CHESSWOOD's CONVERTIBLE DEBENTURE HOLDERS CONVERT THEIR DEBT TO EQUITY UNITS OF THE FUND

TORONTO, January 25, 2010 - Chesswood Income Fund ("**Chesswood**") announces that the holders of $2.73 million of Chesswood's $3.5 million convertible debentures, have elected to exercise their conversion rights and are being issued an aggregate of 779,999 units of Chesswood, in accordance with the conversion price of $3.50 per unit provided in the debentures.

Of the $3.5 million of debentures, $2.755 million was held by trustees of Chesswood and/or directors of Chesswood's Administrator and all of the debentures converted were held by such trustees/directors. Other than the debentures, Chesswood has no indebtedness for borrowed money.

"We're very pleased that our debenture holders can benefit from the conversion option in the debentures, after years of providing Chesswood with debt capital." said Barry Shafran, the Fund's President and CEO. "This conversion is a reflection of the confidence they have in the future of Chesswood." added Shafran.

About Chesswood Income Fund

Chesswood Income Fund is a financial services trust with operating businesses in both Canada and the U.S.

For more information visit www.ChesswoodFund.com.

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Contact:
Barry Shafran
Chesswood Income Fund
416-386-3099
bshafran@chesswoodfund.com

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