

## **PARKLAND INCOME FUND EXPANDS INTO ATLANTIC CANADA WITH ACQUISITION OF BLUEWAVE ENERGY FOR C\$214 MILLION**

### **Transaction highlights**

- Adds a leading national independent fuel distributor to Parkland's business portfolio
- Parkland becomes the largest national independent fuel distributor in Canada
- Creates a strong platform for growth through industry consolidation
- Adds major branded fuel relationship with Shell
- Expands Parkland's geographic footprint to have a presence across Canada
- Provides further geographic and product diversification
- Immediately accretive to earnings and cash flow per unit
- Maintains strong balance sheet position

Red Deer, Alberta, December 21, 2009 - Parkland Income Fund ("Parkland" or the "Fund") announced today that it has entered into a definitive agreement to acquire 100% of Bluewave Energy Limited Partnership ("Bluewave Energy") for C\$214 million, subject to closing adjustments relating to working capital. The transaction, which is subject to the receipt of all necessary third party and regulatory approvals including approval under the Competition Act and from the TSX, is expected to close around the end of January 2010.

Headquartered in Dartmouth, Nova Scotia, Bluewave Energy is a national petroleum distribution company and Shell's largest branded distributor in Canada. Bluewave delivers a full slate of petroleum products including diesel fuel, gasoline, heating oil and lubricants and related products and services to a broad range of commercial, industrial and residential customers through a strong delivery network across Canada. In 2008, Bluewave Energy had total sales volume of 645 million litres. Bluewave is privately held by Birch Hill Equity Partners ("Birch Hill"), Bluewave executives and employees and a group of founding investors.

With this acquisition, Parkland becomes the largest national independent petroleum distributor in Canada with a solid delivery network and sales in all provinces except Newfoundland.

Parkland President and CEO Mike Chorlton said, "With this transaction, we are adding one of Canada's leading independent fuel distributors to our portfolio, expanding our geographic footprint into Atlantic Canada, strengthening our position in Ontario and Western Canada, and further balancing our product mix. The acquisition of Bluewave

Energy is consistent with our strategy of driving sustainable growth in fuel volumes and cash flow, primarily in non-urban markets, while maintaining strength in our balance sheet.”

“Bluewave Energy has an exceptional track record of growth, having expanded its earnings more than ten fold since its purchase from Emera in 2005 and has established a strong platform for future growth through further industry consolidation. This business has an excellent management team and employees that are among the best in our industry, and we look forward to welcoming them into the Parkland family,” added Mr. Chorlton.

Upon the completion of the acquisition, Parkland intends to integrate the Bluewave Energy team into the operations of the combined business. Bill Sanford, Bluewave Energy’s current President and Chief Executive Officer, will become the President of Parkland’s Bluewave Division.

Mr. Sanford said, “This is an exciting opportunity for both Parkland and Bluewave Energy. Our businesses share a similar commitment to operational excellence, safety and customer service, and I am confident the integration will be seamless. Together, we will be Canada’s leading independent petroleum distribution company.”

### **Benefits of the Transaction**

The acquisition of Bluewave Energy is expected to be immediately accretive to earnings and cash flow on a per unit basis. The transaction provides Parkland with significant growth in fuel volume, both immediately and through a robust pipeline of potential future acquisitions. It expands Parkland’s geographic reach into Atlantic Canada and improves the Fund’s overall geographic and customer diversity. The acquisition will also increase Parkland’s total purchasing volume, which is expected to give rise to additional cost saving opportunities.

### **Financing and Transaction Details**

Parkland will finance the acquisition primarily from (i) existing capacity on its credit facilities, (ii) incremental borrowing from its expanded senior credit facilities, (iii) cash on hand, (iv) the assumption of certain liabilities of Bluewave, and (v) the issue to certain of Bluewave’s shareholders of up to 2.0 million of Class C Limited Partnership Units, valued at \$12.55 per unit, being the ten day volume weighted average price prior to announcement. The Class C Limited Partnership Units will be exchangeable into Parkland units on a one-for-one basis. Certain Bluewave shareholders may elect, at anytime prior to January 21, 2010, to receive Class C Limited Partnership units in lieu of cash consideration. Approximately \$20 million of escrow holdbacks will be set aside for up to 12 months to settle working capital adjustments and other claims. Completion of the acquisition is subject to normal commercial closing conditions.

Parkland has also received increased commitments from an expanded bank syndicate which will, subject to the satisfaction of customary closing conditions, increase Parkland's total bank credit facilities to \$400 million from \$265 million.

Parkland intends to maintain its current monthly distribution at 10.5 cents per unit at this time. No final decision has been made regarding conversion from a trust to a corporation or dividend policy after conversion. Parkland's base case is conversion to a corporation in January 2011 barring a significant event which might trigger earlier conversion. Following this transaction, Parkland anticipates that it will have in the order of \$50 million to \$75 million safe harbour room under the normal growth guidelines for Income Trusts.

RBC Capital Markets acted as exclusive financial advisor to Parkland.

### **Bluewave Energy's Key Operational and Financial Indicators**

	<u>12 months ended December 31</u>		<u>LTM Aug.</u>
	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Operational Statistics – Volumes, millions of litres<sup>(1)</sup></u>			
Heating oil - Residential	123	115	117
Heating oil - Commercial	51	59	63
Diesel - Commercial	184	350	357
Gasoline - Commercial	32	52	51
Wholesale	<u>27</u>	<u>69</u>	<u>62</u>
Total Volume	417	645	650
<u>Financial Summary, C\$ millions</u>			
Gross profit	48	81	82
EBITDA <sup>(2)</sup>	21	28	34
Net income <sup>(2)</sup>	12	15	20
Cash from operations <sup>(2,3)</sup>	18	22	29

(1) Stated volumes are actual volumes for the corresponding periods and hence are not presented on a comparable basis to earnings and cash flow measures which are normalized for full year effects

(2) Normalized for non-recurring items and adjustments for full year effects for acquisitions

(3) Cash from operations before changes in non-cash working capital

## Reconciliation of Non-GAAP Measures

C\$ millions <sup>(1)</sup>	<u>12 months ended December 31</u>		<u>LTM Aug.</u>
	<u>2007</u>	<u>2008</u>	<u>30, 2009</u>
<u>As Stated</u>			
Net Earnings	3	12	12
Taxes	-	-	-
Interest expense	3	6	6
Depreciation / Amortization	<u>6</u>	<u>7</u>	<u>9</u>
EBITDA	12	25	26
Cash from operations <sup>(2)</sup>	8	19	21
<u>Normalizing Adjustments</u>			
Non-recurring items	1	3	7
Full-year effect items	9	1	2
Other <sup>(3)</sup>	<u>(0)</u>	<u>(1)</u>	<u>(1)</u>
Total Normalizing Adjustments	9	3	9
<u>Normalized</u>			
EBITDA	21	28	34
Net Earnings	12	15	20
Cash from operations <sup>(2)</sup>	18	22	29

(1) Totals may not add up due to rounding

(2) Cash from operations before changes in non-cash working capital

(3) Collected interest on accounts receivable less credit card fees

*EBITDA is not a defined measure under Canadian Generally Accepted Accounting Principles (GAAP). In this document, EBITDA means earnings before Interest Expense, Income Taxes, Depreciation and Amortization. Parkland's definition of EBITDA may not be consistent with other issuers of financial information.*

## About Bluewave Energy

Bluewave Energy is a petroleum distribution company with branches throughout Canada. As the largest branded distributor of Shell products in Canada, Bluewave Energy delivers heating oil, diesel fuel, gasoline, lubricants, and related products to residential customers and commercial customers in the agriculture, transportation, construction and upstream oil and gas sectors. Bluewave Energy also sells, services and finances heating, air conditioning, water heating and fuel storage equipment. In total, Bluewave Energy services more than 72,000 customers via a fleet of 185 delivery trucks.

Bluewave Energy's management team has grown the business both organically and through more than 15 acquisitions since 1999. Bluewave Energy is a proud member of Canadian Oil Heat Association and the Canadian Independent Petroleum Marketers Association. More information about Bluewave Energy is available online at [www.bluewaveenergy.ca](http://www.bluewaveenergy.ca).

## Conference Call Details

Parkland will conduct a conference call for investors, analysts, brokers and media representatives to discuss the acquisition of Bluewave Energy at 9:00 a.m. Mountain time (11:00 a.m. Eastern time) on December 22, 2009.

Tuesday, December 22, 2009, 9:00 a.m. Mountain (11:00 a.m. Eastern Time)  
Direct: 647-427-7450  
Toll-free: 888-231-8191  
Passcode: 48491776

The replay will be available as follows:

From: Tuesday, December 22, 2009, 12:00 noon (2:00 p.m. Eastern Time)  
To: Tuesday, January 5, 2010, 9:59 p.m. (11:59 p.m. Eastern Time)  
Direct: 416-849-0833  
Toll-free: 800-642-1687  
Passcode: 48491776

## Webcast

<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2919180>

## About Parkland Income Fund

Parkland Income Fund currently operates retail and wholesale fuels and convenience store businesses under its Fas Gas Plus, Fas Gas, Race Trac Fuels and Short Stop Food Stores brands and through independent branded dealers, and transports fuel and other products through its Distribution division. With approximately 612 locations, Parkland has developed a strong market niche in Canadian non-urban markets focused in the West and Ontario. The Fund supplies propane, bulk fuel, heating oil, lubricants, industrial fluids, agricultural inputs and associated services to commercial and industrial customers in Alberta, British Columbia and the Yukon Territory under the Neufeld, United Petroleum, Columbia Fuels and Great Northern Oil brands. Additionally, Parkland operates the Bowden refinery near Red Deer, Alberta as a storage and contract-processing site.

Parkland is focused on creating and delivering value for its unitholders through the continuous refinement of its site portfolio, increasing revenue diversification through growth in non-fuel revenues and active supply chain management.

The Fund's units trade on the Toronto Stock Exchange (TSX) under the symbol PKI.UN. For more information, visit [www.parkland.ca](http://www.parkland.ca).

*Certain information included herein is forward-looking. Forward-looking statements include, without limitation, statements regarding Parkland's position as the largest independent fuel distributor in Canada, Parkland having a strong platform for growth through consolidation, the*

*acquisition of Bluewave Energy being accretive, Parkland having increased total credit facilities as well as the future financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving Parkland. Many of these statements can be identified by looking for words such as “believe”, “expects”, “expected”, “will”, “intends”, “projects”, “projected”, “anticipates”, “estimates”, “continues”, or similar words. Parkland believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described in the Fund’s annual report, annual information form and other continuous disclosure documents. Such forward-looking statements necessarily involve known and unknown risks and uncertainties and other factors, which may cause the Fund’s actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Such factors include, but are not limited to: certain cost savings being realized upon completion of the acquisition of Bluewave Energy, general economic, market and business conditions; industry capacity; competitive action by other companies; refining and marketing margins; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; changes in environmental and other regulations; and other factors, many of which are beyond the control of Parkland. Any forward-looking statements are made as of the date hereof and the Fund does not undertake any obligation, except as required under applicable law, to publicly update or revise such statements to reflect new information, subsequent or otherwise.*

For further information, contact:

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*If you prefer to receive Company news releases via e-mail, please request at [corpinfo@parkland.ca](mailto:corpinfo@parkland.ca).*