



NOTICE OF ANNUAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the "Meeting") of the holders of trust units and special voting units of Newport Partners Income Fund (the "Fund") will be held at The National Club, 303 Bay Street, Toronto, Ontario, on May 10, 2006 at 3:00 p.m. (Toronto time) for the following purposes:

1. to receive the audited consolidated financial statements of the Fund for the fiscal period ended December 31, 2005, together with the report of the auditors thereon (collectively the "Audited Financial Statements");
2. to elect six (6) trustees;
3. to appoint auditors and to authorize the trustees to fix their remuneration; and
4. to transact such further or other business as may properly come before the Meeting or any adjournment or postponement thereof.

This notice is accompanied by a management information circular (the "Circular"), a form of proxy, the Audited Financial Statements and management's discussion and analysis of the Audited Financial Statements contained in the annual report of the Fund as at and for the period ended December 31, 2005 as well as the Audited Financial Statements of Newport Private Yield LP ("NPY LP") as at and for the year ended December 31, 2005.

Unitholders who are unable to attend the meeting in person are requested to complete, date, sign and deposit the enclosed form of proxy with CIBC Mellon Trust Company, 320 Bay Street P.O. Box 1, Toronto, Ontario, M5H 4A6, not later than 3:00 p.m. (Toronto time) on May 8, 2006, or 48 hours (excluding Saturdays, Sundays and statutory holidays) before any adjourned or postponed Meeting is reconvened, so that as large a representation as possible may be had at the Meeting.

If you are a non-registered unitholder and have received this notice and Circular from your broker or another intermediary, please complete and return the proxy, voting instruction form or other authorization form provided to you by your broker or other intermediary in accordance with the instructions provided to you.

The trustees have fixed the close of business on March 24, 2006 as the record date for the determination of unitholders entitled to notice of the Meeting.

DATED at Toronto, this 29th day of March, 2006.

BY ORDER OF THE TRUSTEES

A handwritten signature in black ink, appearing to read "Kelly A. Baird".

Kelly A. Baird
Chief Financial Officer and
Secretary of Newport Partners GP Inc.,
in its capacity as attorney of the Fund

Newport Partners Income Fund
MANAGEMENT INFORMATION CIRCULAR
(as at March 29, 2006)
ANNUAL MEETING OF UNITHOLDERS

SOLICITATION OF PROXIES

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the trustees of Newport Partners Income Fund (the “Fund”) for use at the annual meeting of holders (“Unitholders”) of trust units (“Units”) and special voting units (“Special Voting Units”) of the Fund (the “Meeting”) to be held at the time and place and for the purposes set forth in the notice of annual meeting (the “Notice of Meeting”) accompanying this Circular. It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited personally, by telephone or by other forms of electronic communication by trustees, directors, officers and employees of the Fund and its affiliates. The cost of soliciting proxies for the trustees will be borne by the Fund. References herein to Unitholders shall mean holders of Units or Special Voting Units that are entitled to vote at the Meeting.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are Peter Wallace, President and Chief Executive Officer of Newport Partners GP Inc. (“GP Trustee”) and Kelly Baird, Chief Financial Officer and Secretary of GP Trustee. **Each Unitholder is entitled to appoint a person other than the individuals named in the enclosed form of proxy to represent such Unitholder at the Meeting. A Unitholder desiring to appoint some other person to represent him, her or it at the Meeting may do so by striking out the names of the persons designated in the enclosed form of proxy and by inserting the desired person’s name in the blank space provided in the form of proxy and depositing the completed proxy at the office of the transfer agent indicated on the enclosed envelope not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of holding the Meeting, or re-commencement of any adjournment or postponement thereof. A proxyholder need not be a Unitholder.**

A proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the Unitholder or by his or her attorney authorized in writing, and deposited either at the registered office of the Fund at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof, or in any other manner permitted by law.

VOTING OF PROXIES

The Units and Special Voting Units represented by the proxy which is hereby solicited will be voted or withheld from voting in accordance with the instructions of the Unitholder on any ballot that may be called for, and, where the Unitholder whose proxy is solicited specifies a choice with respect to any matter to be acted upon, the Units and Special Voting Units shall be voted by the appointee accordingly. **Where a Unitholder fails to specify a choice with respect to a matter referred to in the Notice of Meeting, the Units and Special Voting Units represented by such proxy will be voted for or in favour of such matter or voted against or withheld if so indicated on the form of proxy.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, or other matters that may properly come before the Meeting, or any adjournment or postponement thereof. At the time of printing this Circular, the trustees of the Fund know of no such amendments, variations or other matters to come before the Meeting, other than matters referred to in the Notice of Meeting. However, if any other matters which at present are not known to the trustees of the Fund should properly come before the Meeting, proxies will be voted on such matters in accordance with the best judgement of the named proxyholders.

VOTING OF UNITS — ADVICE TO BENEFICIAL UNITHOLDERS

The information set forth in this section is of significant importance to holders of Units, as they do not hold Units in their own names. Such holders, referred to in the Circular as “Beneficial Unitholders”, should note that since all Units are held in the book-based system operated by the Canadian Depository for Securities Limited (“CDS”), only proxies deposited by CDS, as the sole registered holder of Units, can be recognized and acted upon at the Meeting, or any adjournment or postponement thereof. If Units are listed in an account statement provided to a holder by a broker, then those Units will not be registered in the holder’s name on the records of the Fund. All of such Units will be registered under the name of CDS & Co., the registration name for CDS. Units should only be voted for, withheld or voted against resolutions upon the instructions of the Beneficial Unitholder.

In accordance with applicable securities laws, the Fund has distributed copies of the Notice of Meeting, the Circular and the form of proxy (printed on blue paper) to be used by CDS as the sole registered holder of Units (collectively, the “meeting materials”) to CDS and intermediaries for onward distribution to Beneficial Unitholders.

Intermediaries are required to forward meeting materials to Beneficial Unitholders unless a Beneficial Unitholder has waived the right to receive them. Typically, intermediaries will use service companies to forward the meeting materials to Beneficial Unitholders. Beneficial Unitholders who have not waived the right to receive meeting materials will either:

- a. be given a voting instruction form which must be completed and signed by the Beneficial Unitholder in accordance with the directions on the voting instruction form, which may in some cases permit the completion of the voting instruction form by telephone or through the Internet; or
- b. less frequently, be given a proxy which has already been signed by the intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Units beneficially owned by the Beneficial Unitholder but which is otherwise uncompleted. This form of proxy need not be signed by the Beneficial Unitholder. In this case, the Beneficial Unitholder who wishes to submit a proxy should properly complete the form of proxy received from the intermediary and deposit it with CIBC Mellon Trust Company, 320 Bay Street P.O. Box 1, Adelaide Street Postal Station, Toronto, Ontario, M5H 4A6, as described above.

The purpose of these procedures is to permit Beneficial Unitholders to direct the voting of the Units they beneficially own. Should a Beneficial Unitholder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person, or have another person attend and vote on behalf of the Beneficial Unitholder, the Beneficial Unitholder should strike out the names of the persons named in the proxy and insert the Beneficial Unitholder’s — or such other person’s — name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In either case, Beneficial Unitholders should carefully follow the instructions of their intermediaries and their service companies.

If you are a Beneficial Unitholder and wish to vote in person at the Meeting, please review the voting instructions provided to you or contact your broker or agent well in advance of the Meeting to determine how you can do so.

A Beneficial Unitholder may revoke a proxy or voting information form which has been given to an intermediary or depository by written notice to the intermediary or depository or by submitting a proxy or voting instruction form bearing a later date. In order to ensure that an intermediary or depository acts upon a revocation of a proxy or voting information form, the written notice should be received by the intermediary or depository well in advance of the Meeting.

THE FUND

The Fund is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario. The Fund is administered by the trustees and by GP Trustee pursuant an administration agreement among, inter alia, the Fund and GP Trustee dated August 8, 2005 (the “Administration Agreement”).

The Fund was established to hold, through the Fund’s investment in Newport Partners Commercial Trust, an interest in Newport Private Yield LP (“NPY LP”) a limited partnership established under the laws of the Province of Ontario. NPY LP was established to acquire, invest in, transfer, dispose of and otherwise deal with investments in debt and/or equity securities and/or assets of partnerships, corporations, trusts and other persons, including but not limited to private businesses, and to make such other investments as GP Trustee may determine. The Fund indirectly holds approximately 40% of NPY LP.

NPY LP has outstanding 25,766,036 Class A1 limited partnership units, all of which are owned indirectly by the Fund, and 32,672,520 Class A2 limited partnership units, 4,002,890 Class B limited partnership units and 2,327,600 Class C limited partnership units. Subject to certain limitations, the Class A2 limited partnership units, the Class B limited partnership units and the Class C limited partnership units are exchangeable, directly or indirectly, for Units of the Fund on a one-for-one basis and such holders hold an equivalent number of Special Voting Units of the Fund, which will be cancelled on the exchange of such limited partnership units for Units of the Fund. The Special Voting Units were issued to provide voting rights to holders of Class A2 limited partnership units, Class B limited partnership units and Class C limited partnership units.

Under applicable securities legislation, the Fund is required to provide certain information with respect to the Fund, its trustees and officers. The Fund, however, does not carry on business, does not have officers and is dependent for its results on the performance of NPY LP. The directors and officers of GP Trustee are responsible for administering the Fund and its business in accordance with the Administration Agreement. Consequently, in addition to the information relating to the Fund and its trustees, this Circular includes information relating to GP Trustee, its directors and officers.

Under the terms of the Administration Agreement, GP Trustee provides, for no additional consideration other than reimbursement by the Fund of out-of-pocket expenses incurred by GP Trustee for provision of such services, administration and support services to the Fund.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at March 24, 2006, there were 25,766,036 Units and 39,207,301 Special Voting Units issued and outstanding. Each Unit and Special Voting Unit entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

The Fund has fixed March 24, 2006 as the record date for the purposes of determining holders of Units and Special Voting Units entitled to receive notice of the Meeting. Each holder of Units and Special Voting Units named in the list will be entitled to vote at the Meeting the Units and/or Special Voting Units opposite such person’s name on such list. The Units and the Special Voting Units will vote together as a class on all matters to be acted upon at the Meeting.

To the knowledge of the trustees of the Fund, the only person or company that beneficially owns, directly or indirectly, or who exercises control or direction over, Units or Special Voting Units carrying more than 10% of the voting rights attached to any class of voting securities of the Fund, is NPI Holdings Ltd., which owns 7,681,080 Special Voting Units or 11.8% of the total votes that may be cast at the Meeting. NPI Holdings Ltd. is 100% owned by the Newport Principals, the individuals who manage NPY LP.

To the knowledge of the trustees of the Fund, the senior management of Newport as a group beneficially own directly or exercise control or direction over 2,554,137 Units and 2,263,842 Special Voting Units, representing 7.4% of the total votes that may be cast at the Meeting.

The trustees of the Fund as a group beneficially own, directly or indirectly, 48,632 Units and 711,642 Special Voting Units, representing approximately 1.2% of the total votes that may be cast at the Meeting.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

ITEM 1 — Consolidated Financial Statements

A copy of the consolidated financial statements of the Fund for the period ended December 31, 2005 and the report of the auditors on the consolidated financial statements accompany this Circular and will be submitted to the Meeting.

ITEM 2 — Election of Trustees

The Fund's Declaration of Trust provides that the Fund must have a minimum of three (3) and a maximum of ten (10) trustees. Until otherwise determined by resolution of the trustees, the number of trustees is six (6). The six nominees proposed for election as trustees of the Fund are listed below. All nominees are currently trustees of the Fund. Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote FOR the election of such six nominees.

It is not anticipated that any of the nominees will be unable to serve as trustees, but if that should occur for any reason prior to the Meeting, or any adjournment or postponement thereof, the persons named in the enclosed form of proxy shall be entitled to vote for any other nominee(s) in their discretion. Each trustee elected will hold office until the next annual meeting of Unitholders or until his successor is duly elected or appointed.

The table and notes below set out, in respect of each nominee to the board of trustees, the name and municipality of residence of each person proposed to be nominated for election as trustee, the period or periods during which the nominee has served as a trustee of the Fund, the nominee's principal occupation or employment during the last five years and all other positions with the Fund and any affiliate thereof now held by the nominee, if any, and the number of Units or Special Voting Units beneficially owned by the nominee or over which the nominee exercises control or direction as of March 24, 2006. The statement as to ownership, control and direction over Units or Special Voting Units, in each case, is based upon information furnished by the said nominees.

<u>Name and Municipality of Residence</u>	<u>Position with the Fund</u>	<u>Date first became a Trustee</u>	<u>Principal Occupation</u>	<u>Number of Units and Special Voting Units Beneficially Owned or Controlled</u>
PAUL BEESTON ⁽¹⁾ Toronto, Ontario	Trustee	August 8, 2005	Retired Executive and Director	46,552
JOHN K. BELL ⁽¹⁾ Cambridge, Ontario	Trustee	August 8, 2005	President and Chief Executive Officer, Polymer Technologies Inc.	48,552
K. MICHAEL EDWARDS ⁽²⁾ Toronto, Ontario	Trustee	August 8, 2005	Chairman and Chief Executive Officer, FieldWorker Products Limited	46,552
RICHARD W. IVEY ⁽²⁾ Toronto, Ontario	Trustee	August 8, 2005	Chairman, Ivest Properties Limited	381,560
GERRY SMITH ⁽²⁾ Orillia, Ontario	Trustee	August 8, 2005	President, Huronia Investments Inc.	190,874
DAVID A. WILLIAMS ⁽¹⁾ Toronto, Ontario	Trustee	August 8, 2005	President, Roxborough Holdings Limited	46,552

Notes:

(1) Denotes member of the Audit Committee

(2) Denotes member of the Compensation and Corporate Governance Committee

The following is a brief profile of each nominee to the board of trustees:

Paul Beeston. Mr. Beeston was president and chief operating officer of Major League Baseball from 1997 to 2002. Prior to this, he held senior offices with the Toronto Blue Jays from 1976, including president and chief executive officer in 1991. Mr. Beeston earned the distinction of Canadian Baseball Man of the Year in 1994, and was inducted into the Canadian Baseball Hall of Fame in 2002. Mr. Beeston is a member of the Board of Directors of Loblaw Companies Limited, the vice chairman on the Board of Trustees of the Centre for Addiction and Mental Health, a member of the Executive Committee of the Baseball Hall of Fame in Cooperstown, New York, and a member of the Board of Huron University College at the University of Western Ontario. Mr. Beeston holds a B.A. in economics and political science and an honorary Doctor of Laws from the University of Western Ontario, an honorary Doctor of Social Sciences from Niagara University, and is a Fellow of the Institute of Chartered Accountants. In 1998, Mr. Beeston was appointed a Member of the Order of Canada.

John K. Bell. Mr. Bell is a Cambridge-based entrepreneur and president and chief executive officer of Polymer Technologies Inc., an auto parts supplier. Prior to acquiring Polymer in 1996, Mr. Bell founded Shred-Tech Ltd. which he grew to become a world leader in industrial recycling technology and equipment before the company was sold in 1995. Mr. Bell is chairman and a significant equity holder in a tier-2 Chatham-based automotive supplier, and holds significant ownership positions in other private equity investments. Mr. Bell is currently the chairman of the Board of Cambridge Memorial Hospital and is a member of the Board of Directors of BSM Technologies Inc. He was the vice chair of Cambridge and North Dumfries Hydro from 2000-2004, the founding chair of Canada's Technology Triangle Accelerator Network from 1995-2000, and chair of the Waterloo Regional Police Services Board from 1985-1990. Mr. Bell holds a degree in Business Administration from the University of Western Ontario, and is a Chartered Accountant.

K. Michael Edwards. Mr. Edwards became the chairman and chief executive officer of FieldWorker Products Limited, a mobile data solutions development company after retiring from the position of president and chief executive officer of RT Investment Management Holdings Inc., a money manager, in February 2002. Mr. Edwards has a long history in the investment business, having held senior positions within RBC Financial Group and Richardson Greenshields prior to its acquisition by RBC, Gardiner Watson/Dean Witter and McLeod Young Weir. Mr. Edwards served as a member of the Executive Committee of the Investment Dealers Association, was the chairman of the Joint Industry Committee on Pension Reform, was a director and member of the Executive Committee of the Mutual Fund Dealers Association, and was a member of the Dey Commission on Corporate Governance. He became a member of the Board of Governors of the Toronto Stock Exchange in 1985, and has served as both the vice chairman and chairman. Mr. Edwards is also an active community member, having held the position of director of the Children's Aid Society Foundation of Metropolitan Toronto and director of the Mount Pleasant Group. Mr. Edwards is currently a director of Epcor Preferred Equity Inc. and a director of Energy Split Corp Inc. and Energy Split Corp II Inc., a member and past-chair of the Business Advisory Council of the University of Alberta, founding director and vice chairman of the Invest in Kids Corporation and Foundation, Governor of the Banff Centre, and a director of the Stratford Festival Foundation. Mr. Edwards holds a Bachelor of Commerce degree from the University of Alberta.

Richard W. Ivey. Mr. Ivey is chairman of Ivest Properties Limited, a real estate development and management company. Prior to this, Mr. Ivey practiced law at Torys LLP until 1982. Mr. Ivey serves as a member of the Board of Directors of Canada Colors and Chemicals Limited, and is a past-director of several companies across a variety of industries. His charitable and community involvement is extensive. Mr. Ivey currently holds the positions of chairman of the Canadian Institute for Advanced Research, secretary and treasurer of the Richard Ivey Foundation, vice chairman of the Board of Trustees of University Health Network, chairman of the Advisory Group of the Centre for Global eHealth Innovation, member of the Advisory Board of the Richard Ivey School of Business, member of the Board of Directors of Pearson College of the Pacific Foundation, member of the President's International Alumni Council for the University of Toronto, and member of the Advisory Board of Social Capital Partners. Mr. Ivey holds a degree in Business Administration from the University of Western Ontario, and a Law degree from the University of Toronto.

Gerry Smith. Mr. Smith is owner and president of Huronia Investments Inc., a private investment holding company, and owner and executive of Sitecom Services Limited, a supplier of wireless communications products and services. Previously, Mr. Smith was an owner and executive of Seeburn Metal Products Limited, an automotive parts manufacturing company. His past Board experience includes positions with Huronia Trust, Merchant Private Trust Limited and Connor Clark Limited. Mr. Smith is past-chairman of the Orillia Police Services Board and Y.M.C.A. of Orillia. Mr. Smith holds a Bachelor of Commerce degree and an M.B.A. from McMaster University, and is a Chartered Accountant.

David A. Williams. Mr. Williams has served as president of his investment company, Roxborough Holdings Limited, since 1995. From 1969 to 1994, he held senior management positions with Beutel Goodman Company, one of Canada's largest institutional money managers. He also has extensive board experience, serving as chairman of Bennett Environmental and FRI Corporation. He is a director of MetroOne Telecommunications, Western Silver, Calvalley Petroleum, Atlantis Systems Corp., Resin Systems Inc. and RoadDor Industries Ltd. Mr. Williams is a director of Bishop's University Foundation and is involved with a number of community related projects. Mr. Williams holds a Bachelors degree in Business from Bishop's University, and an M.B.A. from Queen's University.

The directors of GP Trustee will be the six trustees of the Fund and the following individuals:

<u>Name and Municipality of Residence</u>	<u>Position with GP Trustee</u>	<u>Principal Occupation</u>	<u>Number of Units or Special Voting Units Beneficially Owned or Controlled</u>
AUBREY W. BAILLIE Toronto, Ontario	Director	Executive Chairman, GP Trustee	751,544
PETER L. WALLACE Toronto, Ontario	Director	President and Chief Executive Officer, GP Trustee	1,464,114
DAVID T. LLOYD Toronto, Ontario	Director	Managing Director, GP Trustee	268,364
DOUGLAS C. BROWN Mississauga, Ontario	Director	Managing Director, GP Trustee	274,391
MARK A. KINNEY Toronto, Ontario	Director	Managing Director, GP Trustee	225,446

In addition, the above-noted individuals beneficially own collectively 59.25% of NPI Holdings Ltd. NPI Holdings Ltd. owns 7,681,080 Special Voting Units or 11.9% of the total votes that may be cast at the meeting.

The following is a brief profile of the directors of GP Trustee.

Aubrey W. Baillie. Mr. Baillie is executive chairman of Newport and one of the founders of Newport Partners Inc. ("NPI", a predecessor to Newport Partners LP), with over 35 years experience in the investment industry. He retired in 1999 as deputy chairman and chief operating officer of Nesbitt Burns Inc., having joined a predecessor firm in 1977. Mr. Baillie is a member of the board of directors of each of Ausnoram Holdings Ltd., Welton Energy Corporation, Brompton SI Fund Management Limited, Brompton Management Ltd. and Brompton BTF Management Limited. He is a past chair of the Board of Trustees of United Way of Greater Toronto, a member of the Board of the Juvenile Diabetes Research Foundation International, Appleby College and Wellspring Mr. Baillie holds a degree in Business Administration from the Richard Ivey School of Business and is a Chartered Accountant.

Douglas C. Brown. Mr. Brown is one of the founders of NPI with more than 20 years experience advising individuals and families on wealth management. Mr. Brown was called to the Law Society of Upper Canada in 1985 and began practicing law at the firm Fasken & Calvin (now Fasken Martineau DuMoulin LLP). In 1994, he left his law practice to join Merchant Private Trust Company where he was managing director from 1996 to 1998. In 1998, Mr. Brown was appointed president of Merchant Private Trust Company and in 1999 the firm, re-named

Connor Clark Private Trust, was purchased by Royal Bank of Canada and renamed RBC Private Counsel, where Mr. Brown was appointed vice-chairman. Mr. Brown sits on the board of directors of various private companies and charitable foundations. Mr Brown received an Honours Bachelor of Arts from University of Toronto, and a Bachelor of Laws from the University of Windsor.

Mark A. Kinney. Mr. Kinney is one of the founders of NPI with 17 years experience in the financial industry. Prior to joining NPI, he was a vice president at RBC Private Trust. From 1992 to 1999, he was a principal with Merchant Private Trust Company and Connor Clark Private Trust, which was acquired by the Royal Bank of Canada in 1999. He started his career in the investment industry as an account executive at Canada Trust in 1989. Mr. Kinney is chair of Newport Partners LP Investment Committee and is responsible for setting asset allocation strategy and reviewing the performance of the money managers selected on behalf of clients. Mr. Kinney is active in a number of community and charitable organizations. Mr Kinney received an Honours Bachelor of Arts (Economics) from York University, an MBA (Finance) from McMaster University and is a CFA charterholder

David T. Lloyd. Mr. Lloyd is one of the founders of NPI and has 25 years wealth management advisory experience. Prior to forming NPI, he was a vice president at RBC Private Counsel, having co-founded its predecessor firm, Merchant Private Trust Company in 1991. From 1986 to 1991, Mr. Lloyd was a partner in PerCor Financial Inc. (one of Canada's first fee-for-service financial planning firms). He joined Clarkson Gordon in 1980 and began specializing in personal tax and financial planning in 1983. Mr. Lloyd has written articles that have been published in a variety of financial journals, including the Canadian Institute and the Insight Conference on investment strategy and he has appeared on CBC Newsworld and Moneysworth. Mr. Lloyd has a Bachelor of Arts (Economics) from the University of Western Ontario and is a Chartered Accountant.

Peter L. Wallace. Mr. Wallace is the president and chief executive officer of the Fund and one of the founders of NPI. He has 27 years experience in the investment industry. Prior to joining NPI in 2001, Mr. Wallace was president of Blythco Inc., his personal investment company. From 1995 to 1997, he was president of a private securities firm. This firm was sold to Canada Trust Financial Services and Mr. Wallace became president of Wealth Management from 1997 to 1999. Prior to 1995, Mr. Wallace was president of Midland Walwyn Capital Inc. (now Merrill Lynch Canada Inc.). He has been a governor of the Toronto Stock Exchange and is currently a director of several Toronto Stock Exchange listed companies. Mr. Wallace is a director of Welton Energy Corporation. Mr Wallace holds a Bachelor of Commerce degree from McGill University and an MBA from the University of Western Ontario.

Corporate Cease Trade Orders or Bankruptcies

Mr. Williams was a director of Krystal Bond Inc. ("Krystal Bond") from April 1996 to April 2002. Krystal Bond was subject to a cease trade order issued by the Ontario Securities Commission on April 12, 2002. Mr. Williams was a director of Octagon Industries Inc. ("Octagon") from November 1993 to present. Octagon was subject to cease trade orders issued by the British Columbia Securities Commission on May 29, 2001 (revoked on August 28, 2001) and on June 24, 2004, and by the Alberta Securities Commission on June 8, 2004, for failure to file its required financial statements. Octagon was delisted from the NEX (a separate exchange of the TSX Venture Exchange) for default of paying its listing fees for the third quarter of 2004. On August 12, 2001, Octagon's trustee sent a proposal to unsecured creditors of Octagon (the "Proposal") pursuant to the *Bankruptcy and Insolvency Act* (Canada). A majority of the unsecured creditors approved the Proposal at a general meeting of the creditors held on August 25, 2001.

Messrs. Wallace and Baillie became directors of The NRG Group Inc. ("NRG") in March 2000. NRG was suspended from trading on the TSX for failure to meet the minimum market capitalization listing requirements. NRG was subject to cease trade orders issued by the Ontario, British Columbia, Alberta and Manitoba Securities Commissions for failure to file its audited financial statements for the year ended December 31, 2002 and for the three month period ended March 31, 2003. The financial statements were subsequently filed on SEDAR on August 7, 2003 and August 18, 2003, respectively, and the cease trade orders were revoked. On July 23, 2003, the company was voluntarily delisted from the TSX. In August 2003, the shareholders of NRG approved the acquisition of Welton Energy Corporation ("Welton"), a private Alberta-based oil and natural gas company, by NRG. It continues to carry on its business under the Welton name, and Messrs. Wallace and Baillie remain directors of Welton.

ITEM 3 — Appointment of Auditors

At the Meeting, Unitholders will be asked to approve a resolution re-appointing KPMG LLP as auditors of the Fund, and to authorize the trustees to fix their remuneration. KPMG LLP has served as the auditor of the Fund since its inception on May 13, 2005 and as auditor of NPY LP since February 15, 2005.

Unless such authority is withheld, the persons named in the accompanying proxy will vote FOR the re-appointment of KPMG LLP, Chartered Accountants, as auditors of the Fund and to authorize the Trustees to fix their remuneration. The auditor will hold office until the next annual meeting of Unitholders of the Fund or until their successors are appointed.

EXECUTIVE COMPENSATION

Overview

Management of the Fund’s business operations is conducted by the senior management team of GP Trustee. This management team is comprised of twenty senior officers. The compensation program for the management team is strategically based on the spirit of partnership. Effective January 1, 2006, all senior officers will not receive a salary (prior to this, certain officers, including the chief financial officer, received a salary). To foster a team environment, maximize the success of the business and enhancement of Unitholder value, all senior officers are compensated through (i) a revenue pool (reflecting 35% of net revenue generated in Newport Partners LP, a wholly owned subsidiary of NPY LP), and (ii) Long Term Incentive Plan (“LTIP”) rewards. The compensation program is administered by the Compensation and Corporate Governance Committee of GP Trustee.

Summary Compensation Table

The following table provides a summary of the compensation of the President and Chief Executive Officer of GP Trustee, the Chief Financial Officer of GP Trustee and GP Trustee’s three most highly compensated members of management, other than the Chief Executive Officer and the Chief Financial Officer (the “Named Executive Officers”), who were serving as members of management for the period from August 8, 2005 (date of the closing of the Fund’s initial public offering) to December 31, 2005, the year-end of the Fund.

Name and Principal Position	Year	Compensation			Long Term Compensation		All Other Compensation
		Salary	Bonus	Other Annual Compensation	Awards	Payouts	
					Securities Under Options	LTIP Payouts	
Peter L. Wallace President and Chief Executive Officer	2005 ⁽¹⁾	Nil	Nil	\$136,925 ⁽²⁾	Nil	Nil	Nil
Kelly Baird Chief Financial Officer and Secretary	2005 ⁽¹⁾	\$59,999 ⁽³⁾	70,000 ⁽⁴⁾	Nil	Nil	Nil	Nil
Douglas C. Brown Managing Director	2005 ⁽¹⁾	Nil	Nil	\$121,637 ⁽²⁾	Nil	Nil	Nil
David T. Lloyd Managing Director	2005 ⁽¹⁾	Nil	Nil	\$121,637 ⁽²⁾	Nil	Nil	Nil
Mark A. Kinney Managing Director	2005 ⁽¹⁾	Nil	Nil	\$121,637 ⁽²⁾	Nil	Nil	Nil

Notes:

- (1) For the period from August 8, 2005 to December 31, 2005.
- (2) From the Newport Partners LP revenue pool as described above.
- (3) Salary prorated for 146 days. Effective January 1, 2006, Ms. Baird’s compensation will be by way of allocations from the Newport Partners LP revenue pool as described above.
- (4) Bonus from Newport Partners LP.

On closing of the Fund's Initial Public Offering, a performance fee of \$44.7 million, inclusive of goods and services tax, was paid to Newport Investment Counsel Inc. ("NICI"). Employees of NICI (now owned by Newport Partners LP) immediately reinvested the full net of tax amount back into the Fund.

Long Term Incentive Plan

The officers and key employees of GP Trustee are eligible to participate in the Fund's Long-Term Incentive Plan (the "LTIP"). The purpose of the LTIP is to provide eligible participants with compensation opportunities that will enhance GP Trustee's ability to attract, retain and motivate key personnel and reward officers and key employees for performance that results in the Fund exceeding its per Unit distributable cash targets. Pursuant to the LTIP, the board of directors of GP Trustee or its Compensation and Corporate Governance Committee will set aside a pool of funds based upon the amount, if any, by which the Fund's distributable cash per Unit exceeds certain per Unit targets. A trustee who will be appointed by the Fund to administer the LTIP will then purchase Units in the open market with such funds and will hold such Units until such time as ownership vests to each participant.

The board of directors of GP Trustee or its Compensation and Corporate Governance Committee has the power to, among other things: (i) determine those individuals who will participate in the LTIP; (ii) determine the level of participation of each participant; and (iii) determine the time or times when LTIP awards vest.

The LTIP provides for awards that may be earned based on the amount by which distributable cash exceeds a base distribution threshold of \$0.925 per Unit per annum (the "Base Distribution"). The percentage amount of that excess which forms the LTIP incentive pool will be determined in accordance with the table below:

<u>Percentage by which Distributable Cash per Unit exceeds Base Distribution⁽¹⁾</u>	<u>Maximum Proportion of Distributable Cash in Excess of Base Distribution Threshold Available for Payments</u>
5% or less	Nil
Greater than 5% and up to 10%	10% of any excess over 5%
Greater than 10% and up to 20%	10% of any excess over 5% plus 20% of any excess over 10%
Greater than 20%	10% of any excess over 5%, plus 20% of any excess over 10% to 20%, plus 25% of any excess over 20%

Note:

(1) Annualized for fiscal periods of less than 12 months.

The Compensation and Corporate Governance Committee has the discretion to adjust these figures, including the amount of the Base Distribution, from time to time.

There were no LTIP awards paid during fiscal 2005.

Executive Employment Agreements

GP Trustee has entered into employment agreements with each executive officer of GP Trustee. The terms of the employment agreements are substantially the same for each executive officer. Each executive officer is entitled to participate in the LTIP (discussed above) and to receive other compensation as determined by the board of directors of GP Trustee on the recommendation of the Compensation and Corporate Governance Committee from time to time. The employment agreements contain customary non-solicitation and non-competition provisions. If terminated by GP Trustee without cause, each executive officer is entitled to receive a lump-sum payment equal to the compensation received from GP Trustee (including LTIP payments) for the preceding twelve months.

Each executive officer of GP Trustee has agreed that the Class B1 limited partnership units of NPY LP received directly or indirectly by him or her on NPY LP's acquisition of NPLP will be held in escrow for three years, and will be retained by NPY LP and cancelled if he or she resigns or is terminated for cause during such three year period. The employment agreements also provide that the employee may, at his or her option, resign from GP Trustee and receive the Class B1 limited partnership units held in escrow and a lump sum payment

equal to the compensation received by him or her from GP Trustee (including LTIP payments) for the preceding twelve months if, at any time during the three-year term of the escrow, less than five nominees of the officers of GP Trustee are appointed to the board of directors of GP Trustee (other than by reason of a temporary vacancy or the exercise of this option).

Each of the executive officers of GP Trustee are also employed by one of Newport's Operating Partnerships, Newport Partners LP, or one of its affiliates under separate employment agreements. In that capacity, each person is actively employed in the business of the Operating Partnership and receives compensation from the Operating Partnership, in addition to his or her compensation from GP Trustee, in accordance with the compensation and remuneration policies determined by management of the Operating Partnership from time to time.

Compensation of Trustees and Directors

The trustees of the Fund were paid in respect of the 2005 fiscal period an annual retainer of \$35,000 pro-rated for the period, amounting to \$18,507.

In addition, the trustees of the Fund received \$5,000 per annum to act as directors of Newport Partners Trustee Inc., the sole trustee of Newport Partners Commercial Trust. The trustees received \$2,644 pro-rated for the period. The directors of GP Trustee do not receive any additional compensation for acting as directors of GP Trustee.

Compensation and Corporate Governance Committee

The Compensation and Corporate Governance Committee reviews and monitors the corporate governance practices and senior officer compensation of GP Trustee. The Compensation and Corporate Governance Committee is comprised of Michael Edwards (chair), Richard Ivey and Gerry Smith. All of the members of the Compensation and Corporate Governance Committee are independent members of the Board within the meaning of Multilateral Instrument 52-110 — *Audit Committees*.

Report on Executive Compensation

The philosophy of the Compensation and Corporate Governance regarding executive compensation is guided by its objective to obtain and retain executives critical to the success of the business and the enhancement of Unitholder value. It is the responsibility of the Compensation and Corporate Governance Committee to determine the level of compensation of the executive officers of GP Trustee with the objective of providing a competitive compensation package based upon performance.

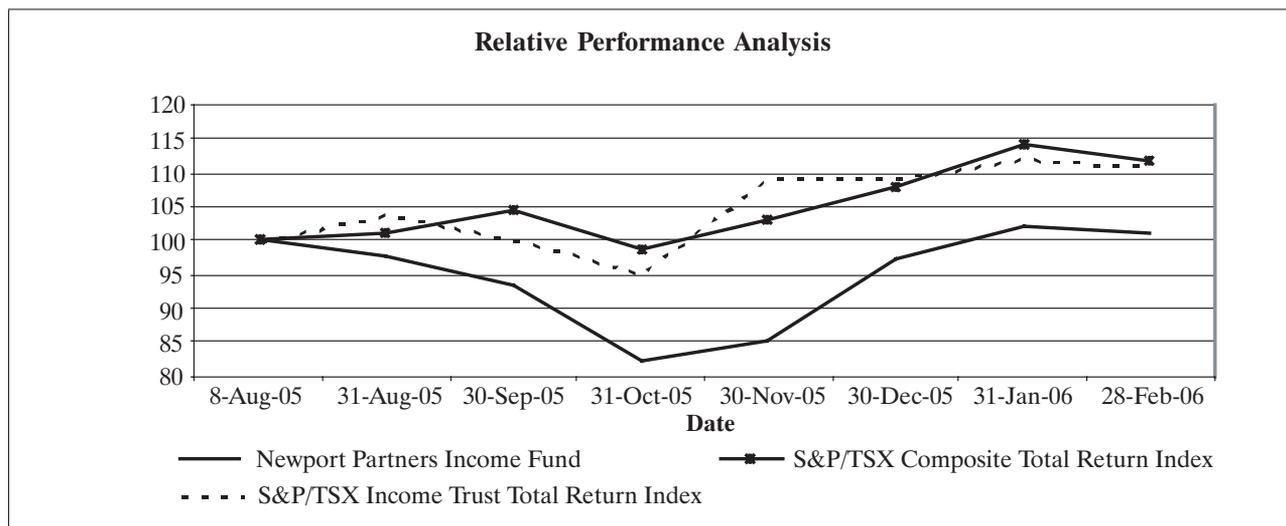
In establishing compensation for executive officers, the Compensation and Corporate Governance Committee considers, among other things, individual performance and responsibilities, together with other factors in the competitive market place for executive officers of other organizations of similar size and complexity. Pursuant to the LTIP, the board of directors of GP Trustee or its Compensation and Corporate Governance Committee will set aside a pool of funds based upon the amount, if any, by which the Fund's distributable cash per Unit exceeds certain per Unit targets.

This report is submitted by the Corporate Governance and Compensation Committee:

K. Michael Edwards (Chair)
Richard W. Ivey
Gerry Smith

PERFORMANCE GRAPH

The following graph compares the total cumulative return to Unitholders for \$100 invested in Units with the total cumulative return of the S&P/TSX Composite Total Return Index and the S&P/TSX Income Trust Total Return Index for the period from August 8, 2005, when the Units were first listed for trading on the TSX, to February 28, 2006, assuming a Cdn\$100 investment on August 8, 2005 and reinvestment of distributions during the period.



INDEBTEDNESS OF TRUSTEES, DIRECTORS AND OFFICERS

To the knowledge of the trustees of the Fund, no trustee, director, executive officer or employee, and no former trustee, director, executive officer or employee of the Fund or any of its subsidiaries is currently or was at any time during the financial period ended December 31, 2005, indebted to the Fund or to any of its subsidiaries and no indebtedness of such persons has been the subject of a guarantee, support agreement, letter of credit or other similar agreement provided by the Fund or any of its subsidiaries or affiliates other than an employee loan made by NPY LP to an executive of EZEE in the amount of \$250,000. In accordance with the terms and conditions of the loan, the loan was non-interest bearing and was used to purchase units of NPY LP.

ADDITIONAL INFORMATION

The Fund will provide to any person or company, upon receipt of a request by the Secretary of GP Trustee and, in the case of a Unitholder, without charge, a copy of: (i) the Fund's most recent Annual Information Form, together with a copy of any document, or the pertinent pages of any document incorporated therein by reference; (ii) the comparative financial statements for the Fund's period ended December 31, 2005, together with the accompanying report of the auditor, and any interim financial statements of the Fund that have been filed for any period subsequent to December 31, 2005 and management's discussion and analysis thereof; and (iii) this Circular. Additional information relating to the Fund may be accessed on SEDAR at www.sedar.com or at www.newportpartners.ca.

APPROVAL

The undersigned certifies that the contents and sending of this Circular have been approved by the Board of Trustees of the Fund.

DATED at Toronto, Ontario on the 29th day of March 2006.

BY ORDER OF THE TRUSTEES

[SIGNATURE]

Kelly A. Baird
Chief Financial Officer and
Secretary of Newport Partners GP Inc.,
in its capacity as attorney of the Fund

APPENDIX “A”

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

On June 30, 2005, the Canadian Securities Administrators (“CSA”) implemented National Instrument 58-101 — *Disclosure of Corporate Governance Practices* (“NI 58-101”) and National Policy 58-201 — *Corporate Governance Guidelines* (“NP 58-201”). NI 58-101 and NP 58-201 provide for mandated disclosure under NI 58-101 of an issuer’s corporate governance practices, as well as best practices under NP 58-201.

The Board of Directors of GP Trustee is responsible for the governance of the Fund and NPY LP. The Board and management recognize the importance of corporate governance to the effective management of the Fund and NPY LP and to its Unitholders. The Fund’s approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Fund and NPY LP are effectively managed so as to enhance Unitholder value.

This statement on corporate governance practices has been prepared by the Corporate Governance and Compensation Committee.

The following sets out the Fund’s approach to corporate governance in accordance with NI 58-101 and NP 58-102.

Board of Trustees and Board of Directors

The Board of Trustees of the Fund is comprised of six trustees, all of whom are required by the Fund’s Declaration of Trust to be “independent” (as defined below). Accordingly, all of the trustees of the Fund (namely, Paul Beeston, John K. Bell, K. Michael Edwards, Richard W. Ivey, Gerry Smith and David A. Williams) are independent.

The Board of Directors of GP Trustee is comprised of eleven directors and the Board is responsible for determining whether or not each director is “independent” (as defined below). A majority of the Board of Directors of GP Trustee (namely, Paul Beeston, John K. Bell, K. Michael Edwards, Richard W. Ivey, Gerry Smith and David Williams) are independent.

Pursuant to NI 58-101 and National Instrument 52-110 — *Audit Committees*, a trustee or director is independent if such trustee or director has no direct or indirect material relationship with the issuer, which could, in the view of the respective Board, be reasonably expected to interfere with the exercise of a member’s independent judgement. Aubrey W. Baillie, Peter L. Wallace, Douglas C. Brown, Mark A. Kinney and David T. Lloyd are not independent within the meaning of such National Instruments as each such individual is an executive officer of GP Trustee.

The other directorships which each of the trustees and directors hold in other reporting issuers (or equivalent in foreign jurisdictions) are as follows:

<u>Trustee/Director</u>	<u>Reporting Issuer</u>
Aubrey W. Baillie	— Welton Energy Corporation, Brompton SI Fund Management Limited, Brompton Equity Split Corp. and Brompton BTF Management Limited
Paul Beeston	— Loblaw Companies Limited
John K. Bell	— BSM Technologies Inc.
K. Michael Edwards	— Epcor Preferred Equity Inc., Energy Split Corp Inc. and Energy Split Corp II Inc.
David A. Williams	— MetroOne Telecommunications, Western Silver Corporation, Calvalley Petroleum Inc., Atlantis Systems Corp., Resin Systems Inc. and RoaDor Industries Ltd.
Peter L. Wallace	— Welton Energy Corporation, Brompton Preferred Management Limited (name has changed to Brompton Funds Management Limited), Brompton AOG Management Limited and Brompton YTU Management Limited

The Board of Trustees has appointed K. Michael Edwards as chair of the Board. Mr. Edwards is independent of management. The Board of Directors of GP Trustee has not appointed a chair that is independent of management because the Board believe that the role of the chair in setting the Board agenda and ensuring that adequate and proper information is available to the Board of Directors is appropriately served for the current time being by one who has knowledge of GP Trustee and its operations. Notwithstanding the foregoing, the Board of Directors has determined that GP Trustee is best served by delegating certain responsibilities to Board committees with independent members such as the Compensation and Corporate Governance Committee and the Audit Committee. Amongst other things, the Compensation and Corporate Governance Committee has established procedures to govern the Board's responsibilities and ensure that the Board of Directors acts independently of management. The independent members of the Board of Directors are also encouraged to conduct discussions and meet independently of management. The Board of Directors has also adopted a policy of meeting without management present at each regularly scheduled meeting of the Board of Directors. These sessions are of no fixed duration and participating directors are encouraged to raise and discuss any issues of concern. Since August 8, 2005, the independent directors of GP Trustee met seven times without management present.

The attendance record of each trustee and director for all Board meetings of each of the Fund and GP Trustee held from August 8, 2005 to December 31, 2005 is as follows:

Trustee/Director	Trustee Meetings Attended	Director Meetings Attended
Aubrey W. Baillie	Not applicable	6 of 7
Paul Beeston	4 of 5	6 of 7
John K. Bell	5 of 5	7 of 7
Douglas C. Brown	Not applicable	7 of 7
K. Michael Edwards	5 of 5	6 of 7
Richard W. Ivey	5 of 5	6 of 7
Mark A. Kinney	Not applicable	6 of 7
David T. Lloyd	Not applicable	6 of 7
Gerry Smith	5 of 5	7 of 7
Peter L. Wallace	Not applicable	7 of 7
David A. Williams	5 of 5	6 of 7

Mandate of the Board of Directors

The Board of Directors and Board of Trustees have adopted the following mandate setting out their responsibilities for the stewardship of GP Trustee, NPY LP and the Fund. The mandate of the Boards is to oversee management of both GP Trustee and the Fund and includes the following duties and responsibilities:

- Supervising management of GP Trustee and the Fund;
- The establishment of standards of conduct to be communicated to management and staff;
- The adoption of intermediate and long term goals and the establishment of a strategic planning process to reach established goals;
- Approving significant acquisitions, investments and divestitures of Newport before they are implemented. A "significant" transaction means a transaction resulting in total costs exceeding \$10 million;
- The Board ensures systems are in place that effectively monitor and manage risks as well as measure the potential returns with a view to the long-term viability of the Fund;
- Adopting a communication policy, reviewing that policy annually and, prior to issuance, reviewing major unitholder communications;

- Establishing policies and processes to ensure the integrity of internal control and management information systems;
- Approving a Code of Business Conduct and Ethics and monitoring compliance with that Code;
- Assessing the contribution of the Board, Committees and all directors annually and reviewing matters of succession and succession planning (including appointing, training and monitoring senior management);
- Reviewing, reporting on and assessing financial performance of the Fund;
- Developing an approach to corporate governance. Reviewing and monitoring corporate governance principles and disclosures, as well as measures for receiving unitholder feedback (including establishing a process for direct communication between unitholders and the independent directors); and
- Ensuring that all new directors receive a comprehensive orientation and fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including the commitment of time and resources).

In general, all matters of management philosophy, strategic direction and all actions proposed to be taken that are not in the ordinary course of operations require prior approval of the Board, or a Board Committee to which approval has been delegated by the Board.

The Board can and does act independent of management. The Board expects management to be responsible for operations while respecting authorized limits, adhering to the business plan, operational budget and policies adopted for NPY LP and the Fund. The Board expects to be advised by management in a complete, accurate and timely fashion on the business and affairs of NPY LP and the Fund and its subsidiaries generally and on any individual matter that management considers to be of material or significant consequence.

The Board has discussed and considered how the Fund communicates with its Unitholders, and other stakeholders and the public. The Board has approved a Disclosure Policy covering the timely disclosure of all material information. The Disclosure Policy establishes consistent guidance for determining what information is material, how it is to be disclosed and, to avoid making selective disclosure, making all material disclosures on a widely disseminated basis. The Fund seeks to communicate with its Unitholders and other Unitholders through a variety of channels, including its annual report, quarterly reports, annual information form, news releases and conference calls.

The Board, through the Audit Committee, reviews with Management and the Fund's auditors, the adequacy of the Fund's internal controls and management information systems on a regular basis.

Position Descriptions

The Board has not developed a written position description for the chairman or the chair of each Board committee. The Board believes that the charters of the Audit Committee and the Compensation and Corporate Governance Committee adequately delineate the roles of the chairs of such Committees.

GP Trustee has developed a written position description for the President and Chief Executive Officer. The President and Chief Executive Officer is responsible for:

- Ensuring that the Board of Directors is advised in a complete, accurate and timely fashion on the business and affairs of the Fund and NPY LP and on any individual matter that management considers to be material or of significant consequence for the Fund and NPY LP and/or the Unitholders of the Fund;
- Ensuring the business plan is being met;
- Ensuring the monthly distributions are made in accordance with the direction of the Board and providing the information necessary or requested by the Board to give such direction;
- Ensuring that annual general and administrative budgets are prepared and presented to the Board for approval and that the results are reviewed with the Board quarterly;
- Ensuring that corporate governance practices are carried out as prescribed by the Board;

- Ensuring that the Board is advised of any material conflict;
- Ensuring there are proper internal controls and financial reporting to effectively monitor and report on the performance of the Fund and NPY LP, and all of its subsidiary companies, as well as their operations; and
- Ensuring financial statements for the Fund and NPY LP, and all subsidiary companies are prepared quarterly in accordance with generally accepted accounting principles and that the annual financial statements are audited in accordance with the mandate prescribed by the Audit Committee and tendered to the Board for approval.

Orientation and Continuing Education

As part of the mandate of the Board, it is to ensure that all new directors receive a comprehensive orientation and fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make, including the commitment of time and resources.

To foster the Board's familiarity with corporate matters on an on-going basis, the Board, from time to time may invite senior operating partner management to attend at Board meetings to report on their respective business unit activities.

Ethical Business Conduct

GP Trustee has adopted a code of business ethics for the companies, managers and administrators as defined by the Insider Trading Policy. Each such director, officer, employee and service provider must abide by this Code of Business Ethics.

Each covered party is required to exercise their powers and perform their duties honestly, in good faith and in the best interests of the unitholders of the Fund. The managers and administrators of the Fund are also required to exercise the care, diligence and skill that a reasonably prudent and qualified manager would exercise in comparable circumstances.

The text of the Code can be found at Appendix B.

Nomination of Directors

The Board of Trustees of the Fund is comprised of six trustees and the Board of Directors of GP Trustee is comprised of eleven directors consisting of the six trustees and five members of management of GP Trustee. The Board of Directors believe that this is an appropriate size to facilitate decision-making. The Board considers the competencies and skills that the Board, as a whole, should possess, evaluates the competencies and skills of current Board members and then determines the competencies and skills and other qualities for new directors and assesses new directors against this framework. Additionally, the Board considers whether or not each new nominee can devote sufficient time and resources to his/her duties as a member of the Board.

Compensation

The Compensation and Corporate Governance Committee reviews and recommends to the Board for approval the remuneration of directors. In determining the appropriate remuneration, the Compensation and Corporate Governance Committee considers time commitment, comparative fees and responsibilities of Board members.

The Compensation and Corporate Governance Committee reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluates the Chief Executive Officer's performance in light of those goals and objectives, and makes recommendations to the Board with respect to the Chief Executive Officer's compensation level based on this evaluation. The Compensation and Corporate Governance Committee also recommends the compensation of GP Trustee's other senior executives for approval by the Board and makes recommendations to the Board with respect to the LTIP established for officers and key employees of NPY LP or any of the operating partners in which NPY LP may from time to time have an interest.

Assessments

The Compensation and Corporate Governance Committee is responsible for assessing the effectiveness of the Board as a whole. The Committee evaluates the performance and contribution of individual members of the Board in their capacity as trustees, directors and as members of any Board Committee and recommends timely changes in the role, size, composition and structure of the Board and the Board Committees.

Other Board Committees

Audit Committee

The Audit Committee is composed of John Bell (Chair), Paul Beeston and David Williams. The Board considers all members of this Committee to be “independent” and “financially literate” within the meaning of Multilateral Instrument 52-110 — Audit Committees. The Audit Committee has a specifically defined mandate and charter which clearly defines its role and responsibilities. The Audit Committee is responsible for recommending to the Board the appointment and compensation of the Fund’s external auditor; overseeing the work of the external auditor, including the resolution of disagreements between the external auditor and management; pre-approving all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Fund or its subsidiary entities by the Fund’s external auditor; satisfying themselves that adequate procedures are in place for the review of the Fund’s public disclosure of financial information extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures; establishing procedures for the receipt, retention and treatment of complaints received by the Fund regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Fund or its subsidiaries of concerns regarding questionable accounting or auditing matters; reviewing and approving any proposed hiring of current or former partner or employee of the current and former auditor of the Fund or its subsidiaries; and reviewing and approving the annual and interim financial statements, related Management Discussion and Analysis and other financial information provided by the Fund to any governmental body or the public. The text of the Audit Committee Charter can be found attached to the Fund’s Annual Information Form, available on SEDAR at www.sedar.com.

Compensation and Corporate Governance Committee

The Compensation and Corporate Governance Committee is comprised of Michael Edwards (Chair), Richard Ivey and Gerry Smith. The Board considers all members of this Committee to be “independent” within the meaning of Multilateral Instrument 52-110 — Audit Committees. The responsibilities of the Compensation and Corporate Governance Committee are discussed above.

APPENDIX “B”

CODE OF BUSINESS ETHICS

The Fund and NPY LP have adopted the following code of business ethics for the companies, managers and administrators as defined by the Insider Trading Policy. Each such director, officer, employee and service provider (a “Covered Party”) must abide by this Code of Business Ethics.

Each Covered Party is required to exercise their powers and perform their duties honestly, in good faith and in the best interests of the unitholders of the Fund. The managers and administrators of the Fund are also required to exercise the care, diligence and skill that a reasonably prudent and qualified manager would exercise in comparable circumstances.

Each Covered Party is required to comply with:

- all applicable laws and regulations to which the business operations of the Fund are subject;
- all policies, procedures and regulations of regulatory authorities including the provincial securities regulators and the Toronto Stock Exchange;

Additionally, the following shall apply to each Covered Party:

- **Conflicts of Interest:** Be committed to conducting all business affairs in the best interests of NPY LP and the Fund by dealing with customers, suppliers, contractors, competitors, existing and potential business partners and other Covered Parties in a manner that avoids real, perceived or potential conflicts of interest. Covered Parties who are trustees and directors (“directors”) of the Fund and NPY LP shall keep separate their personal or other business dealings from their dealings as directors of the Fund and NPY LP. Directors shall use goods, services and facilities provided to them by the Fund and NPY LP strictly in accordance with the terms on which they are provided. Directors shall fully disclose active private or other business interests promptly and any other matters which may lead to potential or actual conflicts of interest in accordance with such policies that the directors may adopt from time to time.
- **Protecting the Company’s Assets:** Covered Parties shall protect the assets of NPY LP and the Fund from fraud and theft and ensure records are accurate, timely and complete. Transactions with third parties are to be recorded in writing. Information is a key asset so Covered Parties are required to safeguard the proprietary and confidential information of NPY LP and the Fund as well as their proprietary information that has been entrusted to any one or more of them by others.
- **Confidentiality of Information:** Covered Parties must ensure that confidential information relating to the customers, operations, employees, officers and directors of NPY LP and the Fund is not given either inadvertently or deliberately to third parties without consent. Covered Parties shall not use information obtained by them in their respective capacities with NPY LP or the Fund for personal financial gain, nor may that information be used to obtain financial benefit for any other person or business.
- **Ethical Business Conduct:** Covered Parties must always act honestly and with integrity in all business relationships with customers, suppliers, competitors, potential business partners and governmental officials. Payments made by NPY LP or the Fund must be necessary, lawful and properly documented and bribes, favours or “kickbacks” for the purpose of securing business transactions must never be offered or accepted.
- **Reporting Violations:** If a Covered Party becomes aware of a violation of this Code of Business Ethics, or is asked to violate this Code of Business Ethics through participation in an illegal or unethical activity, he or she should immediately report it to any member of the Audit Committee of NPY LP or the Fund.

All directors, officers and employees are required to comply with all corporate policies including the Disclosure Policy and the Insider Trading Policy.

If any person ever has a concern that there has been a breach in this Code of Business Ethics, the individual is required to contact the CEO of NPY LP or chair of the Audit Committee to discuss his or her concerns.

Compliance with this Code of Business Ethics is of utmost importance and a breach of any of its provisions is grounds for a warning, revision of responsibilities, suspension or dismissal with or without notice, depending on the particular circumstances. The board of directors are responsible for monitoring compliance with the Code of Business Ethics. Any waivers therefrom that are granted for the benefit of a Covered Party who is a director or executive officer shall be granted by the board of directors or by a committee of the board of directors.