply of, demand for, or market values of hardwood lumber or sheet goods could harm the Company's business; the Company may incur losses related to credit provided to the Company's customers; the Company's products may be subject to negative trade outcomes; the Company may not be able to sustain its current level of sales or earnings margins; the Company may be unable to grow its business long term or to manage any growth; the Company may be unable to integrate acquired businesses; competition in the Company's markets may lead to reduced sales and profitability; the Company may fail to comply with existing regulations or become subject to more stringent regulations; product liability claims could affect the Company's sales, profitability and reputation; importation of products manufactured with hardwood lumber or sheet goods may increase, and replace products manufactured in North America; the Company is dependent upon its management information systems; the Company's insurance may be insufficient to cover losses that may occur as a result of the Company's operations; the Company's credit facilities affect its liquidity, contain restrictions on the Company's ability to borrow funds, and impose restrictions on distributions that can be made by certain subsidiaries of the Company; the market price of the Common Shares will fluctuate; and there is a possibility of dilution of existing More information about the risks and uncertainties affecting Hardwoods' business can be found in the "Risk Factors" section of its Annual Information Form dated March 11, 2016 which is available under the Hardwoods' profile on SEDAR at www.sedar.com.

To the extent any forward-looking information or statements in this news release constitute a "financial outlook" within the meaning of securities laws, such information is being provided to demonstrate the potential benefits of the Transaction and management's estimate of the future financial performance of

Rugby, and readers are cautioned that this information may not be appropriate for any other purpose and that they should not place undue reliance on such information.

Although Hardwoods has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information or financial outlook in this news release, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Also, many of the factors are beyond the control of Hardwoods. Accordingly, readers should not place undue reliance on forward-looking statements or information in this news release. The forward-looking information is made as of the date of this news release, and Hardwoods assumes no obligation to publicly update or revise such forward-looking information to reflect new information, subsequent or otherwise, except as may be required by applicable securities law. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

Non-IFRS and Non-U.S. GAAP Financial Measures

This news release makes reference to certain non-IFRS financial measures, in the case of the Company, or non-U.S. GAAP financial measures, in the case of Rugby. These non-IFRS and non-U.S. GAAP financial measures are not recognized measures under IFRS and U.S. GAAP, as applicable, do not have a standardized meaning prescribed by IFRS or U.S. GAAP, as applicable, and are therefore unlikely to be comparable to similar measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with IFRS and U.S. GAAP, as applicable. Rather, these financial measures are provided as additional information to complement IFRS and U.S. GAAP financial measures by providing further understanding of operations from management's perspective. Accordingly, non-IFRS and non-U.S. GAAP financial measures should never be considered in isolation nor as a substitute to using net income as a measure of profitability or as an alternative to the IFRS consolidated statements of income or other IFRS or U.S. GAAP statements. Management presents non-IFRS and non-U.S. GAAP financial measures, specifically Adjusted Sales, EBITDA, Adjusted EBITDA, Pro Forma Adjusted EBITDA, Payout Ratio and Pro Forma Payout Ratio as it believes these supplementary disclosures provide useful additional information related to the operating results and financial condition of the Company and uses these measures of financial performance and financial condition as a supplement to the consolidated statements of income and statements of financial position of the Company and Rugby.

The definitions of the non-IFRS and non-U.S. GAAP measures contained in this news release are as follows: (i) "Adjusted Sales" means sales including the full year results from acquisitions completed during the period and elimination of sales from locations closed during the period; (ii) "EBITDA" means earnings before interest, taxes, depreciation and amortization; (iii) "Adjusted EBITDA" means earnings before interest, taxes, depreciation and amortization with adjustments for owner costs and one-time expenses, adjustment to reflect full-year results from acquisitions completed during the period and elimination of results from locations closed during the period, as well as anticipated net benefits from ongoing initiatives; (iv) "Pro Forma Adjusted EBITDA" means Adjusted EBITDA including Hardwoods EBITDA; (v) "Payout Ratio" means total dividends paid for the period divided by cash flow from operations before changes to working capital and less maintenance capital expenditures for the period; and (v) "Pro Forma Payout Ratio" means Pro Forma total dividends paid for the period divided by Pro Forma cash flow from operations before changes to working capital less maintenance capital expenditures for the period.

For the LTM period ended March 31, 2016 all dollar amounts converted from US dollars to Canadian dollars using an average exchange rate of US$1.00 = C$1.3114.

See the Appendix to this news release for non-IFRS and non-U.S. GAAP reconciliations.

For further information: Faiz Karmally, Chief Financial Officer, Phone: (604) 881–1982; email: fkarmally@hardwoods-inc.com; Website: http://www.hardwoods-inc.com

Appendix
Reconciliation of Non-IFRS and Non-U.S. GAAP Financial Measures

	Year Ended December 31	Quarter Ended March 31		Year Ended March 31
(US$MM, unless otherwise specified)	**2015**	**Q1/15**	**Q1/16**	**LTM**
Rugby Sales	**$271.6**	**$65.5**	**$68.2**	**$274.3**
Net Facility Increase (Acquisitions)	$6.8	$1.0	$2.3	$8.0
Rugby Adjusted Sales	**$278.3**	**$66.5**	**$70.4**	**$282.3**
FX Rate (C$ / US$)	$1.2787	$1.2412	$1.3732	$1.3114
Rugby Adjusted Sales (C$)	**$355.9**	**$82.5**	**$96.7**	**$370.2**
Hardwoods' Sales (C$)	$571.6	$135.1	$157.4	$593.9
Pro Forma Sales (C$)	**$927.5**	**$217.6**	**$254.1**	**$964.1**

	Year Ended December 31	Quarter Ended March 31		Year Ended March 31
(US$MM, unless specified otherwise)	**2015**	**Q1/15**	**Q1/16**	**LTM**
Rugby Net Earnings	**$3.1**	**$0.6**	**$1.6**	**$4.2**
Provision for Income Taxes	$0.9	$0.2	$0.0	$0.7
Interest Expense	$1.3	$0.4	$0.3	$1.2
Depreciation and Amortization	$2.9	$0.7	$0.7	$2.9
Amortization of Loan Origination Costs	$0.1	$0.0	$0.0	$0.1
Miscellaneous and Other Income	($0.2)	$0.0	($0.1)	($0.3)
Rugby EBITDA	**$8.1**	**$1.9**	**$2.6**	**$8.8**
Normalizations				
Net Facility Increase (Acquisitions)	$1.6	$0.4	$0.3	$1.6
Owner Costs and One-Time Expenses	$1.1	$0.3	$0.3	$1.1
Ongoing Initiatives	$1.4	$0.4	$0.0	$1.0
Rugby Adjusted EBITDA	**$12.2**	**$3.0**	**$3.3**	**$12.5**
FX Rate (C$ / US$)	$1.2787	$1.2412	$1.3732	$1.3114
Rugby Adjusted EBITDA (C$)	**$15.6**	**$3.7**	**$4.5**	**$16.4**
Hardwoods EBITDA (C$)	$34.8	$7.6	$9.4	$36.6
Pro Forma Adjusted EBITDA (C$)	**$50.4**	**$11.3**	**$13.9**	**$53.0**

	Quarter Ended March 31, 2016		
(C$000s, unless specified otherwise)	**HWD (C$)**	**Rugby (US$)**	**Pro Forma (C$)[1]**
Cash Flow from Operations	**($5,696)**	**$1,157**	**($4,538)**
Working Capital Changes	($10,677)	($1,231)	**($12,367)**
Cash Flow from Operations Before Working Capital	**$4,981**	**$2,387**	**$7,829**
Capital Expenditures	$442	$49	$509
Distributable Cash	**$4,539**	**$2,338**	**$7,319**
Shares Outstanding	16,779	-	20,791
Distributable Cash per Share	**$0.27**	**-**	**$0.35**
Annualized Dividend per Share	**$0.22**	**-**	**$0.25**
Payout Ratio	**20.3%**	**-**	**17.8%**

(1) All dollar amounts converted from US dollars to Canadian dollars using an average exchange rate of US$1.00 = C$1.3732; Assumes a $50 million equity financing, required debt to fund the Transaction and US$7 million share consideration, as described in the press release.