



**NOTICE OF ANNUAL MEETING OF UNITHOLDERS OF**

**Newport Partners Income Fund**

**To be held on May 13, 2008**

**and**

**MANAGEMENT INFORMATION CIRCULAR**

**March 26, 2008**

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**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 (collectively, “**Unitholders**”) of Newport Partners Income Fund (“**Fund**”) will be held at The Design Exchange, 234 Bay Street, Toronto, Ontario, on May 13, 2008 at 4:30 p.m. (Toronto time) for the following purposes:

1. to receive the audited consolidated financial statements of the Fund for the year ended December 31, 2007, 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 year ended December 31, 2007.

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 4:30 pm (Toronto time) on May 9, 2008, 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 25, 2008 as the record date for the determination of Unitholders entitled to notice of the Meeting and any adjournment or postponement thereof.

DATED at Toronto, this 26th day of March, 2008.

**BY ORDER OF THE TRUSTEES**

Kelly A. Baird  
Chief Financial Officer and  
Secretary of Newport Partners Income Fund

**Newport Partners Income Fund**  
**MANAGEMENT INFORMATION CIRCULAR**  
**(as at March 26, 2008)**  
**ANNUAL MEETING OF UNITHOLDERS**

**SOLICITATION OF PROXIES**

**This Circular is furnished in connection with the solicitation of proxies by the trustees of the Fund for use at the Meeting of holders of trust units and special voting units of the Fund to be held at the time and place and for the purposes set forth in the notice of annual meeting (the "Notice") 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 the Fund and Kelly Baird, Chief Financial Officer and Secretary of the Fund. **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

Only registered Unitholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Units beneficially owned by a person (a “Beneficial Holder”) are registered either:

- (i) in the name of an intermediary (an “**Intermediary**”) that the Beneficial Holder deals with in respect of the Units of the Fund (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or
- (ii) in the name of a depository (a “**Depository**”, such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

In accordance with the requirements of *National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Fund will have distributed copies of the Notice, this Circular and the form of proxy (collectively, the “Meeting Materials”) to the Depositories and Intermediaries for onward distribution to Beneficial Holders. Intermediaries are required to forward the Meeting Materials to Beneficial Holders, unless a Beneficial Holder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Beneficial Holders. Generally, Beneficial Holders who have not waived the right to receive Meeting Materials will either:

- (i) be given a form of 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 Holder but which is otherwise not completed. In this case, the Beneficial Holder who wishes to submit a proxy should properly complete the form of proxy and submit it to the Fund, c/o CIBC Mellon Trust Company, 320 Bay Street, P.O. Box 1, Adelaide Street Postal Station, Toronto, Ontario, M5H 4A6; or
- (ii) more typically, be given a voting instruction form which is not signed by the Intermediary and which must be properly completed and signed by the Beneficial Holder and returned to the Intermediary in accordance with the instructions of the Intermediary or Depository.

The purpose of these procedures is to permit Beneficial Holders to direct the voting of the Units of the Fund they beneficially own. **Should a Beneficial Holder wish to attend and vote at the Meeting, or any adjournment or postponement thereof, in person (or to have another person appointed as proxyholder to attend and vote on behalf of the Beneficial Holder), the Beneficial Holder should follow the procedure in the request for voting instructions provided by or on behalf of the Intermediary or Depository and request a form of legal proxy which will grant the Beneficial Holders the right to attend the Meeting, and any adjournment or postponement thereof, and vote in person. Beneficial Holders should carefully follow the instructions of their Intermediary or Depository, including those regarding when and where the proxy or voting information form is to be delivered.**

A Beneficial Holder 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.

## DESCRIPTION OF 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 Newport Partners GP Inc. (“**GP Trustee**”) pursuant to 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 investments in Newport Partners Commercial Trust, an indirect interest in Newport Private Yield LP (“**NPY**”) a limited partnership established under the laws of the Province of Ontario. NPY 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 58% of NPY.

NPY has outstanding 42,176,155 Class A1 limited partnership units, all of which are owned indirectly by the Fund, and 29,692,776 Class A2 limited partnership units. Subject to certain limitations, the Class A2 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 in the Fund to holders of Class A2 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 and is dependent for its results on the performance of NPY. 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 and its directors and officers.

Under the terms of the Administration Agreement, GP Trustee receives 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 25, 2008, there were 42,176,155 Units and 29,692,776 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 25, 2008 as the record date for the purposes of determining the Unitholders entitled to receive notice of, and to vote at the Meeting. At the meeting, each Unitholder named in the list will be entitled to vote 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, no person beneficially owns, or controls or directs, directly or indirectly, Units or Special Voting Units carrying more than 10% of the voting rights attached to any class of voting securities of the Fund.

To the knowledge of the trustees of the Fund, the senior officers and directors of the Fund and GP Trustee as a group beneficially own, or control or direct, directly or indirectly, 3,850,178 Units and 9,387,027 Special Voting Units, representing 18.42% of the total votes that may be cast at the Meeting.

The trustees of the Fund as a group beneficially owns, or controls or directs, directly or indirectly, 783,160 Units and 711,642 Special Voting Units, representing approximately 2.08% 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 year ended December 31, 2007 and the report of the auditors on the consolidated financial statements accompany this Circular and will be submitted at 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 so 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, or controlled or directed, directly or indirectly, by the nominee as of March 25, 2008. The statement as to ownership, control and discretion over Units or Special Voting Units, in each case, is based upon information furnished by the said nominees.

| <b>Name and Municipality of Residence</b>                  | <b>Position with the Fund</b> | <b>Date first became a Trustee</b> | <b>Principal Occupation</b>  | <b>Number of Units and Special Voting Units Beneficially Owned or Controlled</b> |
|--|-------------------------------|------------------------------------|--|--|
| Paul Beeston <sup>(1)</sup> .....<br>Toronto, Canada       | Trustee                       | August 8, 2005                     | Executive Director   | 46,552   |
| John K. Bell <sup>(1)</sup> .....<br>Cambridge, Canada     | Trustee                       | August 8, 2005                     | Chairman, The Onbelay Group of Companies                           | 122,352  |
| K. Michael Edwards <sup>(2)</sup> .....<br>Toronto, Canada | Trustee                       | August 8, 2005                     | Chairman and Chief Executive Officer, FieldWorker Products Limited | 61,912   |
| Richard W. Ivey <sup>(2)</sup> .....<br>Toronto, Canada    | Trustee                       | August 8, 2005                     | Chairman, Ivest Properties Limited                                 | 673,112  |
| Gerry Smith <sup>(2)</sup> .....<br>Orillia, Canada        | Trustee                       | August 8, 2005                     | President, Huronia Investments Limited                             | 190,874  |
| David A. Williams <sup>(1)</sup> .....<br>Toronto, Canada  | Trustee                       | August 8, 2005                     | President, Roxborough Holdings Limited                             | 400,000  |

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 is a member of the Board of Directors of Loblaw Companies Limited, the Chairman on the Board of Trustees of the Centre for Addiction and Mental Health, and a member of the Executive Committee of the Baseball Hall of Fame in Cooperstown, New York. 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 Chairman of The Onbelay Group of Companies, a Cambridge based Private Equity Corporation with investments in automotive, telematics and technology. He is past Chairman of The Polymer Plainfield Companies, a Tier 2 automotive parts manufacturer and past Chairman and Founder of Shred-Tech Ltd., a world leader in recycling technology and equipment. He is a director of ATS Automation Tooling Systems and BSM Wireless and is currently Chairman of Cambridge Memorial Hospital, and Co-chair of the Prosperity Council of Waterloo Region. Mr. Bell is a graduate of The Ivey School of Business, and a Fellow of The Institute of Chartered Accountants of Ontario.

*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 a was a member of the Dey Commission on Corporate Governance. He became a member of the Board of Governors of the TSX 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, Governor of the Banff Centre, and Director of the Stratford Festival Foundation. Mr. Edwards is currently a Director of the Mount Pleasant Group, a Director of Fundserve and a Director of Energy Split Corp Inc. and Energy Split Corp II Inc. He is also a member and past-Chair of the Business Advisory Council of the University of Alberta, and a Founding Director and Chairman of the Invest in Kids Corporation and 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. For many years he was an executive in the packaging and logistics industries. 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 Ivey Foundation, vice chairman of the Board of Trustees of University Health Network, member of the Advisory Board of the Richard Ivey School of Business, member of the Board of Directors of the Toronto Community Foundation and Pearson College of the Pacific Foundation, 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. He is also an owner and executive with Point To Point Communications Limited and Sitecom Services Limited, both companies involved in the supply of wireless communication products and services and the development of wireless broadband solutions. 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, and Connor Clark Limited. Mr. Smith has been actively involved in several charitable endeavors in his home town of Orillia, Ontario. 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. He is a director of Western Copper, Calvalley Petroleum, Atlantis Systems Corp., Resin Systems Inc. and Roador 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:

| <b>Name and Municipality of Residence</b> | <b>Position with GP Trustee</b> | <b>Principal Occupation</b>                                       | <b>Number of Units or Special Voting Units Beneficially Owned or Controlled</b> |
|---|---------------------------------|---|---|
| Aubrey W. Baillie .....                   | Director                        | Executive Chairman,<br>Newport Partners Income Fund               | 1,364,300   |
| Peter L. Wallace .....                    | Director                        | President and CEO,<br>Newport Partners Income Fund                | 2,452,595   |
| David T. Lloyd .....                      | Director                        | President & Managing Director,<br>Newport Investment Counsel Inc. | 1,396,745   |
| Douglas C. Brown .....                    | Director                        | Managing Director,<br>Newport Investment Counsel Inc.             | 1,406,246   |
| Mark A. Kinney .....                      | Director                        | Managing Director,<br>Newport Investment Counsel Inc.             | 1,330,908   |

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

*Aubrey W. Baillie.* Mr. Baillie is executive chairman of the Fund and one of the founders of Newport Partners Inc., a predecessor to Newport Partners LP ("**NPLP**"), 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. Aubrey Baillie is a member of the board of directors of each of Ausnoram Holdings Ltd. and Welton Energy Corporation. He is a past chair of the Board of Trustees of the United Way of Greater Toronto, chair of the Board of the Juvenile Diabetes Research Foundation, Canada, Appleby College Foundation and a member of the Wellspring board of directors. Mr. Baillie holds a degree in Business Administration from the University of Western Ontario, and is a chartered accountant.

*Douglas C. Brown.* Mr. Brown is one of the founders of NPLP 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 acquired 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 the University of Toronto, and a Bachelor of Laws from the University of Windsor.

*Mark A. Kinney.* Mr. Kinney is one of the founders of NPLP with 20 years experience in the financial industry. Prior to joining Newport Partners, he was a vice president at RBC Private Counsel. 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 at Canada Trust in 1989. Mr. Kinney is Chair of NPLP's Investment Committee. Mr. Kinney is the treasurer and a director of The Yellow Bus Foundation. He received an Honours Bachelor of Arts (Economics) from York University, and MBA (Finance) from McMaster University and is a CFA charterholder. He is also a current member of the Toronto Society of Financial Analysts, and is a member of the Association for Investment Management and Research.

*David T. Lloyd.* Mr. Lloyd is one of the founders of NPLP and has over 25 years of wealth management advisory experience. Prior to forming NPLP, 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 at 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 various business television programs. 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 president and chief executive officer of the Fund. He is one of the founders of NPLP and is the lead partner in the private equity practice. Mr. Wallace has 30 years of experience in the investment industry. Prior to co-founding NPLP, Mr. Wallace was president of Wealth Management at Canada Trust Financial Services. Prior to Canada Trust, he was president of Midland Walwyn Capital Inc. (now Merrill Lynch Canada Inc.). He has been a governor of the TSX, a past chairman of Crescent School and is currently on the Board of Trustees for the Boys and Girls Clubs of Canada.

### **Corporate Cease Trade Orders or Bankruptcies**

Mr. Williams was a director of Krystal Bond Inc. from April 1996 to April 2002. Krystal Bond Inc. 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. from November 1993 to present. Octagon Industries Inc. 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 Industries Inc. 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, the trustees of Octagon Industries Inc., sent a proposal to unsecured creditors of Octagon Industries Inc. 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, NRG Group Inc. was voluntarily delisted from the TSX. In August 2003, the shareholders of NRG approved the acquisition of Welton Energy Corporation, a private Alberta-based oil and natural gas company, by NRG. It continues to carry on its business under the Welton Energy Corporation name, and Messrs. Wallace and Baillie remain directors of Welton Energy Corporation.

### **ITEM 3 – Appointment of Auditors**

At the Meeting, Unitholders will be asked to approve a resolution re-appointing KPMG LLP as auditor 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 since February 15, 2005.

Unless such authority is withheld, the persons named in the accompanying proxy will vote FOR the reappointment 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 successor is appointed.

## EXECUTIVE COMPENSATION

### Overview

Management of the Fund's business and investment operations is conducted by the senior management of GP Trustee and principals of NPLP. This management team is comprised of seventeen people. The compensation program for the management team is strategically based on the spirit of partnership. 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 NPLP, a wholly owned subsidiary of NPY), and (ii) Long Term Incentive Plan ("LTIP") awards. 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, who were serving as members of management for the period from January 1, 2007 to December 31, 2007, the year-end of the Fund.

| Name and Principal Position                               | Year | Long Term Compensation |       |                           |                          |              |     | All Other Compensation |
|---|------|------------------------|-------|---------------------------|--------------------------|--------------|-----|------------------------|
|   |      | Salary                 | Bonus | Other Annual Compensation | Awards                   | Payouts      |     |                        |
|   |      |                        |       |                           | Securities Under Options | LTIP Payouts |     |                        |
| Peter L. Wallace<br>President and Chief Executive Officer | 2007 | \$150,000              | Nil   | Note (1)                  | Nil                      | Nil          | Nil |                        |
| Kelly Baird<br>Chief Financial Officer and Secretary      | 2007 | \$150,000              | Nil   | Note (2)                  | Nil                      | Nil          | Nil |                        |
| Aubrey Baillie<br>Executive Chairman                      | 2007 | \$150,000              | Nil   | Note (3)                  | Nil                      | Nil          | Nil |                        |
| Michael Svetkoff<br>Managing Director                     | 2007 | \$150,000              | Nil   | Note (4)                  | Nil                      | Nil          | Nil |                        |
| Mihkel Holmberg<br>General Counsel                        | 2007 | \$150,000              | Nil   | Note (5)                  | Nil                      | Nil          | Nil |                        |

#### Notes:

- (1) In addition to the salary paid by the Fund, Mr. Wallace received \$181,289 from Newport Partners LP's revenue pool as described above.
- (2) In addition to the salary paid by the Fund, Ms. Baird received \$182,665 from Newport Partners LP's revenue pool as described above.
- (3) In addition to the salary paid by the Fund, Mr. Baillie received \$86,697 from Newport Partners LP's revenue pool as described above.
- (4) In addition to the salary paid by the Fund, Mr. Svetkoff received \$170,864 from Newport Partners LP's revenue pool as described above.
- (5) In addition to the salary paid by the Fund, Mr. Holmberg received \$188,509 from Newport Partners LP's revenue pool as described above.

### Long Term Incentive Plan

The officers of GP Trustee and employees of NPLP are eligible to participate in the LTIP. The purpose of the LTIP is to provide eligible participants with compensation opportunities that will enhance GP Trustee's ability to attract and retain key personnel and reward 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 sets 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 has been appointed by the Fund to administer the LTIP and purchase Units in the market with such funds and 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:

#### Percentage by which Distributable Cash per Unit exceeds Base Distribution <sup>(1)</sup>

5% or less  
Greater than 5% and up to 10%  
Greater than 10% and up to 20%  
Greater than 20%

#### Maximum Proportion of Distributable Cash in Excess of Base Distribution Threshold Available for Payments

nil  
10% of any excess over 5%  
10% of any excess over 5%, plus 20% of any excess over 10%  
10% of any excess over 5%, plus 20% of any excess over 10% to 20%, plus 25% of any excess over 20%

(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 2007.

### Executive Employment Agreements

GP Trustee has entered into employment agreements with each senior person of GP Trustee. The terms of the employment agreements are substantially the same for each senior person. Each senior person 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 non-solicitation and non-competition provisions. If terminated by GP Trustee without cause, each senior person 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 of the senior officers of GP Trustee are also employed by one of the Fund's Operating Partnerships, NPLP, 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 2007 fiscal period an annual retainer of \$35,000.

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

| Trustee            | Annual Retainer | Attendance Fee | Chairing Governance Committee | Chairing Audit Committee | Lead Trustee | Total   |
|--------------------|-----------------|----------------|-------------------------------|--------------------------|--------------|---------|
| Paul Beeston       | 40,000          | 4,000          |                               |                          |              | 44,000  |
| John K. Bell       | 40,000          | 4,000          |                               | 10,000                   |              | 54,000  |
| K. Michael Edwards | 40,000          | 4,000          | 2,000                         |                          | 2,000        | 48,000  |
| Richard W. Ivey    | 40,000          | 4,000          |                               |                          |              | 44,000  |
| Gerry Smith        | 40,000          | 4,000          |                               |                          |              | 44,000  |
| David A. Williams  | 40,000          | 4,000          |                               |                          |              | 44,000  |
| Total              | 240,000         | 24,000         | 2,000                         | 10,000                   | 2,000        | 278,000 |

### Compensation and Corporate Governance

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 Committee 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 marketplace for executives 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

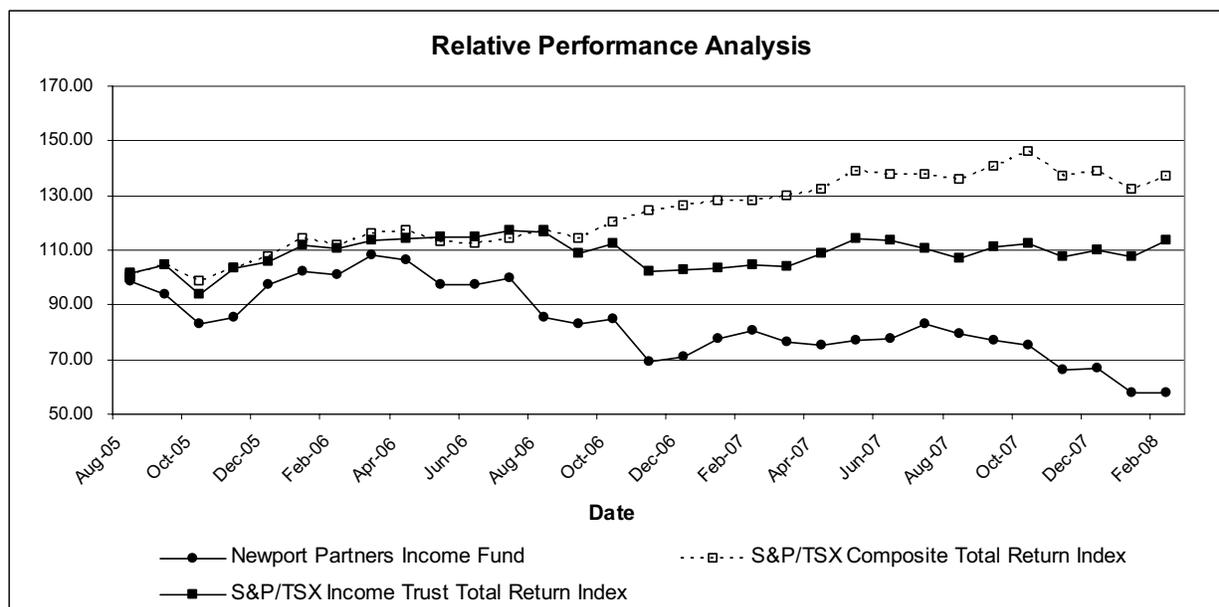
Committee will set aside a pool of funds based upon the amount, if any, by which the Fund's distributable cash per Unit exceeds certain per Unit targets.

This report is submitted by the Compensation and Corporate Governance 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 29, 2008, 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 year ended December 31, 2007, 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 as follows: (i) a loan made by NPY to an executive of EZEE ATM LP in the amount of \$250,000 of which \$221,736.15 was outstanding at December 31, 2007 (the loan was non-interest bearing and was used to purchase units of NPY); and (ii) loans in the aggregate amount of \$2,349,200 which were made by NPY to certain employees were outstanding at December 31, 2007 (the loans were used to purchase Units of the Fund at market prices and are full recourse loans, secured by the units and carry interest at prime). The following table sets forth the aggregate indebtedness to the Fund or its subsidiaries of all trustees, directors, officers and employees of the Fund or any of its subsidiaries as at the date of this report.

| <b>Aggregate Indebtedness (\$)</b> |  |                          |
|------------------------------------|--|--------------------------|
| <b>Purpose</b>                     | <b>To the Fund or its Subsidiaries</b> | <b>To Another Entity</b> |
| Unit Purchases                     | \$2,349,200                            | Nil                      |
| Other                              | Nil                                    | Nil                      |

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS OR MATTERS TO BE ACTED UPON

Except as disclosed elsewhere in this Circular, no trustee, director or officer of the Fund, or any associate or affiliate thereof or, to the knowledge of the Fund, any holder of over 10% of the Units or Special Voting Units or any associate or affiliate thereof, has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting or in any transaction of

the Fund since the day of the last annual meeting, or in any proposed transaction that has materially affected or will materially affect the Fund or any of its subsidiaries or affiliates.

**ADDITIONAL INFORMATION**

Additional Information relating to the Fund is available on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com). A Unitholder may contact the Fund to request a copy of the Fund's financial statements and accompanying management discussion and analysis by contacting the Secretary of GP Trustee, Ms. Kelly Baird, through email at [baird@newportpartners.ca](mailto:baird@newportpartners.ca). Financial information is provided in the Fund's comparative financial statements and accompanying management discussion and analysis for the period ended December 31, 2007.

**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 26<sup>th</sup> day of March 2008.

**BY ORDER OF THE TRUSTEES**

A handwritten signature in black ink, appearing to read 'Kelly A. Baird', with a stylized flourish at the end.

Kelly A. Baird  
Chief Financial Officer and  
Secretary of Newport Partners Income Fund

## APPENDIX "A"

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

On June 30, 2005, the Canadian Securities Administrators 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. The Board and management recognize the importance of corporate governance to the effective management of the Fund and NPY 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 are effectively managed so as to enhance Unitholder value.

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

The following sets out the Fund's approach to corporate governance in accordance with NI 58-101 and NP 58-201.

#### 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 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 A. Williams) are independent.

Pursuant to NI 58-101 and Multilateral 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 Instruments as each individual is an 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:

| <b>Trustee/Director</b> | <b>Reporting Issuer</b>   |
|-------------------------|---|
| Aubrey W. Baillie       | – Ausnoram Holdings Ltd. and Welton Energy Corporation  |
| Paul Beeston            | – Loblaw Companies Limited  |
| John K. Bell            | – BSM Technologies, ATS Automation Tooling Systems Inc. and RoaDor Manufacturing Ltd.   |
| K. Michael Edwards      | – Energy Split Corp Inc. and Energy Split Corp II Inc.  |
| David A. Williams       | – Western Copper Corporation, Calvalley Petroleum Inc., Atlantis Systems Corp., Resin Systems Inc. and RoaDor Industries Ltd. |
| Peter L. Wallace        | – Welton Energy Corporation   |

The Board of Trustees has appointed K. Michael Edwards as the lead Trustee 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 believes 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 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 has 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. From January 1, 2007 to December 31, 2007, 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 January 1, 2007 to December 31, 2007 is as follows:

| <b>Trustee/Director</b> | <b>Trustee Meetings Attended</b> | <b>Board Meetings Attended</b> |
|-------------------------|----------------------------------|--------------------------------|
| Aubrey W. Baillie       | Not applicable                   | 6 of 6                         |
| Paul Beeston            | 8 of 10                          | 6 of 6                         |
| John K. Bell            | 9 of 10                          | 6 of 6                         |
| Douglas C. Brown        | Not applicable                   | 5 of 6                         |
| K. Michael Edwards      | 8 of 10                          | 6 of 6                         |
| Richard W. Ivey         | 8 of 10                          | 6 of 6                         |
| Mark A. Kinney          | Not applicable                   | 5 of 6                         |
| David T. Lloyd          | Not applicable                   | 5 of 6                         |
| Gerry Smith             | 9 of 10                          | 6 of 6                         |
| Peter L. Wallace        | Not applicable                   | 6 of 6                         |
| David A. Williams       | 9 of 10                          | 6 of 6                         |

#### **Mandate of the Board of Trustees and Board of Directors**

The Board of Trustees and Board of Directors have adopted the following mandate setting out their responsibilities for the stewardship of GP Trustee, NPY, 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 the 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 before they are implemented. "Significant" means a transaction resulting in total costs or proceeds exceeding \$10 million;
- Establishing the distribution rate payable to Unitholders;
- Ensuring 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 disclosure 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 committees and all trustees and 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 and trustees receive a comprehensive orientation and fully understand the role of the Boards and their Committees, as well as the contribution individual directors and trustees 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 of Trustees can and does act independently of management. The Board of Trustees expects management to be responsible for operations while respecting authorized limits, adhering to the business plan, operational budget and policies adopted for NPY and the Fund. The Board of Trustees expects to be advised by management in a complete, accurate and timely fashion on the business and affairs of NPY and the Fund and its subsidiaries generally and on any individual matter that management considers to be of material or significant consequence.

The Board of Trustees 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 Boards, through the Audit Committees, 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 are 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 and on any individual matter that management considers to be material or of significant consequence for the Fund and NPY 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, and all of its subsidiary companies, as well as their operations; and
- Ensuring financial statements for the Fund and NPY, and all subsidiary entities 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**

Part of the mandate of the Board of Directors is to ensure that all new directors and trustees receive a comprehensive orientation and fully understand the role of each Board and their Committees, as well as the contribution individual directors and trustees 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**

The Fund and its affiliates and operating partnerships have adopted a code of business ethics (the "Code") for all trustees, directors, senior management, employees and service providers (each, a "Covered Party"). The principles of the Code establish a minimum standard of conduct by which each Covered Party must abide.

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. Each Covered Party has a responsibility to: (i) avoid conflicts of interest; (ii) separate personal and business affairs; (iii) protect the Fund's assets; (iv) ensure confidential information remains confidential; (v) act with integrity; and (vi) report violations of the Code which such Covered Party becomes aware of.

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

## **Nomination of Trustees and 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 of the Fund 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 the 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 trustees and 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 allocation of the LTIP.

## **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 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](http://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 member 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"**  
**NEWPORT PARTNERS INCOME FUND**  
**And all of its subsidiaries and operating partnerships (the "Company")**

**CODE OF BUSINESS ETHICS**

The Company has adopted the following code of business ethics for the trustees, the board of directors, senior management, employees and service providers. References herein to the Company include the Operating Partnerships and its board of directors, senior management, employees and service providers, unless the context requires otherwise.

1. Each such trustee, director, officer, employee and service provider (a "**Covered Party**") must abide by this Code of Business Ethics.
2. 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 Company.
3. Each Covered Party is required to comply with:
  - all applicable laws and regulations to which the business operations of the Company are subject;
  - all policies, procedures and regulations of regulatory authorities including the provincial securities regulators and the Toronto Stock Exchange;
4. Additionally, the following shall apply to each Covered Party:
  - **Conflicts of Interest:** Each Covered Party must conduct all business affairs in the best interests of the Company 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.
  - **Separation of Business and Personal Affairs:** Covered Parties who are trustees or directors of the Company shall keep separate their personal or other business dealings from their dealings as directors of the Company. Directors shall use goods, services and facilities provided to them by the Company 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 the Company 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 the Company 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 the Company is not given either inadvertently or deliberately to third parties without the consent of the Company. Covered Parties shall not use information obtained by them in their respective capacities with the Company 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 the Company 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 the Company, the General Counsel of the Company, or as outlined in the "Employee Complaints and Concerns Policy".

5. 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 of the Company 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.



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