

Newport Partners

Income Fund



NOTICE OF ANNUAL MEETING OF UNITHOLDERS

To be held on November 30, 2009

AND

MANAGEMENT INFORMATION CIRCULAR

OF

NEWPORT PARTNERS INCOME FUND

October 29, 2009

Newport Partners

Income Fund



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 (the "**Fund**") will be held in the Canada Room, 34th Floor, First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1A4 on November 30, 2009 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, 2008, together with the report of the auditors thereon;
2. to elect trustees;
3. to appoint the auditors and to authorize the trustees to fix their remuneration;
4. to consider and, if thought advisable, pass, with or without amendment, a resolution approving the adoption of the Incentive Option Plan, a copy of which is attached as Appendix "B" to the accompanying management information circular (the "**Circular**");
5. to consider and, if thought advisable, pass, with or without amendment, a resolution approving the adoption of the Unitholder Rights Plan, a summary of which is set out in the Circular, and
6. to transact such further or other business as may properly come before the Meeting or any adjournment thereof.

This notice is accompanied by the Circular and a form of proxy.

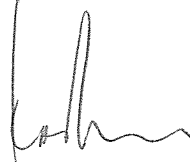
Whether or not you expect to attend the meeting, please exercise your right to vote; Unitholders who deposit a proxy may still attend the meeting. Please complete, date and sign the enclosed form of proxy and deposit it with CIBC Mellon Trust Company, by mail to P.O. Box 721, Agincourt, Ontario, M1S 0A1, by fax to (416) 368-2502 or in person at 320 Bay Street, Ground Floor, Toronto, Ontario, M5H 4A6 not later than 5:00 p.m. (Toronto time) on November 26, 2009, or not later than 5:00 p.m. (Toronto time) on the second business day before any adjourned Meeting. The Chair of the Meeting may waive this time limit for receipt of completed proxies by CIBC Mellon Trust Company without notice. Proxies may also be delivered to the Chair of the Meeting on the day of, but prior to the commencement of, the Meeting or any adjournment thereof.

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 of the Fund have fixed the close of business on October 22, 2009 as the record date for the determination of Unitholders entitled to notice of and to vote at the Meeting and any adjournment thereof.

DATED at Toronto, Ontario this 29th day of October, 2009.

BY ORDER OF THE TRUSTEES

A handwritten signature in black ink, appearing to read 'Kelly A. Baird', written in a cursive style.

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

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GLOSSARY OF TERMS

The following is a glossary of terms used frequently in this Circular:

"**Administration Agreement**" means an administration agreement dated as of August 8, 2005 among the Fund, Newport Partners Commercial Trust and GP Trustee, whereby GP Trustee agrees to provide certain administrative and advisory services to the Fund and to Newport Partners Commercial Trust;

"**Audit Committee**" means the audit committee of the Board of Trustees;

"**Board of Directors**" means the board of directors of GP Trustee;

"**Board of Trustees**" means the board of trustees of the Fund;

"**Business Day**" means any day other than a Saturday, Sunday or day on which banking institutions in Toronto, Canada are authorized or obligated to close;

"**Circular**" means this management information circular;

"**Compensation and Corporate Governance Committee**" means the compensation and corporate governance committee of the Board of Directors;

"**Declaration of Trust**" means the Second Amended and Restated Declaration of Trust dated August 8, 2005 made between the trustees of the Fund;

"**Depository**" means CDS Clearing and Depository Services Inc.;

"**Director**" means a member of the board of directors of GP Trustee;

"**Fund**" means Newport Partners Income Fund;

"**Fund Units**" means the trust units of the Fund;

"**GP Trustee**" means Newport Partners GP Inc., as administrator of the Fund pursuant to the Administration Agreement;

"**Incentive Option**" means an option to acquire Fund Units in accordance with the Incentive Option Plan;

"**Incentive Option Plan**" means the incentive Unit option plan of the Fund to be considered and, if thought advisable, approved by the Unitholders at the Meeting, a copy of which is attached as Appendix "B" to this Circular;

"**Incentive Option Plan Resolution**" means the resolution, the text of which is set out in this Circular, approving the Incentive Option Plan, to be considered at the Meeting;

"**Intermediary**" includes, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans;

"**Meeting**" means the annual meeting of Unitholders to be held on November 30, 2009, or any adjournment thereof;

"**Meeting Materials**" means the Notice of Meeting, this Circular and the accompanying form of proxy mailed to Unitholders in connection with the Meeting;

"**Newport Group**" means the Fund and its subsidiaries and affiliates;

"**NPLP**" means Newport Partners Limited Partnership, a wholly-owned indirect subsidiary of the Fund;

"**NPY LP**" means Newport Private Yield LP, a wholly-owned subsidiary of the Fund;

"**PubCo**" means the corporation, the common shares of which are exchanged for the Units, in the event of the conversion of the Fund to a corporation;

"**Record Date**" means October 22, 2009;

"**Special Voting Units**" means the units of the Fund designated as "Special Voting Units" under the Declaration of Trust, each of which represents only a right to vote with respect to the Fund;

"**Trustee**" means a member of the board of trustees of the Fund;

"**TSX**" means the Toronto Stock Exchange;

"**Unitholder Rights Plan**" means the Unitholder rights plan to be considered and, if thought advisable, approved by the Unitholders at the Meeting, a summary of which is set out in this Circular;

"**Unitholder Rights Plan Resolution**" means the resolution, the text of which is set out in this Circular, approving the Unitholder Rights Plan, to be considered at the Meeting;

"**Unitholders**" means, collectively, the holders of Fund Units and Special Voting Units; and

"**Units**" means, collectively, the Fund Units and the Special Voting Units.

NEWPORT PARTNERS INCOME FUND

MANAGEMENT INFORMATION CIRCULAR FOR ANNUAL MEETING OF UNITHOLDERS

(as at October 25, 2009)

SOLICITATION OF PROXIES

This Management Information Circular (the "**Circular**") is furnished in connection with the solicitation of proxies by and on behalf of management of Newport Partners Income Fund (the "**Fund**") for use at the annual meeting (the "**Meeting**") of holders of Fund Units and Special Voting Units (collectively, the "**Unitholders**") to be held at the time and place and for the purposes set forth in the accompanying notice of annual meeting of Unitholders (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 will be borne by the Fund.

Certain terms used in this circular are defined in the "**Glossary of Terms**". Unless otherwise indicated, all amounts are expressed in Canadian dollars ("\$").

INFORMATION CONTAINED IN THIS CIRCULAR

The information contained in this Circular is given as at October 25, 2009, except where otherwise noted.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are Dean MacDonald, 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 inserting the desired person's name in the blank space provided in the form of proxy and depositing the completed proxy with CIBC Mellon Trust Company, by mail to P.O. Box 721, Agincourt, Ontario, M1S 0A1, by fax to (416) 368-2502 or in person at 320 Bay Street, Ground Floor, Toronto, Ontario, M5H 4A6 not later than 5:00 p.m. (Toronto time) on November 26, 2009, or not later than 5:00 p.m. (Toronto time) on the second Business Day before any adjourned Meeting. The Chair of the Meeting may waive this time limit for the receipt of proxies by CIBC Mellon Trust Company without notice. Proxies may also be delivered to the Chair of the Meeting on the day of, but prior to the commencement of, the Meeting or any adjournment 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 with CIBC Mellon Trust Company, by mail to P.O. Box 721, Agincourt, Ontario, M1S 0A1, by fax to (416) 368-2502 or in person at 320 Bay Street, Ground Floor, Toronto, Ontario, M5H 4A6 not later than 5:00 p.m. (Toronto time) on November 26, 2009, or not later than 5:00 p.m. (Toronto time) on the second Business Day before any adjourned Meeting, or with the Chair of the Meeting on the day of, but prior to the commencement of, the Meeting or any adjournment thereof, or in any other manner permitted by law.

VOTING OF PROXIES

The Units represented by the proxies which are 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, if the Unitholder specifies a choice with respect to any matter to be acted upon, the Units will be voted accordingly. **Where a Unitholder fails to specify a choice with respect to a matter referred to in the Notice of Meeting, the persons named in the enclosed form of proxy will vote the Units represented by such proxy IN FAVOUR OF such matter.**

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 thereof. As at the date hereof, neither the Trustees nor the Directors know of any amendments, variations or other matters to come before the Meeting.

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 (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 of Meeting, this Circular and the accompanying 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, by mail to P.O. Box 721, Agincourt, Ontario, M1S 0A1, by fax to (416) 368-2502 or in person at 320 Bay Street, Ground Floor, 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 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 thereof, and**

vote in person. Beneficial Holders should carefully follow the instructions of their Intermediary or Depositary, 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 Depositary by written notice to the Intermediary or Depositary or by submitting a proxy or voting instruction form bearing a later date. In order to ensure that an Intermediary or Depositary acts upon a revocation of a proxy or voting information form, the written notice should be received by the Intermediary or Depositary well in advance of the time by which the Intermediary or Depositary is required to submit the revocation of proxy or new proxy. See "Appointment and Revocation of Proxies".

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 (the "**Administration Agreement**") dated as of August 8, 2005 among the Fund, Newport Partners Commercial Trust and GP Trustee.

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 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 99% of NPY LP.

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 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 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

Units

Each Unit entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

The Fund has fixed the close of business on October 22, 2009 as the record date (the "**Record Date**") for the purposes of determining the Unitholders entitled to receive notice of, and to vote at, the Meeting. As at the Record Date, the Fund had 71,005,907 Fund Units and 945,569 Special Voting Units outstanding.

To the knowledge of the Trustees and executive officers of the Fund and the Directors and executive officers of GP Trustee, no person or company beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Fund Units or of the voting rights attached to the outstanding Special Voting Units.

QUORUM AND ADJOURNMENT

Pursuant to the Declaration of Trust governing the Fund, a quorum for the Meeting shall consist of two or more Unitholders present in person or represented by proxy and representing at least 10% of the Units then outstanding.

If a quorum is not present at the Meeting within 30 minutes after the time fixed for the Meeting, the Meeting shall be adjourned to a day not less than 14 days later and to such place and time as may be appointed by the Chair of the Meeting. No notice is required to be given of the adjourned meeting. At any adjourned Meeting, the Unitholders present in person or represented by proxy will be deemed to form a quorum and may transact any business for which the Meeting was originally convened.

The proxies submitted for the Meeting shall remain valid for purposes of voting at the adjourned Meeting. Consequently, a Unitholder is not required to re-submit his or her proxy form for the purposes of any adjourned Meeting.

MATTERS TO BE ACTED UPON AT THE MEETING

The date of the Fund's annual meeting of Unitholders was extended from June 30, 2009 to November 30, 2009 with the approval of the TSX. The Fund applied to the TSX for extensions of the date on which to convene and hold its annual meeting of Unitholders in order to provide the Fund with additional time to propose a restructuring of its unsecured subordinated convertible debentures and a conversion from a trust to a corporation, so that it might convene and hold one meeting of Unitholders to consider such matters. The Fund is not yet in a position to submit for consideration of Unitholders a debenture restructuring and a conversion and is therefore proceeding to convene and hold only the annual meeting of Unitholders on November 30, 2009.

Audited Consolidated Financial Statements

On October 21, 2009, the Fund restated its audited consolidated financial statements for the year ended December 31, 2008 and its unaudited consolidated financial statements for the three months ended March 31, 2009 and for the three and six months ended June 30, 2009.

A copy of the restated audited consolidated financial statements of the Fund for the year ended December 31, 2008, together with the auditors' report thereon, will be submitted at the Meeting. The restated audited consolidated financial statements for the year ended December 31, 2008 and the auditors' report thereon together with the revised Management Discussion and Analysis with respect thereto, Annual Information Form and Annual Report, and the restated unaudited consolidated financial statements for the three months ended March 31, 2009 and for the three and six months ended June 30, 2009, together with the revised Management Discussion and Analysis with respect thereto, are available on SEDAR at www.sedar.com. The revised Annual Report, including the restated audited consolidated financial statements of the Fund for the year ended December 31, 2008, together with the auditors' report thereon, and the revised Management Discussion and Analysis with respect thereto, accompany this Circular.

The Fund determined that values used to record the exchange of exchangeable units of NPY LP into Fund Units had been incorrectly calculated in prior and current periods. As units are exchanged, increasing the Fund's ownership in NPY LP, value is transferred from non-controlling interest to unitholders' equity on the Fund's balance sheet. Further, for exchangeable units which existed prior to the Fund's IPO, the exchange of these units is calculated as a step acquisition, resulting in the recording of goodwill on the exchange. The restated financial statements reflect the re-calculation of these values.

The effects of the restatement of the audited consolidated financial statements for the year ended December 31, 2008 are that unitholders' equity has decreased, and non-controlling interest has increased by \$15.6 million. In addition, the Fund has taken further writedowns of goodwill and intangibles of \$32.1 million and increased the loss

attributable to the non-controlling interest by \$2.5 million, which have increased the Fund's net loss for the year by \$29.6 million to \$224.4 million.

The effects of the restatement of the unaudited consolidated financial statements for the three months ended March 31, 2009 and for the three and six months ended June 30, 2009 are that unitholders' equity has decreased, and non-controlling interest has increased by \$9.9 million as at March 31, 2009 and \$0.5 million as at June 30, 2009. As a result of the writedown of an additional amount of goodwill, and an allocation of the period's net loss to the non-controlling interest, the Fund's net loss for the three months ended March 31, 2009 has decreased by \$4.4 million to \$9.5 million, and for the three months ended June 30, 2009 has increased by \$1.8 million to \$10.5 million.

These changes are of a non-cash nature and do not impact its cash position, operating activities or other key financial metrics.

Election of Trustees

The Declaration of Trust provides that the Fund must have a minimum of three and a maximum of 10 Trustees. Until otherwise so determined by resolution of the Trustees, the number of Trustees is six.

At the Meeting, Unitholders will be asked to pass a resolution electing six nominees, named below, to act as Trustees. Each Trustee will hold office until the next annual meeting or until his successor is elected or appointed. Five of the six nominees are currently Trustees.

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 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 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 a Trustee, the period or periods during which the nominee has served as a Trustee, 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 beneficially owned, or controlled or directed, directly or indirectly, by the nominee as at October 25, 2009. The statement as to ownership, control and discretion over Units is based upon information furnished by the relevant nominee.

| Name and Municipality of Residence | Position with the Fund | Date first became a Trustee | Principal Occupation | Number of Units Beneficially Owned or Controlled⁽¹⁾ |
|--|-------------------------------|------------------------------------|--|---|
| John K. Bell ⁽¹⁾⁽²⁾⁽³⁾ Cambridge, Canada | Trustee | August 8, 2005 | Chairman, The Onbelay Group of Companies | 122,352 |
| K. Michael Edwards ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Canada | Trustee | August 8, 2005 | Chairman and Chief Executive Officer, FieldWorker Products Limited | 152,622 |
| Richard W. Ivey ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Canada | Trustee | August 8, 2005 | Chairman, Ivest Properties Limited | 673,112 |
| Gerry Smith ⁽¹⁾⁽²⁾⁽³⁾ Orillia, Canada | Trustee | August 8, 2005 | President, Huronia Investments Limited | 291,190 |
| The Honourable Brian Tobin Toronto, Ontario | Trustee | – | Senior Business Advisor, Fraser Milner Casgrain LLP | Nil |
| David A. Williams ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Canada | Trustee | August 8, 2005 | President, Roxborough Holdings Limited | 700,000 |

Notes:

- (1) All Units beneficially owned or controlled and set out in the table above are Fund Units.
- (2) Denotes member of the Audit Committee.
- (3) Denotes member of the Compensation and Corporate Governance Committee. It is intended that Mr. Tobin become a member of the Compensation and Corporate Governance Committee after the Meeting if he is elected as a Trustee.

The following is a brief profile of each nominee to the Board of Trustees:

John K. Bell. Mr. Bell is Chief Executive Officer of Onbelay Investment Corporation, a private equity company with investments in technology, telematics and automotive. Previously he was owner and Chief Executive Officer of Polymer Technologies Inc., a North American automotive parts manufacturer. Prior to that he was the founder and owner of Shred Tech Limited, a world leader in recycling technology and equipment. He is Chairman of BSM Wireless Inc., a director of ATS Automation Tooling Systems Inc., Strongco Income Fund and the Royal Canadian Mint. Mr. Bell is the Chairman of Cambridge Memorial Hospital. Mr. Bell is a graduate of the University of Western Ontario 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 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, 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 holds a Bachelor of Commerce degree and an M.B.A. from McMaster University and is a chartered accountant.

The Honourable Brian V. Tobin, P.C., ICD.D. Mr. Tobin served as the Federal Minister of Industry from October 2000 to January 2002. Previously, he served as the Premier of Newfoundland and Labrador from 1996 to 2000 and won two consecutive majority governments in provincial elections held in February 1996 and February 1999. Mr. Tobin served as a Member of Parliament from 1980 to 1996 and served as Minister of Fisheries and Oceans in the federal cabinet from 1993 to 1996. Mr. Tobin is currently Senior Business Advisor with Fraser Milner Casgrain LLP in Toronto and Executive Chairman of Consolidated Thompson Iron Mines Limited. He also serves on a number of public and private company boards. In addition, Mr. Tobin is a strategic advisor to a number of Canadian corporations. He is also Special Advisor for Advancing Canadian Entrepreneurship Inc.

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 Radiant Energy Services, Western Copper, 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, the administrator of the Fund, will be the six Trustees and the following five individuals. The table and notes below set out the name and municipality of residence of each Director, the period or periods during which each Director has served as a director of GP Trustee, the Director'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 Director, if any, and the number of Units beneficially owned, or controlled or directed, directly or indirectly, by the Director as at October 25, 2009. The statement as to ownership, control and discretion over Units is based upon information furnished by the relevant Director.

| Name and Municipality of Residence | Position with GP Trustee | Date first became a Director | Principal Occupation | Number of Units Beneficially Owned or Controlled⁽¹⁾ |
|--|---------------------------------|-------------------------------------|---|---|
| Aubrey W. Baillie Toronto, Canada | Director | August 8, 2005 | Executive Chairman, GP Trustee | 1,364,300 |
| Dean T. MacDonald St. John's, Newfoundland | Director | December 1, 2008 | President and Chief Executive Officer, the Fund | 781,345 |
| David T. Lloyd Toronto, Ontario | Director | August 8, 2005 | President & Managing Director, Newport Investment Counsel Inc. ⁽²⁾ | 1,411,795 |
| Douglas C. Brown Toronto, Ontario | Director | August 8, 2005 | Managing Director, Newport Investment Counsel Inc. ⁽²⁾ | 1,422,746 |
| Mark A. Kinney Toronto, Ontario | Director | August 8, 2005 | Managing Director, Newport Investment Counsel Inc. ⁽²⁾ | 1,327,246 |

Notes:

- (1) All Units beneficially owned or controlled and set out in the table above are Fund Units.
- (2) Newport Investment Counsel Inc. is a wholly-owned subsidiary of NPLP.

The following is a brief profile of each of the Directors, other than those who are also Trustees:

Aubrey W. Baillie. Mr. Baillie is Executive Chairman of GP Trustee and one of the founders of NPLP, with over 35 years of 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 director of Brompton Corp., an indirect subsidiary of the Fund. 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.

Dean MacDonald. Mr. MacDonald is President and Chief Executive Officer of the Fund. He has a long and successful career as an operating executive and entrepreneur. His operating experience includes serving as the Chief Operating Officer of Rogers Cable and as the Chief Executive Officer of Persona Communications, a cable and internet services company. Mr. MacDonald worked with a syndicate of investment partners to turn around Persona's operations and subsequently sold the business at a significant premium to its purchase price in 2007. Mr. MacDonald has also served as Chairman of the Newfoundland and Labrador Energy Corporation which manages the province's oil and gas assets. He has management and investment experience in a number of industries including advertising, marketing and communications. In 2007, Mr. MacDonald was selected as Chief Executive Officer of the Year by Birch Hill Capital Partners.

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.

Douglas C. Brown. Mr. Brown is one of the founders of NPLP with more than 20 years of 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, renamed 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 of experience in the financial industry. Mr. Kinney is a director of Brompton Corp., an indirect subsidiary of the Fund. 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 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.

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 has been 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.

Mr. Baillie became a director of the NRG Group Inc. 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 at www.sedar.com on August 7, 2003 and August 18, 2003, respectively, and the cease trade orders were revoked. On July 23, 2003, NRG 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.

2009 Senior Management

Senior management in consultation with the Board of Trustees has built a new senior management team of the Fund over the last year. The composition and skill set of the management team of the Fund reflects a more defined focus on operational oversight of the operating partnerships and leadership of the Fund overall. The following is a brief profile of each of the members of the senior management team.

Dean MacDonald. Mr. MacDonald joined the Fund in December, 2008 as President and Chief Executive Officer. See "Election of Trustees" for a brief profile of Mr. MacDonald.

Keith Halbert, C.A. It is proposed that Mr. Halbert become Chief Financial Officer of the Fund after the Meeting. Mr. Halbert joined the Fund in August 2005 and is a senior member of the finance group. Mr. Halbert has over 20 years of experience in senior financial roles in both the financial services and technology services sectors, and has primarily worked alongside the business founders in businesses ranging from early stage to established public companies. Most recently, Mr. Halbert was chief financial officer of Star Data Systems Inc., PSINet Canada Inc and Fusepoint Managed Services Inc. From 1977 to 1985 Mr. Halbert was employed in the audit divisions of Deloitte & Touche, Newcastle, England and PricewaterhouseCoopers LLP, Calgary, Alberta.

Paul Hatcher. Mr. Hatcher joined the Fund in February of 2009 and was recently appointed Chief Operating Officer. Mr. Hatcher has over 15 years of experience at a senior management level. As Chief Operating Officer, he is responsible for the day-to-day oversight of the portfolio of the Fund's operating partnerships. Prior to joining the Fund, Mr. Hatcher was Chief Operating Officer of Persona Communications Inc. In this role he had P&L responsibility for the organization and helped aggressively transition a financially distressed cable company into a successful, and much broader, telecommunications provider. Persona was later merged with a larger communications provider. Prior to Persona, Mr. Hatcher was the Senior Vice President of Marketing and Sales at 360 Networks and was responsible for all revenue-generating areas of the Canadian operation. 360 Networks had recently merged its Canadian assets with those of Group Telecom. In this role, Mr. Hatcher lead a team of marketing and sales professionals in taking a company from a court-protected CCAA process to a thriving telecommunications company. 360 Networks was later purchased and merged into BCE. Previous roles included Vice President and General Manager for Group Telecom's Atlantic division and Vice President and General Manager of Cable Atlantic Inc., a Cable MSO operating in Newfoundland and Labrador. Mr. Hatcher is a graduate of Memorial University's Engineering Degree program where he was a member of the Dean's list. He currently sits on the Dean of Engineering Advisory Board, he recently completed a term on the Premier's Business Advisory Council, was past Chair of the Newfoundland and Labrador Association of Technology Industries (NATI) and a past board member of the Newfoundland Science Centre.

Charles P. Hutchings, CGA. Mr. Hutchings joined the Fund as Vice President in March 2009. Prior to that he served as CFO of Persona Communications Inc. Mr. Hutchings has a strong background in financial and corporate strategic management and is experienced in all aspect of business operations. Prior to joining Persona, Mr. Hutchings was most recently the Vice President of Finance and Chief Financial Officer of Beaufort Solutions and preceding that position he was Vice President of Finance and Chief Financial Officer of Telepix Imaging, both emerging information technology entities. Mr. Hutchings served as Senior Vice-President of Finance and Chief Financial Officer at Cable Atlantic for over a decade, as one of the key decision-makers and strategists who grew a small cable company into a dominant entertainment service provider in Newfoundland with established, highly competitive market positions in cable, Internet and network communications. Mr. Hutchings is a member of CGA Canada and the Financial Executives Institute of Canada.

Kelly Baird, C.A., Corporate Secretary. Ms. Baird joined the Fund in August 2005 and has been the Fund's Chief Financial Officer and Secretary since that time. It is proposed that, after the Meeting, she be the Corporate Secretary of the Fund and the Chief Financial and Operating Officer of NPLP. Ms. Baird has more than 18 years of senior management experience in the investment industry. From 2002 to 2004, Ms. Baird worked as an independent financial and operational consultant. She held various senior operations and financial positions with Thomson Kernaghan & Co. Limited from 1999 to 2001. From 1997 to 1999, Ms. Baird held several senior positions with Connor Clark & Co. Ltd. and Connor Clark Private Trust. Ms. Baird was with the Canadian Investor Protection Fund from 1992 to 1997. From 1987 to 1991, Ms. Baird worked with Deloitte & Touche as an accountant.

Appointment of Auditors

At the Meeting, Unitholders will be asked to pass a resolution appointing Ernst & Young LLP as auditors of the Fund, and to authorize the Trustees to fix their remuneration.

KPMG LLP had served as auditors of the Fund since its inception on May 13, 2005 and as auditors of NPY LP since February 15, 2005. On March 30, 2009 the Trustees, upon a recommendation from the Audit Committee, determined that it would not propose that KPMG LLP stand for reappointment as the auditor of the Fund upon the expiration of its current term. There were no reservations in the Auditor's Reports for either of the Fund's or NPY

LP's four most recently completed fiscal years, nor for any period subsequent thereto for which an audit report was issued.

The Audit Committee is of the opinion that there is no "reportable event" as defined in section 4.11 (1) of National Instrument 51-102 – *Continuous Disclosure Obligations*, i.e., that there was no disagreement, consultation or unresolved issue with KPMG LLP. In accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*, the Fund prepared a notice of change of auditor, which has been delivered to each of Ernst & Young LLP and KPMG LLP. Copies of the notice of change of auditor and the response letters from Ernst & Young LLP and KPMG LLP are reproduced in Appendix "A" to this Circular.

See the revised Annual Information Form of the Fund for the year ended December 31, 2008, which is available on SEDAR at www.sedar.com, for a summary of the fees paid to KPMG LLP and other auditors who provided services to the Fund in 2008 and 2007.

Approval of the Incentive Option Plan

At the Meeting, Unitholders will be asked to consider and, if thought advisable, pass, with or without amendment, a resolution (the "**Incentive Option Plan Resolution**") approving the adoption of the Incentive Option Plan, a summary of which is set out below and the full text of which is set out in Appendix "B" to this Circular.

The Board of Trustees considers an incentive option plan to be a critical component of the compensation package which the Fund needs to offer to attract, motivate and retain qualified trustees, directors, senior management and employees. The Fund does not currently have any security-based compensation arrangements nor outstanding options to acquire Fund Units.

The Incentive Option Plan is a "rolling" option plan and provides that the maximum number of Fund Units issuable upon the exercise of options granted pursuant to the Incentive Option Plan ("**Incentive Options**") shall be equal to 10% of the number of Fund Units outstanding from time to time. As a result, should the Fund issue additional Fund Units in the future, the number of Incentive Options which may be granted will increase accordingly.

Trustees, directors, officers, employees, consultants and third party service providers of the Newport Group (collectively, the "**Plan Participants**") are eligible to participate in the Incentive Option Plan. The Incentive Option Plan limits insider participation such that the number of Fund Units issuable to insiders at any time, or issued to insiders during any one-year period, pursuant to Incentive Options and rights to acquire Units under all other security-based compensation arrangements of the Newport Group shall not exceed 10% of the aggregate number of Fund Units outstanding. The Incentive Option Plan does not provide for a maximum number of Fund Units issuable to any one individual under the Incentive Option Plan or under any other security-based compensation arrangement of the Newport Group (expressed as a percentage or otherwise).

In the event that the Fund converts to a corporation, upon the effective date of the conversion, the Incentive Option Plan will automatically be adopted as the incentive option plan of PubCo (with appropriate changes to reflect conversion from a trust to a corporation) and any unexercised Incentive Options granted by the Fund pursuant to the Incentive Option Plan will become exercisable for common shares of PubCo.

The Incentive Option Plan was approved by the Board of Trustees on October 28, 2009, subject to Unitholder approval. The Declaration of Trust permits a meeting of Unitholders to pass, by a simple majority, a resolution to approve a Unit option plan. The TSX requires a Unit option plan to also be approved by a simple majority of Unitholders. As well, the TSX requires that all unallocated options, rights or other entitlements under a security-based compensation arrangement which does not have a fixed number of maximum securities issuable (as is the case in a "rolling" option plan) be approved by Unitholders every three years.

Summary

The following is a summary of the material terms of the Incentive Option Plan. Reference should be made to the full text of the Incentive Option Plan.

PURPOSE

The purpose of the Incentive Option Plan is:

- to attract and retain persons of experience and ability to the Newport Group with a competitive compensation mechanism;
- to provide Plan Participants with an incentive to grow and develop the business of the Newport Group by providing such persons with the opportunity to acquire a proprietary interest in the Fund; and
- to align the interests of Plan Participants with the long-term interests of Unitholders.

ADMINISTRATION

The Incentive Option Plan will be administered by the Compensation and Corporate Governance Committee.

ELIGIBILITY

Plan Participants may participate in the Incentive Option Plan. The Compensation and Corporate Governance Committee may from time to time determine who may participate under the Incentive Option Plan.

SHARES SUBJECT TO THE PLAN

The aggregate number of Fund Units issuable pursuant to the Incentive Option Plan and pursuant to all other security-based compensation arrangements of the Newport Group shall equal 10% of the aggregate number of Fund Units outstanding from time to time. In the event that the Fund converts to a corporation ("**PubCo**"), upon the Incentive Option Plan (with appropriate changes to reflect conversion from a trust to a corporation) being adopted as the incentive option plan of PubCo, no additional Incentive Options will be granted pursuant to the Incentive Option Plan, and the aggregate number of Fund Units issuable pursuant to Incentive Options already granted will be applied against the maximum number of common shares of PubCo issuable pursuant to incentive options granted under the incentive option plan of PubCo.

GRANTS OF INCENTIVE OPTIONS

The Compensation and Corporate Governance Committee may, from time to time, grant Incentive Options, subject to the following limitations:

- (i) the aggregate number of Fund Units issuable to insiders, at any time, pursuant to Incentive Options and rights to acquire Fund Units under all other security-based compensation arrangements of the Newport Group shall not exceed 10% of the aggregate number of Fund Units outstanding, calculated on a non-diluted basis; and
- (ii) the aggregate number of Incentive Options issued to insiders, during any one-year period, pursuant to Incentive Options and rights to acquire Fund Units under all other security-based compensation arrangements of the Newport Group shall not exceed 10% of the aggregate number of Fund Units outstanding, calculated on a non-diluted basis.

Incentive Options may not be assigned or transferred other than by will or the laws of descent and, subject to prior approval of the Compensation and Corporate Governance Committee, to an entity or trust controlled by the holder thereof to benefit from advantageous tax treatment.

GRANT PRICE

The grant price shall be the market price of the Fund Units, calculated in accordance with the Incentive Option Plan. So long as the Fund Units are traded on the TSX, the grant price will be equal to the five-day volume weighted average trading price of the Fund Units on the TSX as of the trading day immediately preceding the date of grant of the Incentive Option (the "**Grant Date**"). The Board of Trustees may adjust the number of Incentive Options and the grant price upon the occurrence of certain dilutive events or changes in the economic environment in which the Fund Units are traded.

VESTING

Incentive Options shall vest on the basis and schedule determined by the Compensation and Corporate Governance Committee provided, however, that Incentive Options may not vest immediately on the Grant Date. The vesting of Incentive Options may be accelerated upon the occurrence of certain change of control events.

EXERCISE

The Incentive Option Plan prohibits financial assistance of any kind being provided to a holder for the purpose of exercising any Incentive Options. The Incentive Option Plan does, however, provide for a cashless exercise of Incentive Options, where the holder has the option to receive either a cash payment equal to the in-the-money amount or Fund Units issued from treasury equal to the in-the-money amount divided by the market price of the Fund Units on the TSX, calculated in accordance with the Incentive Option Plan.

TERM

Incentive Options may be exercised for a term not exceeding five years from the Grant Date. Upon expiry, unexercised Incentive Options become null and void.

EARLY TERMINATION OF INCENTIVE OPTIONS

If a holder ceases to be a trustee, director, officer, employee, consultant or third party service provider of the Newport Group by reason of death or long-term disability, all outstanding unvested Incentive Options will, unless otherwise provided, immediately terminate other than those Incentive Options that would have vested within one year of such death or long-term disability if death or long-term disability had not occurred (which rights shall immediately vest), and any outstanding vested Incentive Options must be exercised at the earlier of (i) one year after such death or long-term disability and (ii) the expiry date of such vested Incentive Options. In the event of termination for other than death or long-term disability or termination of employment for cause, all outstanding unvested Incentive Options will, unless otherwise provided, immediately and automatically terminate, and any outstanding vested Incentive Options must be exercised at the earlier of (i) 90 days after such termination date and (ii) the expiry date of such vested Incentive Options. In the event of termination of employment for cause, all outstanding unvested Incentive Options will immediately and automatically terminate, and any outstanding vested Incentive Options must be exercised at the earlier of (i) 30 days after such termination date and (ii) the expiry date of such vested Incentive Options.

AMENDMENTS

The Incentive Option Plan and any Incentive Options may be amended, modified or terminated by the Board of Trustees without Unitholder approval, unless Unitholder approval is required by the rules and policies of the TSX. Changes which may be made without Unitholder approval include, without limitation: (i) minor changes of a "housekeeping" nature; (ii) amending Incentive Options, including with respect to the expiry date (provided that the expiry date is not more than 10 years from the Grant Date and that such Incentive Option is not held by an

insider), vesting period, exercise method and frequency, and effect of termination of a Plan Participant's employment or cessation as a trustee or director of the Newport Group; and (iii) advancing the date on which any Incentive Option may be exercised or extending the expiry date of any Incentive Option, provided that the period during which an Incentive Option is exercisable does not exceed 10 years from the Grant Date.

Unitholder approval will be required to: (i) increase the maximum aggregate number of Fund Units issuable pursuant to Incentive Options granted under the Incentive Option Plan; (ii) reduce the exercise price or extend the expiry date of any Incentive Option benefitting an insider; (iii) amend or modify the provisions of Incentive Options or the Incentive Option Plan in any manner which would permit Incentive Options, including those previously granted, to be transferable or assignable, other than by will or the laws of descent or to an entity or trust controlled by the holder thereof as described above; or (iv) amend the amendment provisions of the Incentive Option Plan.

Notwithstanding the foregoing, the Board of Trustees may not amend or modify the provisions of the Incentive Options or the Incentive Option Plan or terminate the Incentive Option Plan if: (i) such amendment or modification would materially and adversely impair the rights of the holder in respect of any Incentive Option previously granted to such holder, except with the written consent of the holder; or (ii) termination of the Incentive Option Plan would derogate from the rights of the holder in respect of any Incentive Option previously granted to such holder, except with the written consent of the holder.

Incentive Option Plan Resolution

The text of the Incentive Option Plan Resolution is set out below:

"BE IT RESOLVED THAT:

1. The incentive option plan (the "Incentive Option Plan") approved by the Board of Trustees of the Fund on October 28, 2009 is hereby approved, adopted and ratified;
2. The maximum number of Fund Units issuable pursuant to incentive options granted under the Incentive Option Plan ("**Incentive Options**") shall be limited to 10% of the aggregate number of Units outstanding from time to time;
3. The Fund shall have the ability to grant Incentive Options in accordance with the Incentive Option Plan until three years from the date of this approval;
4. In the event that the Fund converts to a corporation ("PubCo"), upon the effective date of the conversion, the automatic adoption of the Incentive Option Plan as the incentive option plan of PubCo, with appropriate changes to reflect conversion from a trust to a corporation, is hereby approved, adopted and ratified; and
5. Any officer or trustee of the Fund or officer or director of Newport Partners GP Inc. or PubCo is hereby authorized and directed for and on behalf of the Fund or PubCo, as the case may be, to execute and deliver all such documents and instruments and to perform or cause to be performed all such other acts as such person determines may be necessary to give effect to this resolution, such person's determination to be conclusively evidenced by his or her execution and delivery of such document or instrument or the performance of such act."

The Board of Trustees has determined that the adoption of the Incentive Option Plan is in the best interests of the Fund and unanimously recommends that Unitholders vote in favour of the Incentive Option Plan Resolution.

Where a Unitholder fails to specify in the enclosed form of proxy a choice with respect to the approval of the Incentive Option Plan Resolution, the persons named in the enclosed form of proxy will vote the Units represented by such proxy IN FAVOUR OF the Incentive Option Plan Resolution.

Approval of the Unitholder Rights Plan

At the Unitholder Meeting, Unitholders will be asked to consider and, if thought advisable, pass, with or without amendment, a resolution approving the adoption of the Unitholder Rights Plan, a summary of which is set out below.

The Unitholder Rights Plan was approved by the Board of Trustees on October 28, 2009, subject to Unitholder approval, and was executed by the Fund and CIBC Mellon Trust Company, as rights agent (the "**Rights Agent**"), on October 28, 2009. A copy of the executed Unitholder Rights Plan is available on SEDAR at www.sedar.com.

The Unitholder Rights Plan will become effective, and rights will be issued to Unitholders thereunder, upon approval of the Unitholder Rights Plan by the Unitholders at the Meeting. The Declaration of Trust permits a meeting of Unitholders to pass, by a simple majority, a resolution to approve a Unitholder rights plan. The TSX requires a Unitholder rights plan to be approved by a simple majority of Unitholders, as well as by a simple majority of Unitholders excluding any votes cast by any Unitholder (an "**Exempted Unitholder**") that, directly or indirectly, on its own or in concert with others holds or exercises control over more than 20% of the Fund Units, and by its insiders, associates and affiliates. To the knowledge of the Fund, there is no Exempted Unitholder.

In the event that the Fund converts to a corporation, upon the effective date of the conversion, the Unitholder Rights Plan will automatically be adopted as the shareholder rights plan of PubCo and the rights issued to Unitholders pursuant to the Unitholder Rights Plan will be exchanged for rights issued pursuant to the shareholder rights plan of PubCo.

Summary

The following is a summary of the material terms of the Unitholder Rights Plan. Certain definitions used in this summary are not defined herein and reference should be made to the full text of the Unitholder Rights Plan.

PURPOSE

The purpose of the Unitholder Rights Plan is:

- to ensure, to the extent possible, that the Board of Trustees has sufficient time to consider and evaluate any unsolicited take-over bid for the Fund's securities or other acquisition of control of the Fund;
- to provide the Board of Trustees with adequate time to explore and develop alternatives, in order to maximize Unitholder value; and
- to ensure, to the extent possible, the equal treatment of unitholders in connection with any unsolicited take-over bid for the Fund's securities or other acquisition of control of the Fund.

ISSUANCE OF RIGHTS

The Unitholder Rights Plan will become effective on the date (the "**Effective Date**") on which approval of the Unitholder Rights Plan is obtained. One right (a "**Right**") will be issued by the Fund for each Fund Unit outstanding on the Effective Date, and one Right will be issued for each Fund Unit issued thereafter including upon conversion of convertible or exchangeable securities, and prior to the earlier of the Separation Time and the Expiration Time.

Each Right entitles the holder thereof to purchase from the Fund one Fund Unit at the exercise price equal to three times the market price of the Fund Units, calculated in accordance with the Unitholder Rights Plan, subject to adjustment and certain anti-dilution provisions (the "**Exercise Price**"). The Rights are not exercisable until the Separation Time (as hereinafter defined). If a Flip-in Event (as hereinafter defined) occurs, each Right will entitle

the registered holder to receive, upon payment of the Exercise Price, Fund Units having an aggregate market price equal to twice the Exercise Price.

TRADING OF RIGHTS

Until the Separation Time (or the earlier termination or expiration of the Rights), the Rights will be evidenced by the certificates representing the Fund Units and will be transferable only together with the associated Fund Units. From and after the Separation Time, separate certificates evidencing the Rights ("**Rights Certificates**") will be mailed to holders of record of Units (other than an Acquiring Person) as of the Separation Time. Rights Certificates will also be issued in respect of Fund Units issued prior to the Expiration Time, to each holder (other than an Acquiring Person) converting or exchanging, after the Separation Time, convertible or exchangeable securities. The Rights will trade separately from the Fund Units after the Separation Time.

SEPARATION TIME

The "**Separation Time**" is the close of business on the tenth Business Day after the earlier of (i) the "**Unit Acquisition Date**", which is generally the first date of public announcement by the Fund or an Acquiring Person of the facts indicating that a person has become an Acquiring Person; and (ii) the date of the commencement of, or first public announcement of the intent of any person (other than the Fund or any subsidiary of the Fund) to commence a Take-over Bid (other than a Take-over Bid which is a Permitted Bid (as hereinafter defined), and the Unitholder Rights Plan requires such bid to continue to satisfy the requirements of a Permitted Bid). In either case, the Separation Time can be such later date as may from time to time be determined by the Board of Trustees. If a Take-over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, it shall be deemed never to have been made.

ACQUIRING PERSON

In general, an "**Acquiring Person**" is a person who is the Beneficial Owner of 20% or more of the outstanding Fund Units. Excluded from the definition of "Acquiring Person" are the Fund and its subsidiaries, and any person who becomes the Beneficial Owner of 20% or more of the outstanding Fund Units as a result of one or more or any combination of a Unit Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition and a Pro Rata Acquisition. The definitions of "Unit Reduction", "Permitted Bid Acquisition", "Exempt Acquisition", "Convertible Security Acquisition" and "Pro Rata Acquisition" are set out in the Unitholder Rights Plan. However, in general:

- (a) "**Unit Reduction**" means an acquisition, redemption or cancellation of Fund Units which, by reducing the number of Fund Units outstanding, increases the proportionate number of Fund Units Beneficially Owned by any person to 20% or more of the Fund Units then outstanding;
- (b) a "**Permitted Bid Acquisition**" means an acquisition of Fund Units made pursuant to a Permitted Bid or a Competing Permitted Bid;
- (c) an "**Exempt Acquisition**" means an acquisition of Fund Units:
 - (i) in respect of which the Board of Trustees has waived the application of the Flip-in Event provisions of the Unitholder Rights Plan;
 - (ii) which was made pursuant to a distribution reinvestment plan of the Fund;
 - (iii) which was made pursuant to the receipt or exercise of rights issued by the Fund to all the holders of Fund Units (other than holders resident in a jurisdiction where such distribution is restricted or impracticable as a result of applicable law) to subscribe for or purchase Fund Units or convertible or exchangeable securities (provided that such rights are acquired directly from the Fund and not from any other person and provided that the person does not thereby acquire a greater percentage of Fund Units or convertible or

exchangeable securities so offered than the person's percentage of Fund Units or convertible or exchangeable securities Beneficially Owned immediately prior to such acquisition);

- (iv) which was made pursuant to a distribution by the Fund or an affiliate of the Fund of Fund Units or convertible or exchangeable securities made pursuant to a prospectus, provided that such person does not thereby acquire a greater percentage of the Fund Units or convertible or exchangeable securities so offered than the person's percentage of Fund Units or convertible or exchangeable securities Beneficially Owned immediately prior to such acquisition;
 - (v) which was made pursuant to a distribution by the Fund or an affiliate of Fund Units or convertible or exchangeable securities by way of a private placement or take-over bid or upon the exercise by an individual employee of options to purchase Fund Units granted under an option plan of the Fund or affiliate of the Fund or rights to purchase securities granted under a Unit purchase plan of the Fund or an affiliate of the Fund; provided that (A) all necessary stock exchange approvals have been obtained and the terms and conditions of such approvals have been complied with and (B) such person does not become the Beneficial Owner of more than an additional 5% of the Fund Units outstanding immediately prior to the distribution, and in making this determination, the Fund Units to be issued to such person shall be deemed to be held by such person but shall not be included in the aggregate number of outstanding Fund Units outstanding immediately prior to the distribution; or
 - (vi) which is made pursuant to an amalgamation, arrangement, merger or other procedure requiring Unitholder approval;
- (d) a "**Convertible Security Acquisition**" means an acquisition of Fund Units upon the exercise, conversion or exchange of convertible or exchangeable securities received by a person pursuant to a Permitted Bid Acquisition, Exempt Acquisition or a Pro Rata Acquisition; and
- (e) a "**Pro Rata Acquisition**" means an acquisition of Fund Units or convertible or exchangeable securities as a result of a stock distribution, a stock split or other event pursuant to which a person receives or acquires Fund Units or convertible or exchangeable securities on the same *pro rata* basis as all other holders of Fund Units of the same class.

Also excluded from the definition of Acquiring Person are underwriters or members of a banking or selling group acting in connection with a distribution of securities by way of prospectus or private placement, and a person (a "**Grandfathered Person**") who is the Beneficial Owner of 20% or more of the outstanding Fund Units as at the close of business on October 28, 2009 provided, however, that this exception ceases to be applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the close of business on October 28, 2009: (1) cease to own 20% or more of the outstanding Fund Units or (2) become the Beneficial Owner of additional Fund Units constituting more than 1% of the number of Fund Units then outstanding, other than pursuant to a Unit Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition or a Pro Rata Acquisition.

BENEFICIAL OWNERSHIP

General. In general, a person is deemed to Beneficially Own Fund Units actually held by others in circumstances where those holdings are or should be grouped together for purposes of the Unitholder Rights Plan. Included are holdings by the person's affiliates (generally, a person that controls, is controlled by, or is under common control with another person) and associates (generally, relatives sharing the same residence). Also included are securities which the person or any of the person's affiliates or associates has the right to acquire within 60 days (other than (i) customary agreements with and between underwriters and banking group or selling group members with respect to a distribution to the public or pursuant to a private placement of securities; or (ii) pursuant to a pledge of securities in the ordinary course of business of the pledgee as security for *bona fide* indebtedness). A person is also deemed to "Beneficially Own" any securities that are Beneficially Owned (as described above) by any other

person with which the person is acting jointly or in concert (a "**Joint Actor**"). A person is generally a Joint Actor with any person who is a party to an agreement, arrangement or understanding with the first person to acquire or offer to acquire Fund Units.

Institutional Unitholder Exemptions from Beneficial Ownership. The definition of "Beneficial Ownership" contains several exclusions whereby a person is not considered to "Beneficially Own" a security. There are exemptions from the deemed "Beneficial Ownership" provisions for institutional Unitholders acting in the ordinary course of business. These exemptions apply to (i) an investment manager ("**Investment Manager**") which holds securities in the ordinary course of business in the performance of its duties for the account of any other person (a "**Client**") including, the acquisition or holding of securities for non-discretionary accounts held on behalf of a Client by a broker or dealer registered under applicable securities laws; (ii) a licensed trust company ("**Trust Company**") acting as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent persons (each an "**Estate Account**") or in relation to other accounts (each an "**Other Account**") and which holds such security in the ordinary course of its duties for such accounts; (iii) the administrator or the trustee (a "**Plan Trustee**") of one or more pension funds or plans (a "**Plan**") registered under applicable law; (iv) a person who is a Plan or is a person established by statute (the "**Statutory Body**"), and its ordinary business or activity includes the management of investment funds for employee benefit plans, pension plans, insurance plans (other than plans administered by insurance companies), or various public bodies; (v) a Crown agent or agency; (vi) a manager or trustee ("**Manager**") of a mutual fund ("**Mutual Fund**") that is registered or qualified to issue its securities to investors under the securities laws of any province or territory of Canada or the laws of the United States or any state thereof or is a Mutual Fund. The foregoing exemptions only apply so long as the Investment Manager, Trust Company, Plan Trustee, Plan, Statutory Body, Crown agent or agency, Manager or Mutual Fund is not then making or has not then announced an intention to make a Take-over Bid, other than an Offer to Acquire Units or other securities pursuant to a distribution by the Fund or by means of ordinary market transactions.

A person will not be deemed to "**Beneficially Own**" a security because (i) the person is a Client of the same Investment Manager, or is a client for or has an account with the same Trust Company, or is a Plan with the same Plan Trustee as another person or Plan on whose account the Investment Manager, Trust Company or Plan Trustee, as the case may be, holds such security; (ii) the person is a Client of an Investment Manager, Trust Company or a Plan, and the security is owned at law or in equity by the Investment Manager, Trust Company or Plan Trustee, as the case may be; or (iii) the person is the registered holder of such security as a result of carrying on the business of or acting as a nominee of a securities depository.

Exemption for Permitted Lock-up Agreement. Under the Unitholder Rights Plan, a person will not be deemed to "Beneficially Own" any security where the holder of such security has agreed to deposit or tender such security, pursuant to a Permitted Lock-up Agreement, to a Take-over Bid made by such person or any of such person's affiliates or associates or any Joint Actor, or such security has been deposited or tendered pursuant to a Take-over Bid made by such person or such person's affiliates, associates or Joint Actors until the earliest time at which any such tendered security is accepted unconditionally for payment or is taken up or paid for.

A Permitted Lock-up Agreement is essentially an agreement between a person and one or more holders of Fund Units and/or convertible or exchangeable securities (each such holder herein referred to as a "**Locked-Up Person**") (the terms of which are publicly disclosed and available to the public within the time frames set forth in the definition of Permitted Lock-up Agreement) pursuant to which each Locked-up Person agrees to deposit or tender Fund Units or convertible or exchangeable securities to a Take-over Bid made by the person or any of such person's affiliates, associates or Joint Actors (the "**Lock-up Bid**") and which further (i) permits the Locked-up Person to withdraw its Fund Units or convertible or exchangeable securities in order to deposit or tender the Fund Units or convertible or exchangeable securities to another Take-over Bid or support another transaction at a price or value that exceeds the price or value under the Lock-Up Bid; or (ii) permits the Locked-up Person to withdraw its Fund Units or convertible or exchangeable securities in order to deposit or tender the Fund Units or convertible or exchangeable securities to another Take-over Bid or support another transaction at an offering price that exceeds the offering price in the Lock-up Bid by as much as or more than a specified amount and that does not provide for a specified amount greater than 7% of the offering price in the Lock-up Bid. The Unitholder Rights Plan therefore requires that a person making a Take-Over Bid structure any lock-up agreement so as to provide reasonable flexibility to the Unitholder in order to avoid being deemed the Beneficial Owner of the Fund Units or convertible or exchangeable securities subject to the lock-up agreement and potentially triggering the provisions of the Unitholder Rights Plan.

A Permitted Lock-up Agreement may contain a right of first refusal or require a period of delay to give the person who made the Lock-up Bid an opportunity to match a higher price in another Take-over Bid or transaction or other similar limitation on a Locked-up Person's right to withdraw Fund Units or convertible or exchangeable securities so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Fund Units or convertible or exchangeable securities during the period of the other Take-over Bid or transaction. Finally, under a Permitted Lock-up Agreement, no "break up" fees, "top up" fees, penalties, expenses or other amounts that exceed in aggregate the greater of (i) 2½% of the price or value of the consideration payable under the Lock-up Bid; and (ii) 50% of the amount by which the price or value of the consideration received by a Locked-up Person under another Take-over Bid or transaction exceeds what such Locked-up Person would have received under the Lock-up Bid, can be payable by such Locked-up Person if the Locked-up Person fails to deposit or tender Fund Units or convertible or exchangeable securities to the Lock-up Bid or withdraws Fund Units and convertible or exchangeable securities previously tendered thereto in order to deposit such Fund Units and convertible or exchangeable securities to another Take-over Bid or support another transaction.

FLIP-IN EVENT

A "**Flip-in Event**" occurs when any person becomes an Acquiring Person. In the event that, prior to the Expiration Time, a Flip-in Event which has not been waived by the Board of Trustees occurs, each Right (except for Rights Beneficially Owned or which may thereafter be Beneficially Owned by an Acquiring Person, an affiliate or associate of an Acquiring Person or a Joint Actor (or a transferee of any such person), which Rights will become null and void) shall constitute the right to purchase from the Fund, upon exercise thereof in accordance with the terms of the Unitholder Rights Plan, that number of Fund Units having an aggregate market price on the date of the Flip-in Event equal to twice the Exercise Price, for the Exercise Price (such Right being subject to anti-dilution adjustments). For example, if at the time of the Flip-in Event the market price of the Fund Units is \$1.00 and the Exercise Price in respect of a Right is therefore \$3.00, the holder of each Right would be entitled to purchase Fund Units having an aggregate market price of \$6.00 (that is, six Fund Units) for \$3.00 (that is, a 50% discount from the market price).

PERMITTED BID AND COMPETING PERMITTED BID

A "**Permitted Bid**" is a Take-over Bid made by way of a Take-over Bid circular and which complies with the following additional provisions:

- (a) the Take-over Bid is made to all holders of record of Fund Units, other than the offeror; and
- (b) the Take-over Bid contains irrevocable and unqualified conditions that:
 - (i) no Fund Units shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on a date which is not less than 60 days following the date of the Take-over Bid and the provisions for the take-up and payment for Fund Units tendered or deposited thereunder shall be subject to such irrevocable and unqualified condition;
 - (ii) unless the Take-over Bid is withdrawn, Fund Units may be deposited pursuant to the Take-over Bid at any time prior to the close of business on the date of first take-up or payment for Fund Units and all Fund Units deposited pursuant to the Take-over Bid may be withdrawn at any time prior to the close of business on such date;
 - (iii) more than 50% of the outstanding Fund Units held by Independent Unitholders must be deposited to the Take-over Bid and not withdrawn at the close of business on the date of first take-up or payment for Fund Units; and
 - (iv) in the event that more than 50% of the then outstanding Fund Units held by Independent Unitholders have been deposited to the Take-over Bid and not withdrawn as at the close of business on the date of first take-up or payment for Fund Units under the Take-over Bid, the offeror will make a public announcement of that fact and the Take-over Bid will

remain open for deposits and tenders of Fund Units for not less than 10 Business Days from the date of such public announcement.

A "**Competing Permitted Bid**" is a Take-over Bid that is made after a Permitted Bid has been made but prior to its expiry and that satisfies all the requirements of a Permitted Bid as described above, except that a Competing Permitted Bid is not required to remain open for 60 days so long as it is open until the later of (i) the earliest date on which Fund Units may be taken up or paid for under any earlier Permitted Bid or Competing Permitted Bid that is in existence and (ii) 35 days (or such other minimum period of days as may be prescribed by applicable law in Ontario) after the date of the Take-over Bid constituting the Competing Permitted Bid.

REDEMPTION, WAIVER AND TERMINATION

Redemption of Rights on Approval of Independent Unitholders and Holders of Rights. The Board of Trustees acting in good faith may, after having obtained the prior approval of the Independent Unitholders or holders of Rights, as the case may be, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.000001 per Right, appropriately adjusted for anti-dilution as provided in the Unitholder Rights Plan (the "**Redemption Price**").

Waiver of Inadvertent Acquisition. The Board of Trustees acting in good faith may waive the application of the Unitholder Rights Plan in respect of the occurrence of any Flip-in Event if (i) the Board of Trustees has determined that a person became an Acquiring Person under the Unitholder Rights Plan by inadvertence and without any intent or knowledge that it would become an Acquiring Person; and (ii) the Acquiring Person has reduced its Beneficial Ownership of Fund Units such that at the time of waiver the person is no longer an Acquiring Person.

Deemed Redemption. In the event that a person who has made a Permitted Bid or a Take-over Bid in respect of which the Board of Trustees has waived or has deemed to have waived the application of the Unitholder Rights Plan consummates the acquisition of the outstanding Fund Units, the Board of Trustees shall be deemed to have elected to redeem the Rights for the Redemption Price.

Discretionary Waiver with Mandatory Waiver of Concurrent Bids. The Board of Trustees acting in good faith may, prior to the occurrence of a Flip-in Event as to which the Unitholder Rights Plan has not been waived under the redemption, waiver and termination provisions, upon prior written notice to the Rights Agent, waive the application of the Unitholder Rights Plan to a Flip-in Event that may occur by reason of a Take-over Bid made by means of a Take-over Bid circular to all holders of record of Units. However, if the Board of Trustees waives the application of the Unitholder Rights Plan, the Board of Trustees shall be deemed to have waived the application of the Unitholder Rights Plan in respect of any other Flip-in Event occurring by reason of any Take-over Bid made by means of a Take-over Bid circular made prior to the expiry of a bid for which a waiver is, or is deemed to have been, granted.

Discretionary Waiver respecting Acquisition not by Take-over Bid Circular. The Board of Trustees acting in good faith may, upon prior consent of the holders of Units, determine, at any time prior to the occurrence of a Flip-in Event as to which the application of the Unitholder Rights Plan has not been waived, if such Flip-in Event would occur by reason of an acquisition of Units otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to holders of record of Units and otherwise than by inadvertence when such inadvertent Acquiring Person has then reduced its holdings to below 20%, to waive the application of the Unitholder Rights Plan to such Flip-in Event. However, if the Board of Trustees proposes such a waiver, the Board of Trustees shall extend the Separation Time to a date at least 10 Business Days following the meeting of Unitholders called to approve such a waiver.

Redemption of Rights on Withdrawal or Termination of Bid. Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time and prior to the occurrence of a Flip-in Event, the Board of Trustees may elect to redeem all the outstanding Rights at the Redemption Price.

If the Board of Trustees is deemed to have elected or elects to redeem the Rights as described above, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right

thereafter of the holders of Rights is to receive the Redemption Price. Within 10 Business Days of any such election or deemed election to redeem the Rights, the Fund will notify the holders of the Fund Units or, after the Separation Time, the holders of the Rights.

AMENDMENTS

The Fund may supplement or amend the Unitholder Rights Plan to correct any clerical or typographical error or as required to maintain the validity of the Unitholder Rights Plan as a result of any change in any applicable legislation, rules or regulations. Any changes made to maintain the validity of the Unitholder Rights Plan will be subject to subsequent confirmation by the affirmative votes of a majority of the votes cast by the Unitholders or, after the Separation Time, the holders of the Rights at a duly convened meeting.

Subject to the above exceptions, any amendment, supplement, variation, rescission or deletion of or from the Unitholder Rights Plan or the Rights is subject to the prior approval by both the affirmative votes of a majority of the votes cast by Unitholders and by the affirmative votes of a majority of the votes, excluding the votes of an exempted Unitholder and its insiders, associates and affiliates as determined under the rules and policies of the TSX, cast by Unitholders or, on or after the Separation Time, the holders of the Rights at a duly convened meeting.

The Board of Trustees reserves the right to alter any terms of or not proceed with the Unitholder Rights Plan at any time prior to the Meeting if the Board of Trustees determines that it would be in the best interests of the Fund and its Unitholders to do so, in light of subsequent developments.

EXPIRATION

If the Unitholder Rights Plan is ratified, confirmed and approved at the Meeting, it will remain in force until the earlier of the time at which the right to exercise Rights shall terminate pursuant to the Unitholder Rights Plan (the "**Termination Time**") and the termination of the annual meeting of the Unitholders in the year 2012, unless at or prior to such meeting the Unitholders ratify the continued existence of the Unitholder Rights Plan, in which case the Unitholder Rights Plan would expire at the earlier of the Termination Time and the termination of the 2015 annual meeting of the Unitholders.

Unitholder Rights Plan Resolution

The text of the Unitholder Rights Plan Resolution is set out below:

"BE IT RESOLVED THAT:

1. The Unitholder rights plan (the "Unitholder Rights Plan") dated October 28, 2009 is hereby approved, adopted and ratified;
2. In the event that the Fund converts to a corporation ("PubCo"), upon the effective date of the conversion, the automatic adoption of the Unitholder Rights Plan as the shareholder rights plan of PubCo, with appropriate changes to reflect conversion from a trust to a corporation and exchange of the rights issued under the Unitholder Rights Plan for rights issued under the shareholders rights plan of PubCo, is hereby approved, adopted and ratified; and
3. Any officer or trustee of the Fund or officer or director of Newport Partners GP Inc. or PubCo is hereby authorized and directed for and on behalf of the Fund or PubCo, as the case may be, to execute and deliver all such documents and instruments and to perform or cause to be performed all such other acts as such person determines may be necessary to give effect to this resolution, such person's determination to be conclusively evidenced by his or her execution and delivery of such document or instrument or the performance of such act."

The Board of Trustees has determined that the adoption of the Unitholder Rights Plan is in the best interests of the Fund and unanimously recommends that Unitholders vote in favour of the Unitholder Rights Plan Resolution.

Where a Unitholder fails to specify in the enclosed form of proxy a choice with respect to the approval of the Unitholder Rights Plan Resolution, the persons named in the enclosed form of proxy will vote the Units represented by such proxy IN FAVOUR OF the Unitholder Rights Plan Resolution.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis focuses on: (i) significant elements of the Fund's senior management compensation program; (ii) principles on which the Fund makes compensation decisions and on which it determines the amount of each element of senior management compensation; and (iii) an analysis of the material compensation decisions made by the Compensation and Corporate Governance Committee for the financial year ended December 31, 2008.

Compensation and Corporate Governance Committee

The Compensation and Corporate Governance Committee assists the Board of Directors in overseeing senior management compensation and human resource policies, including compensation of the Chief Executive Officer. The Compensation and Corporate Governance Committee reports to the Board of Directors, as set out in its terms of reference, and the Board of Directors gives final approval on compensation matters.

The Compensation and Corporate Governance Committee is comprised of Michael Edwards (Chair), John K. Bell, Richard Ivey, Gerry Smith and David Williams. It is proposed that Brian Tobin be appointed to the Compensation and Corporate Governance Committee after the Meeting if he is elected as a Trustee. All of the members of the Compensation and Corporate Governance Committee and Mr. Tobin are independent members of the Board of Directors within the meaning of Multilateral Instrument 52-110 – *Audit Committees*. Messrs. Bell and Williams were appointed to the Compensation and Corporate Governance Committee in June 2008. None of the members of the Compensation and Corporate Governance Committee are, or have been, officers or employees of the Fund or GP Trustee.

The Compensation and Corporate Governance Committee has reviewed and discussed with management the compensation disclosure in this Circular, and has recommended to the Board of Trustees that the disclosure be included in this Circular.

Compensation Strategy

Historically, management of the Fund's business and investment operations has been conducted by the senior management of GP Trustee and the principals of NPLP, an indirect wholly-owned subsidiary of the Fund. The compensation program for the senior management team was based on the spirit of partnership. To foster a team environment, maximize the success of the business and enhance Unitholder value, a level of compensation was set annually from which the members of the senior management team of GP Trustee were paid a base salary, medical, dental, life insurance and disability benefits, and were provided with financial assistance through a Fund Unit loan plan with the balance contributed to a compensation pool at NPLP. This compensation pool was allocated to the principals of NPLP and senior management of GP Trustee on the basis of a points system tied primarily to revenue and asset contribution. For 2008, the set level of compensation was \$2,000,000. In addition, senior management of GP Trustee and the employees of NPLP were eligible to participate in the Fund's long term incentive plan (the "LTIP").

The significant decline in the Unit price and the resulting impact on Unitholder value led to a change in strategic leadership. Mr. MacDonald was appointed as the President and Chief Executive Officer of the Fund effective December 1, 2008. The compensation program was also revamped to establish a more distinct separation between the performance of the Fund and the performance of NPLP and a more traditional base salary and performance incentive model was introduced as part of the Fund's compensation program.

The following provides a discussion of the Fund's objectives for executive compensation.

Objectives of the Fund's Compensation Programs

The Fund's compensation programs are intended to meet the following principal objectives:

- To advance the business strategy of the Fund;
- To enhance the growth and profitability of the Fund;
- To provide competitive levels of compensation in order to attract, retain and motivate high-quality individuals at all levels of the organization;
- To encourage individual performance and achievement of business objectives;
- To maintain an entrepreneurial spirit by linking incentives to performance;
- To incentivize and align the interests of management with the long-term interests of Unitholders; and
- To foster a sense of teamwork and fairness.

The following outlines: (i) each element of compensation; (ii) why the Fund has chosen to pay each element; (iii) how the Fund determines the parameters for the calculation and payment of compensation; and (iv) how each compensation element fits within the Fund's overall compensation objectives.

Elements of Compensation

The Fund's compensation programs prior to December 1, 2008 include the following elements:

- Base salary;
- Allocation from the compensation pool at NPLP; and
- Eligibility for participation in the LTIP and the Fund Unit loan plan.

Effective December 1, 2008, the Fund's compensation program includes the following elements:

- Base salary;
- Annual bonus; and
- Incentive Option Plan (proposed for adoption by Unitholders at the Meeting).

The Fund also provides a benefits program consisting of medical, dental, life insurance and disability benefits. The Fund believes that providing these benefits furthers its compensation objectives. These programs offer a total compensation package that is, generally speaking, competitive with companies of similar size and scope in the industries in which the Fund operates. The Fund does not use any benchmarking in determining compensation or other elements of compensation. No outside compensation consultant was engaged by the Compensation and Corporate Governance Committee in determining compensation paid by the Fund in 2008.

These compensation programs are collectively intended to create a link between compensation and the achievement of the Fund's business strategy in the short, medium and long term by providing a balanced mix of fixed income and performance-based income. Short term compensation (such as cash) rewards current performance and long term compensation (such as Fund Units purchased in the market under the Fund Unit loan plan and the

proposed Incentive Option Plan) serves as a retention tool and encourages senior management to produce positive long-term results and aligns their interests with those of Unitholders. Senior management's actual compensation is determined using a balanced mix of personal performance and the Fund's performance.

Details of the Elements of the Fund's Compensation Programs

| Element | Description | Purpose |
|---|--|---|
| Base Salary | Paid 100% in cash. Based on position and generally reviewed annually. | To attract, motivate and retain, and to provide a median base level of fixed compensation that is consistent with market practice. |
| Annual bonus | Paid 100% in cash. Performance-based discretionary incentives based on achievement of personal objectives and financial targets set for the Fund. Amounts can vary significantly from year to year. The bonus amount is capped at 100% of base salary. | To provide a component of compensation that: (i) rewards near-term performance and results generated by the senior management; and (ii) fosters teamwork and fairness. |
| Fund Unit loan plans | Provides senior management with funding for market purchases of Fund Units. | To align interests of executives with the long-term interests of Unitholders, and to encourage long term service and loyalty. |
| LTIP ⁽¹⁾ | Rewards achievement of long-term performance objectives through cash awards based on Fund performance tied to the level of distributions paid to Unitholders. | To align interests of executives with the long-term interests of Unitholders, and to encourage long term service and loyalty. |
| Incentive Option Plan (proposed for adoption by Unitholders at the Meeting) | Rewards achievement of performance objectives through growth and a proprietary interest in the Fund. | To attract, motivate and retain qualified trustees, directors, officers, employees, consultants and third party service providers and to align their interests with the long-term interests of Unitholders. |

Notes:

- (1) Given the performance of the Fund and the suspension of distributions announced in October 2008, the LTIP is no longer an effective element of the Fund's compensation strategy. No amounts have been paid under the LTIP since its inception in 2005. If the Incentive Option Plan is approved by Unitholders at the Meeting, the LTIP will be cancelled.

The following further describes each element of compensation, including how each element fits into the Fund's overall compensation objectives.

Base Salary

The Fund pays a base salary as a means of providing a non-performance based element of compensation that is certain and predictable and is generally competitive with market practices. Base salaries are generally reviewed annually, although base salaries may be adjusted at other times of the year in connection with a promotion or other change in roles or responsibilities. The review focuses on the roles and responsibilities of individuals,

external market data for similar positions, and the recommendation of the President and Chief Executive Officer. The Fund believes that providing a predictable base salary is fair and essential to attract and retain talented individuals. The determination of the appropriate level of base salary for each individual is subjective and not formulaic. The Compensation and Corporate Governance Committee negotiates salary levels and changes for the President and Chief Executive Officer and makes recommendations to the Board of Directors for a final determination. The President and Chief Executive Officer negotiates the salary level for the Chief Financial Officer and other senior management and makes recommendations to the Compensation and Corporate Governance Committee, which in turn submits its recommendations to the Board of Directors for a final determination. Base salary recognizes and compensates senior management for their position, experience and professional qualifications and the level of responsibility of the position.

Annual Bonus

The Fund has established an annual bonus policy based on overall performance of the Fund and personal contribution and achievements of its senior management. The Fund believes that performance-based compensation is an important element of the compensation programs. The Fund's annual bonus policy is intended to provide the opportunity for senior management to realize additional gains when the Fund's annual performance objectives are met or exceeded and/or when their individual job performance is exceptional based on an annual formal performance review. By placing emphasis on variable compensation, the Fund aims to tie a portion of the total senior management compensation package to improvements in the Fund's absolute and relative performance and, consequently, the value of the Fund Units.

Fund Unit Loan Plan

The Fund Unit loan plan is designed to encourage Fund Unit ownership and to incentivize senior management of the Newport Group and better align the interests of senior management with the interests of Unitholders. Significant ownership in the Fund by senior management is desirable and is consistent with the Fund's compensation objectives. The loans finance purchases of Fund Units in the market and are due on demand, bear interest at the prime rate and are secured by a pledge of Fund Units in favour of the lender, in addition to a general security agreement and personal guarantees as appropriate.

Long Term Incentive Plan

Senior management is 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, or the 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 Fund Units in the market with such funds and hold such Fund Units until such time as ownership vests in each participant.

The Board of Directors, or the 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 Fund Unit per annum (the "**Base Distribution**"). The percentage amount of that excess which forms the LTIP incentive pool is determined in accordance with the table below:

| Percentage by which Distributable Cash per Fund Unit exceeds Base Distribution | Maximum Proportion of Distributable Cash in Excess of Base Distribution Threshold Available for Payments |
|--|--|
| 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% |

If the Incentive Option Plan is approved by Unitholders at the Meeting, the LTIP will be cancelled.

Other Perquisites

Senior management participate in other group benefit plans, including medical, dental, life insurance and disability benefits plans, that are available to all employees of the Fund and GP Trustee. In addition, in 2009 certain senior management members received a housing allowance. The perquisite program of the Fund, along with all other compensation, is recommended by the President and Chief Executive Officer to the Compensation and Corporate Governance Committee, which in turn submits its recommendations to the Board of Directors for a final determination. Base salary recognizes and compensates executives for their position, experience and professional qualifications and the level of responsibility of the position.

Summary Compensation Table

The following table sets forth the compensation paid or awarded to the following officers of GP Trustee: (i) the President and Chief Executive Officer; (ii) the Chief Financial Officer and Secretary; (iii) the General Counsel; (iv) the Managing Director; and (v) the Vice-President (collectively, the "**Named Executive Officers**") for the Fund's financial year ended December 31, 2008:

| Name and principal position | Year | Salary (\$) | Unit-based awards (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | | Pension value (\$) ⁽⁴⁾ | All other compensation (\$) ⁽⁵⁾ | Total compensation (\$) |
|---|---------------------|-------------|------------------------|--------------------------|---|---------------------------|-----------------------------------|--|-------------------------|
| | | | | | Annual incentive plans | Long-term incentive plans | | | |
| Peter L. Wallace, President and Chief Executive Officer | 2008 ⁽¹⁾ | \$150,000 | Nil | Nil | Nil | Nil | N/A | \$259,237 | \$409,237 |
| Kelly Baird, Chief Financial Officer and Secretary | 2008 | \$150,000 | Nil | Nil | Nil | Nil | N/A | \$229,871 | \$379,871 |
| Mihkel Holmberg, General Counsel | 2008 ⁽²⁾ | \$150,000 | Nil | Nil | Nil | Nil | N/A | \$228,745 | \$378,745 |
| Michael Svetkoff, Managing Director | 2008 ⁽³⁾ | \$150,000 | Nil | Nil | Nil | Nil | N/A | \$228,367 | \$378,367 |
| Keith Halbert, Vice President | 2008 | \$150,000 | Nil | Nil | Nil | Nil | N/A | \$166,878 | \$316,878 |

Notes:

- (1) Mr. Wallace ceased to be President and Chief Executive Officer effective December 1, 2008. Mr. Wallace was paid \$400,000 as a retiring allowance. In addition the Fund is obligated to pay up to a further \$200,000 retiring allowance on December 14, 2009 to Mr. Wallace provided that certain terms and conditions are met relating to the non-competition, non-solicitation and confidentiality provisions contained in his employment contract dated August 5, 2005.
- (2) Mr. Holmberg ceased to be General Counsel effective March 6, 2009. Under the terms of his employment contract dated September 22, 2005, Mr. Holmberg was paid a retiring allowance of \$360,184, representing total compensation paid in the previous 12 months, and he must comply with the provisions of his employment contract relating to non-competition, non-solicitation and confidentiality.
- (3) Mr. Svetkoff ceased to be Managing Director effective August 24, 2009. No amounts have been paid to Mr. Svetkoff in connection with his departure. Mr. Svetkoff's employment agreement dated August 5, 2005 contains provisions relating to non-competition, non-solicitation and confidentiality.
- (4) The Fund does not have any defined benefit or defined contribution plans or any plans that provide for the payment of pension plan benefits.
- (5) Represents amounts paid from the NPLP compensation pool discussed under "Statement of Executive Compensation – Compensation Strategy".

Outstanding Unit-Based Awards and Option-Based Awards

As at December 31, 2008, there were no Unit-based awards or option-based awards outstanding in favour of any Named Executive Officers. The Compensation and Corporate Governance Committee has recommended, and the Board of Trustees has approved, the Incentive Option Plan subject to the approval of Unitholders at the Meeting. See "Matters to be Acted upon at the Meeting—Approval of the Incentive Option Plan".

Pension Plan

The Fund has not adopted any retirement plan, pension plan or deferred compensation plan.

Termination and Change of Control Benefits

The Fund's practice has been to make the following arrangements with senior management depending upon the termination event:

| Event | Action |
|---|---|
| Resignation | <ul style="list-style-type: none">• All salary and benefit programs cease• Annual incentive bonus is not paid• Participation in LTIP ceases• The principal outstanding and accrued interest of any Fund Unit loan become due and payable |
| Retirement & Death | <ul style="list-style-type: none">• Salary ceases• Benefit programs are continued for a period of 365 days and payout is made on any applicable insurance benefits• Annual incentive bonus is paid on a <i>pro rata</i> basis• The repayment term of any Fund Unit loan is renegotiated and interest is payable quarterly |
| Termination without cause (including change of control) | <ul style="list-style-type: none">• All salary and benefit programs cease• Severance provided equal to salary received for the 12-month period preceding the date of termination (including, without limitation, LTIP payments but excluding benefits program)• Participation in LTIP ceases• The repayment term of any Fund Unit loan is renegotiated and interest is payable quarterly |
| Termination with cause | <ul style="list-style-type: none">• All salary and benefit programs cease• Annual incentive bonus is not paid• Participation in LTIP ceases• The principal outstanding and accrued interest of any Fund Unit loan become due and payable |

The net estimated incremental payments to which the Named Executive Officers would be entitled had they all been terminated without cause as at December 31, 2008 is estimated at \$1,900,000 on the basis of total compensation received for the 12-month period preceding the date of termination (including without limitation, LTIP payments but excluding the benefits program).

Trustee and Director Compensation

Each Trustee is entitled to an annual retainer of \$35,000 for and in respect of the Fund's 2008 financial year and such retainer is paid quarterly in arrears. In addition, each Trustee is entitled to \$5,000 per annum, payable quarterly in arrears, to act as a director of GP Trustee. Each Trustee is paid an attendance fee of \$1,000 per quarterly meeting and is entitled to be reimbursed for reasonable out-of-pocket expenses incurred in connection with the conduct of Fund business. The Chairs of the Audit Committee and of the Compensation and Corporate Governance Committee are paid \$10,000 and \$5,000 per annum, respectively. Mr. Baillie is paid \$100,000 per annum for his services as Executive Chairman. Messrs. Brown, Lloyd, Kinney and MacDonald did not receive any remuneration for their services as Directors in 2008.

Trustee and Director Compensation Table

The following table sets forth information concerning the compensation paid to Trustees and Directors for the financial year ended December 31, 2008:

| Name and principal position | Fees paid (\$) | Unit-based awards (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | Pension value ⁽¹⁾ (\$) | All other compensation (\$) ⁽³⁾ | Total compensation (\$) |
|---|----------------|------------------------|--------------------------|---|-----------------------------------|--|-------------------------|
| Aubrey Baillie (Director) | 100,000 | Nil | Nil | Nil | N/A | Nil | 100,000 |
| Paul Beeston ⁽²⁾ (Trustee) | 19,583 | Nil | Nil | Nil | N/A | Nil | 19,583 |
| John K. Bell (Trustee) | 54,000 | Nil | Nil | Nil | N/A | Nil | 54,000 |
| Douglas C. Brown (Director) | Nil | Nil | Nil | Nil | N/A | 445,468 | 445,468 |
| K. Michael Edwards (Trustee) | 48,000 | Nil | Nil | Nil | N/A | Nil | 48,000 |
| Richard W. Ivey (Trustee) | 44,000 | Nil | Nil | Nil | N/A | Nil | 44,000 |
| Mark A. Kinney (Director) | Nil | Nil | Nil | Nil | N/A | 439,941 | 439,941 |
| David T. Lloyd (Director) | Nil | Nil | Nil | Nil | N/A | 445,855 | 445,855 |
| Dean T. MacDonald ⁽⁴⁾ (Director) | Nil | Nil | Nil | Nil | N/A | Nil | Nil |
| Gerry Smith (Trustee) | 44,000 | Nil | Nil | Nil | N/A | Nil | 44,000 |
| Peter Wallace ⁽⁵⁾ | Nil | Nil | Nil | Nil | N/A | 409,237 | 409,237 |
| David A. Williams (Trustee) | 44,000 | Nil | Nil | Nil | N/A | Nil | 44,000 |
| Total: | 353,583 | | | | | | 2,094,084 |

Notes:

- (1) The Fund does not have any defined benefit or defined contribution plans or any plans that provide for the payment of pension plan benefits.
- (2) Mr. Beeston resigned as a Trustee and Director effective June 12, 2008.
- (3) Represents cash compensation paid to Messrs. Brown, Kinney and Lloyd for employment services provided to NPLP.

- (4) Mr. MacDonald was appointed as President and Chief Executive Officer effective December 1, 2008.
- (5) Mr. Wallace resigned as a Director effective January 22, 2009. See also the discussion of Mr. Wallace's compensation under "Statement of Executive Compensation – Summary Compensation Table".

Conclusion

The Compensation and Corporate Governance Committee believes that the various components of compensation, together with the proposed Incentive Option Plan, are appropriately balanced to provide direction and motivation for senior management to make a positive contribution to the Fund's overall success, thereby enhancing the value of the Fund for its Unitholders.

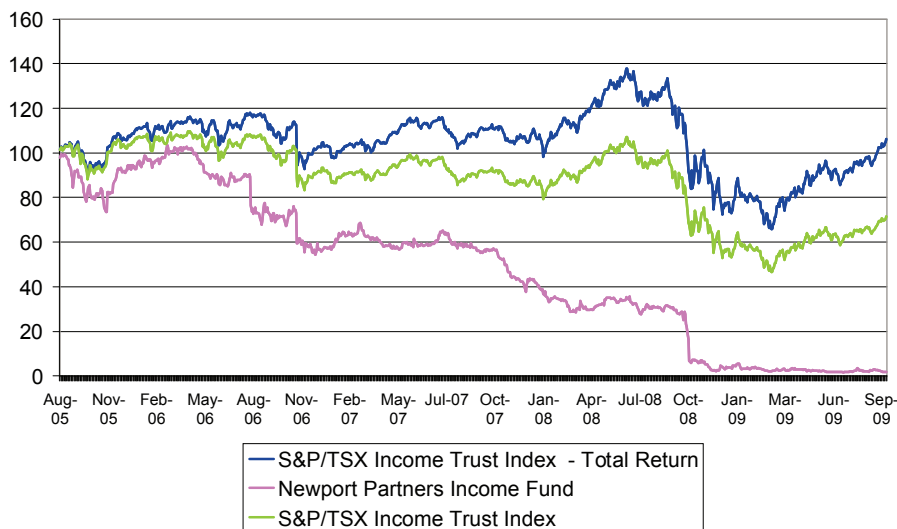
The foregoing report on executive compensation is submitted by the Compensation and Corporate Governance Committee:

Michael Edwards (Chair)
 John K. Bell
 Richard Ivey
 Gerry Smith
 David Williams

Performance Graph

The following graph compares the total cumulative return to Unitholders for \$100 invested in Fund 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 Fund Units were first listed for trading on the TSX, to September 30, 2009, assuming a \$100 investment on August 8, 2005 and reinvestment of distributions during the period:

Relative Performance Analysis



As discussed earlier in this Circular, the Compensation and Corporate Governance Committee considers a number of factors in connection with its determination of appropriate levels of compensation for Named Executive Officers. These factors do not necessarily track the changes in the market value of Fund Units.

During the period covered by the performance graph, there were no changes to the base salaries of the Named Executive Officers and no performance-based compensation was paid to the Named Executive Officers.

Aggregate Indebtedness

Except as set forth in the table below, 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 indebted to the Fund or any of its subsidiaries, and no indebtedness of such persons is or 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.

| Purpose | To the Fund or its Subsidiaries | To Another Entity |
|---------------------|---------------------------------|-------------------|
| Fund Unit purchases | \$ 3,939,609 | Nil |
| Other | \$13,590 | Nil |

Indebtedness of Trustees, Directors and Executive Officers under Securities Purchase and Other Programs

Except as set forth in the table below, no Trustee, Director, executive officer or proposed nominee for election as a Trustee or Director, and no former Trustee, Director or executive officer, of the Fund or GP Trustee, nor any associate thereof, is currently, or was at any time during the financial year ended December 31, 2008, indebted to the Fund or any of its subsidiaries, and no indebtedness of such persons is or 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.

| Name and Principal Position | Involvement of Fund or Subsidiary | Largest Amount Outstanding During the Financial Year Ended December 31, 2008 (\$) | Amount Outstanding as at October 25, 2009 (\$) | Financially Assisted Securities Purchased (#) | Security for Indebtedness | Amount Forgiven During the Financial Year Ended December 31, 2008 (\$) |
|--|-----------------------------------|---|--|---|---------------------------|--|
| Kelly Baird, Chief Financial Officer and Secretary | Newport Partners Holdings LP | 205,000 | Nil | 27,561 Fund Units | Pledge of Fund Units | Nil |
| Michael Svetkoff, Managing Director | Newport Securities LP | \$643,056 | \$650,402 | Nil ⁽¹⁾ | Pledge of Fund Units | Nil |
| Keith Halbert, Vice President | Newport Partners Holdings LP | \$250,000 | \$250,000 | 27,561 Fund Units ⁽²⁾ | Pledge of Fund Units | Nil |
| Mihkel Holmberg, General Counsel | Newport Partners Holdings LP | \$250,000 | \$250,000 | 27,561 Fund Units ⁽³⁾ | Pledge of Fund Units | Nil |
| Mark Kinney | Newport Securities LP | \$504,198 | \$504,198 | Nil ⁽⁴⁾ | Pledge of Fund Units | Nil |
| Douglas Brown | Newport Securities LP | \$188,649 | \$188,649 | Nil ⁽⁵⁾ | Pledge of Fund Units | Nil |

Notes:

- (1) Mr. Svetkoff, indirectly through Bedford Holdco Inc., a company owned by Mr. Svetkoff, was provided with a loan in December 2008 in the amount of \$643,056 to refinance his third party loan obtained to purchase Fund Units. The loan bears interest at prime, is payable quarterly in arrears, and is secured by a pledge of Fund Units, a general security agreement and a personal guarantee of Mr. Svetkoff and his spouse. Mr. Svetkoff exercises control and direction over the Fund Units owned by Bedford Holdco Inc. Mr. Svetkoff

ceased to be an employee of the Newport Group effective August 24, 2009. Mr. Svetkoff's loan became due and payable on August 24, 2009 when he left the employ of Newport Group; the loan is also in default for non-payment of interest. The Fund is currently considering its options with respect to the loan.

- (2) Mr. Halbert was provided with a loan in the amount of \$250,000 to purchase Fund Units in June 2006. The loan bears interest at prime, is payable quarterly, and is secured by a pledge of the Fund Units purchased and a general security agreement.
- (3) Mr. Holmberg, indirectly through AMI Canada Corporation, a company owned by Mr. Holmberg, was provided with a loan in the amount of \$250,000 to purchase Fund Units in June 2006. The loan bears interest at prime, is payable quarterly, and is secured by a pledge of the Fund Units purchased and a general security agreement. Mr. Holmberg exercises control and direction over the Fund Units owned by AMI Canada Corporation. Mr. Holmberg ceased to be an employee of the Fund effective March 6, 2009.
- (4) Mr. Kinney, indirectly through Brackenrig Holdings Limited, a company owned by Mr. Kinney, was provided with a loan in the amount of \$504,198 to refinance his third party loan obtained to purchase Fund Units. The loan bears interest at prime, is payable quarterly in arrears, is secured by a pledge of Fund Units, a general security agreement and a personal guarantee of Mr. Kinney. Mr. Kinney exercises control and direction over the Fund Units owned by Brackenrig Holdings Limited.
- (5) Mr. Brown, indirectly through Jorsam Investments Inc., a company owned by Mr. Brown, was provided with a loan in the amount of \$188,649 to refinance his third party loan obtained to purchase Fund Units. The loan bears interest at prime, is payable quarterly in arrears and is secured by a pledge of Fund Units, a general security agreement and a personal guarantee of Mr. Brown. Mr. Brown exercises control and direction over the Fund Units owned by Jorsam Investments Inc.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed in this Circular, to the knowledge of the Fund, no person who has been a Trustee or officer of the Fund or Director or officer of GP Trustee at any time since January 1, 2008, no proposed Trustee of the Fund, and no associate or affiliate of any of the foregoing, 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, other than the election of Trustees or the approval of the Incentive Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular, to the knowledge of the Fund, no Trustee or officer of the Fund or Director or executive officer of GP Trustee, no person or company who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Fund Units or of the voting rights attached to the outstanding Special Voting Units, no director or executive officer of any of the foregoing, no proposed Trustee of the Fund, and no associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction since January 1, 2008 or any proposed transaction which has materially affected or would materially affect the Fund or any of its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Canadian Securities Administrators have established National Policy 58-201 – *Corporate Governance Guidelines*, which sets out a series of guidelines for effective corporate governance (the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* requires the disclosure by each public company of its approach to corporate governance with reference to the Guidelines. Appendix "C" to this Circular is a statement of the Fund's corporate governance practices.

OTHER BUSINESS

The Fund knows of no matters to come before the Meeting other than the matters referred to in the accompanying Notice of Meeting.

DISCLAIMERS

No person has been authorized to give any information or to make any representation on behalf of the Fund or any of its subsidiaries that is not contained in this Circular and, if given or made, such information or representation must not be relied upon as having been authorized. The delivery of this Circular shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or in the affairs of the Fund or any of its subsidiaries since the date hereof.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Fund Units is CIBC Mellon Trust Company at 320 Bay Street, PO Box 1, Toronto, Ontario M5H 4A6.

ADDITIONAL INFORMATION

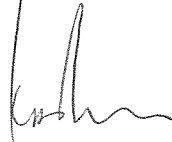
Information contained in this Circular is given as at October 25, 2009 except as otherwise noted. Additional information relating to the Fund can be found on SEDAR at www.sedar.com. Financial information regarding the Fund can be found in the Fund's restated audited consolidated financial statements for the year ended December 31, 2008, together with the auditors' report thereon and the revised management's discussion and analysis for the year ended December 31, 2008, and in the Fund's restated unaudited consolidated financial statements for the three months and six months ended June 30, 2009, together with the revised management's discussion and analysis for the three months and six months ended June 30, 2009. Copies of this financial information, as well as any additional copies of this Circular, are available upon written request, free of charge, by contacting the Secretary of GP Trustee, Kelly Baird at baird@newportpartners.ca and are available on SEDAR at www.sedar.com.

APPROVAL

The contents and mailing of this Circular have been approved by the Board of Trustees of the Fund.

Dated at Toronto, Ontario this 29th day of October, 2009.

BY ORDER OF THE TRUSTEES



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

April 9, 2009

BY COURIER

CONFIDENTIAL

Ernst & Young LLP
Ernst & Young Tower
222 Bay Street
Toronto, Ontario
M5K 1J7

KPMG LLP
Yonge Corporation Centre
4100 Yonge Street, Suite 200
Toronto, Ontario
M2P 2H3

Re: Notice of Change of Auditors ("Notice")

In compliance with section 4.11 of National Instrument 51-102 – Continuous Disclosure Obligations ("NI51-102"), please be advised as follows:

1. On March 30, 2009, the Board of Trustees of Newport Partners Income Fund (the "Fund"), upon a recommendation from the Audit Committee, decided to propose the appointment of Ernst & Young LLP (the "successor auditor") as the Fund's auditors upon the expiry of the term of appointment of KPMG LLP (the "former auditor") at the next annual meeting of Fund unitholders, and in the event of the resignation of the former auditor, prior to the expiry of the term, to appoint under section 17.3 of the Fund's Declaration of Trust the successor auditor as auditor until the next annual meeting of Fund unitholders.
2. At the next annual meeting of Fund unitholders, the unitholders will be asked to appoint the successor auditor as auditor of the Fund.
3. There were no reservations in the former auditor's report for either of the Fund's two most recently completed financial years nor for any period subsequent thereto for which an audit report was issued.
4. The non-reappointment of the former auditor and the appointment of the successor auditor were considered and recommended by the Audit Committee and approved by the Board of Trustees of the Fund.
5. The Audit Committee is of the opinion that there is no "reportable event" as defined in section 4.11(1) of NI51-102.

Please review this letter and advise the Board of Trustees of the Fund in writing whether (i) you agree, (ii) you disagree (including the reasons why), or (iii) you have no basis to agree or disagree with each statement contained in this Notice.

It is further requested that you address your response to the relevant securities regulatory authorities (list of addresses attached hereto) and deliver the response to us as soon as possible and in any event no later than April 20, 2009.

NEWPORT PARTNERS INCOME FUND

"Kelly Baird"

Kelly Baird
Chief Financial Officer & Secretary

List of Addresses

Alberta Securities Commission
4th Floor, 300-5th Ave SW
Calgary, AB T2P 3C4

Nunavut - Registrar of Securities
Legal Registries Division
Department of Justice
Government of Nunavut
1st Floor, Brown Building
P.O. Box 1000 - Station 570
Iqaluit, NU X0A 0H0

British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, B.C. V7Y 1L2

Ontario Securities Commission
Box 55, Suite 1903
20 Queen Street West
Toronto, ON M5H 3S8

Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg, MB R3C 4K5

Prince Edward Island - Securities Office
Office of the Attorney General
95 Rochford Street, P.O. Box 2000
Charlottetown, PE C1A 7N8

New Brunswick Securities Commission
85 Charlotte Street, Suite 300
Saint John, NB E2L 2J2

Quebec - Autorité des marchés financiers
800, Square Victoria, 22^e étage
C.P. 246, Tour de la Bourse
Montréal, QC H4Z 1G3

Securities Commission of Newfoundland
and Labrador
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NF & Labrador A1B 4J6

Saskatchewan Financial Services
Commission
6th Floor, 1919 Saskatchewan Drive
Regina, SK, S4P 3V7

Northwest Territories Securities Registry
1st Floor Stuart M. Hodgson Building
5009 - 49th Street
P.O. Box 1320
Yellowknife, NT X1A 2L9

Yukon Territory - Superintendent of
Securities
Community Services
2130 Second Avenue, 3rd Floor
P.O. Box 2703
Whitehorse, YT Y1A 5H6

Nova Scotia Securities Commission
Joseph Howe Building
2nd Floor, 1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9

Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Northwest Territories Securities Registry
Nova Scotia Securities Commission
Nunavut- Registrar of Securities
Ontario Securities Commission
Prince Edward Island- Securities Office
Quebec- Autorité des marchés financiers
Saskatchewan Financial Services Commission
Yukon Territory- Superintendent of Securities

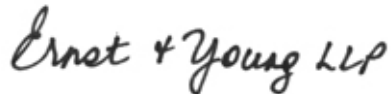
13 April 2009

**Re: Newport Partners Income Fund
Change of Auditor Notice dated April 9, 2009**

Dear Sirs/Mesdames:

Pursuant to National Instrument 51-102 (Part 4.11), we have read the above-noted Change of Auditor Notice and confirm our agreement with the information contained in the Notice pertaining to our firm.

Yours sincerely,

A handwritten signature in black ink that reads 'Ernst & Young LLP' in a cursive script.

Chartered Accountants
Licensed Public Accountants

cc: Board of Trustees, Newport Partners Income Fund
Kelly Baird, Chief Financial Officer & Secretary, Newport Partners Income Fund



KPMG LLP
Chartered Accountants
Yonge Corporate Centre
4100 Yonge Street, Suite 200
North York, ON M2P 2H3

Telephone(416) 228-7000
Telefax (416) 228-7123
www.kpmg.ca

TO: Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
New Brunswick Securities Commission
Securities Commission of Newfoundland and Labrador
Northwest Territories Securities Registry
Nova Scotia Securities Commission
Nunavut-Registrar of Securities Legal Registries Division
Ontario Securities Commission
Prince Edward Island - Securities Office, Office of the Attorney General
Québec - Autorité des marchés financiers
Saskatchewan Financial Services Commission
Yukon Territory - Superintendent of Securities

AND: Newport Partners Income Fund

Dear Sirs:

Re: Notice of Change of Auditors of Newport Partners Income Fund.

We have read the Notice of Newport Partners Income Fund dated April 9, 2009 and are in agreement with the statements contained in such Notice.

Yours very truly,

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that tapers at both ends, resembling a flourish or a signature line.

Chartered Accountants
Toronto, Canada
April 17, 2009

APPENDIX "B"
INCENTIVE OPTION PLAN

This document sets out the terms and conditions of the Incentive Option Plan (the "**Plan**") of Newport Partners Income Fund (the "**Issuer**") and is effective ●, 2009.

Purpose of the Plan

1. The purpose of the Plan is to attract and retain persons of experience and ability to the Issuer and its subsidiaries and affiliates (collectively, the "**Newport Group**") with a competitive compensation mechanism; to provide trustees, directors, officers, employees, consultants and third party service providers of the Newport Group (the "**Plan Participants**") with an incentive to grow and develop the business of the Newport Group by providing such persons with the opportunity to acquire a proprietary interest in the Issuer; and to align Plan Participants' interests with the long-term interests of Unitholders.

Administration of the Plan

2. Until determined otherwise by the board of trustees of the Issuer (the "**Board**"), the Plan shall be administered by the Compensation and Corporate Governance Committee of the board of directors of Newport Partners GP Inc. (the "**Committee**"). The Committee shall have full power and authority to interpret the Plan and to establish rules and regulations and to make such other determinations as it deems necessary or desirable for the administration of the Plan. All actions taken and decisions made by the Committee shall be final and binding upon all parties concerned.

Eligibility

3. Plan Participants will be eligible to participate under the Plan. A Plan Participant will be eligible to participate under the Plan notwithstanding that his or her services are being provided indirectly through a management agreement or other arrangement with the Newport Group.
4. Subject as herein provided, the Committee may from time to time determine the Plan Participants who may participate under the Plan.

Units subject to the Plan

5. The aggregate number of trust units of the Issuer ("**Units**") issuable pursuant to the incentive options granted under the Plan ("**Incentive Options**") and pursuant to rights to acquire Units granted under all other security-based compensation arrangements of the Newport Group shall equal 10% of the aggregate number of Units outstanding from time to time, calculated on a non-diluted basis.
6. If any Incentive Options or rights to acquire Units granted under any other security-based compensation arrangements of the Newport Group shall expire, terminate or be cancelled for any reason without having been exercised in full, any unissued Units to which such Incentive Options or rights relate shall be available for granting of further Incentive Options.
7. In the event that the Issuer converts to a corporation ("**PubCo**"), upon the Incentive Option Plan (with appropriate changes to reflect conversion from a trust to a corporation) being adopted as the incentive option plan of PubCo, no additional Incentive Options will be granted under the Plan and the aggregate number of Units issuable pursuant to Incentive Options already granted will be applied against the maximum number of common shares of PubCo issuable pursuant to incentive options granted under the incentive option plan of PubCo.

Grants of Incentive Options

8. Subject as herein provided, the Committee may from time to time grant Incentive Options on behalf of the Issuer to Plan Participants on such terms and subject to such conditions as the Committee shall approve, and subject to the following limitations:
 - (a) the aggregate number of Units issuable to insiders, at any time, pursuant to Incentive Options and rights to acquire Units under all other security-based compensation arrangements of the Newport Group shall not exceed 10% of the aggregate number of Units outstanding, calculated on a non-diluted basis; and
 - (b) the aggregate number of Units issued to insiders, during any one-year period, pursuant to Incentive Options and rights to acquire Units under all other security-based compensation arrangements of the Newport Group shall not exceed 10% of the aggregate number of Units outstanding, calculated on a non-diluted basis.

For the purposes of the Plan, "**insider**" has the meaning attributed thereto under the *Securities Act* (Ontario), together with any associates and affiliates thereof, as such terms are defined under the *Securities Act* (Ontario).

9. Incentive Options shall not be granted at any time when management of the Issuer is aware of material information that has not been disclosed to the public.
10. Incentive Options shall be non-assignable and non-transferable by a holder thereof (a "**Holder**") other than by will or the laws of descent and, subject to the prior approval of the Committee, to an entity or trust controlled by the Holder to benefit from advantageous tax treatment.
11. Each grant of an Incentive Option shall be set forth in a grant agreement containing the applicable terms and conditions required by the Plan and such other terms and conditions not inconsistent with the Plan as the Committee may deem appropriate.

Grant Price

12. Subject to adjustment in accordance with Section 22, the grant price per Incentive Option (the "**Grant Price**") shall be equal to the five-day volume weighted average trading price of the Units on the Toronto Stock Exchange (the "**TSX**") as of the trading day immediately preceding the date of grant (the "**Grant Date**") of the Incentive Option (the "**Market Price**"); or, in the event that the Units are not traded through the facilities of the TSX, the five-day volume weighted average trading price of the Units on such other stock exchange on which the Units may then be traded, as determined by the Committee as of the trading day immediately preceding the Grant Date; or, in the event the Units are not traded on any stock exchange, shall be the price determined by the Committee in its sole discretion, acting reasonably, based upon such information as may from time to time be available to the Committee indicating a valuation of the Units.

Vesting

13. The Committee shall determine on the Grant Date the vesting schedule on which Incentive Options shall vest provided that an Incentive Option shall not vest immediately on the Grant Date.

Exercise

14. Incentive Options shall, subject to clause (c) below, be exercisable at the option of the Holder either:

- (a) by the Holder delivering written notice to the Issuer specifying the number of Incentive Options being exercised and the Grant Price accompanied by payment in full by certified cheque, bank draft, money order or wire payment of the Grant Price, for the number of Incentive Options for which such exercise is made; or
 - (b) if the Units are traded through the facilities of the TSX, by the Holder delivering written notice to the Issuer specifying the number of Incentive Options being exercised in exchange for a payment by the Issuer of:
 - (i) a cash amount per Unit being the subject of such Option equal to the difference (if positive) between the Market Price of the Units as of the trading day immediately prior to the date of such exercise and the Grant Price of the Incentive Options; or
 - (ii) in lieu of such cash payment specified in clause (b)(i) above, such whole number of Units as may be issuable by the Issuer at the Market Price as of the trading day immediately prior to the date of such exercise, provided that no fractional Units shall be deliverable hereunder and, where any such fractional entitlement may exist, the number of Units issuable by the Issuer shall, in all cases, be rounded down to the nearest whole number of Units.
 - (c) the Issuer has the sole discretion to disapprove of the election of the Holder set forth in clause (b)(i) above. If the Issuer disapproves of such election, the Holder may
 - (i) exercise the Incentive Option under clause (a) or clause (b)(ii) above; or
 - (ii) retract the notice to exercise such Incentive Option.
15. As soon as reasonably practicable after the Issuer receives the notice described in Section 14 hereof:
- (a) the Issuer shall issue to the Holder from treasury, as fully paid and non-assessable shares, the Units provided in Section 14(a) or Section 14(b)(ii) hereof, as applicable, provided that the Issuer shall have, in the case of Section 14(a) hereof, received from the Holder payment in full of the Grant Price for the Units to be purchased; or
 - (b) if applicable, the Issuer shall pay to the Holder the cash payment prescribed in Section 14(b)(i), net of source deductions as may be required by law, by certified cheque, bank draft, money order or wire payment.
16. No Holder shall be entitled to, offered or provided with financial assistance of any kind by the Newport Group for the purpose of exercising any Incentive Options.

Term

17. Subject as herein provided, Incentive Options granted under the Plan may be exercised during a period (the "**Exercise Period**") not exceeding five years from the Grant Date.
18. If the Expiry Date in respect of any Incentive Options occurs during a period when the Holder is prohibited from exercising the Incentive Option due to trading restrictions imposed by the Issuer in accordance with its insider trading policies (the "**Black-Out Period**") or within 10 business days after the expiry of a Blackout Period, then the Expiry Date for that Incentive Option shall be automatically extended to the date that is the 10th business day after the expiry date of the Blackout Period. At the expiration of the Exercise Period (the "**Expiry Date**") in respect of any Incentive Options which have not been exercised, such Incentive Options shall expire and become null and void.

19. Upon expiration of any unexercised Incentive Options, such Incentive Options shall become null and void.

Early Termination of Incentive Options

20. If a Holder ceases to be a Plan Participant prior to the Expiry Date of the Holder's Incentive Options:
- (a) by reason of the death or long-term disability (as reasonably determined by the Issuer) of such Holder, then all outstanding unvested Incentive Options granted to such Holder shall, unless otherwise provided in the applicable grant agreement, immediately and automatically terminate other than those Incentive Options which would have vested within the one-year period following the date of such death or long-term disability if such death or long-term disability had not occurred, which Incentive Options shall for this purpose be deemed to be vested upon such termination. Only the Holder or the person or persons to whom the Holder's rights under the Incentive Options pass by the Holder's will or laws of descent shall have the right to exercise part or all of the Holder's outstanding vested Incentive Options at any time up to and including the earlier of: (i) the date which is one year following the date of death or long-term disability of such Holder and (ii) the Expiry Date of such vested Incentive Options;
 - (b) for any reason other than as provided in Section 20(a) or by reason of termination of employment for cause, then all outstanding unvested Incentive Options granted to such Holder shall, unless otherwise provided in the applicable grant agreement, immediately and automatically terminate. Such Holder shall have the right to exercise part or all of his or her outstanding vested Incentive Options at any time up to and including the earlier of: (i) the date which is 90 days following the date of such termination, resignation or cessation of employment and (ii) the Expiry Date of such vested Incentive Options; and
 - (c) by reason of termination of employment for cause, then all outstanding unvested Incentive Options granted to such Holder shall immediately and automatically terminate. Such Holder shall have the right to exercise part or all of his or her outstanding vested Incentive Options at any time up to and including the earlier of: (i) the date which is 30 days following the date of such termination for cause and (ii) the Expiry Date of such vested Incentive Options.
21. If the relationship of the Holder with the Issuer is terminated for any reason prior to the Expiry Date, whether or not such termination is with or without notice, adequate notice or legal notice or is with or without legal or just cause, the Holder's rights shall be strictly limited to those provided for in Section 20, or as otherwise provided in the applicable grant agreement. Unless otherwise specifically provided in writing, the Holder shall have no claim to or in respect of any Incentive Options which may have or would have vested had due notice of termination of employment been given nor shall the Holder have any entitlement to damages or other compensation or any claim for wrongful termination or dismissal in respect of any Incentive Options or loss of profit or opportunity which may have or would have vested or accrued to the Holder if such wrongful termination or dismissal had not occurred or if due notice of termination had been given. This provision shall be without prejudice to the Holder's rights to seek compensation for lost employment income or lost employment benefits (other than those accruing under or in respect of the Plan or any Incentive Option) in the event of any alleged wrongful termination or dismissal.

Adjustments

22. Subject as herein provided, in the event of any change, subdivision, consolidation, reorganization or reclassification of the Units or in respect of the affairs of the Issuer, or other relevant changes in the Units or the economic environment in which the Units are traded, the Committee shall make such adjustments, amendments or changes as it sees fit to the number of Incentive Options and to the Grant Price and shall effect such other adjustments, amendments or changes to the Plan as may be required or desirable in light of such changes, all with a view to maintaining the overall rights and benefits of the Holders of the Incentive Options as nearly as may be practicable in the circumstances.

23. Notwithstanding Section 22, in the event that the Issuer converts to PubCo, the Incentive Options will automatically become exercisable for common shares of PubCo.

Change of Control

24. Notwithstanding any other provisions of the Plan, in the event of a change of control of the Issuer, all outstanding Incentive Options granted hereunder shall immediately vest and each Holder thereof shall have the right to exercise all or part of his or her Incentive Options at any time up to and including the earlier of: (i) the date which is 90 days following the date of such change of control and (ii) the Expiry Date of the Incentive Options.
25. For purposes of Section 24, "**change of control of the Issuer**" shall be deemed to have occurred upon:
- (a) the purchase or acquisition, by whatever means (including, without limitation, by way of subscription, take-over bid, arrangement, amalgamation, merger, consolidation or other business combination), by a person (or two or more persons acting jointly or in concert), directly or indirectly, of the beneficial ownership of Units or rights to acquire Units which, together with such person's then owned Units and rights to acquire Units, if any, represent in the aggregate more than 35% of all outstanding Units other than an issue or sale of Units to an investment dealer or group of investment dealers as underwriters or agents for distribution to the public either by way of prospectus or private placement and other than an acquisition which is part of a *bona fide* reorganization of the Issuer in circumstances where the affairs of the Issuer are continued, directly or indirectly, and where the Unitholders remain substantially the same following the reorganization as existed prior thereto);
 - (b) the passing of a resolution by the Unitholders to liquidate, wind-up or dissolve the Issuer in one or more transactions or series of transactions (including by way of an arrangement, merger or amalgamation) or the commencement of proceedings for such a liquidation, winding-up or dissolution (other than as part of a *bona fide* reorganization of the Issuer in circumstances where the affairs of the Issuer are continued, directly or indirectly, and where the Unitholders remain substantially the same following the reorganization as existed prior thereto);
 - (c) the sale, lease or other disposition by the Issuer of all or substantially all of the assets of the Issuer (other than to an affiliate of the Issuer as part of a *bona fide* reorganization in circumstances where the affairs of the Issuer are continued, directly or indirectly, and where the Unitholders remain substantially the same following the reorganization as existed prior thereto);
 - (d) individuals who were proposed by management of the Issuer as trustees of the Issuer immediately prior to a meeting of Unitholders which involves a contest for, or an item of business relating to, the election of trustees, not constituting a majority of the trustees of the Issuer following such meeting; or
 - (e) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in clauses (a), (b), (c) and (d) above; or
 - (f) a determination by the Committee that there has been a change, whether by way of a change in the holding of the Units, in the ownership of the Issuer's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Issuer,

and, for greater certainty, a "change of control of the Issuer" shall not include the conversion of the Issuer to PubCo.

26. If approved by the Committee, Incentive Options may provide that, whenever the Issuer or the Unitholders receive an Acquisition Proposal, such Incentive Options may be exercised as to all or any of the Units in respect of which such Incentive Options have not previously been exercised (including in respect of Incentive Options not otherwise vested at such time) by the Holder (the "**Acquisition Acceleration Right**"), but any such Incentive Option not otherwise vested and deemed only to have vested in accordance with the foregoing may only be exercised for the purposes of tendering to such Acquisition Proposal. If for any reason any such Units are not so tendered or, if tendered are not, for any reason taken up and paid for by the offeree pursuant to the Acquisition Proposal, any such Units so purchased by the Holder shall be and shall be deemed to be cancelled and returned to the treasury of the Issuer, and shall be added back to the number of Units, if any, remaining unexercised under the Incentive Options (and shall thus be available for exercise of the Incentive Options in accordance with the terms thereof) and the Issuer shall refund to the Plan Participant all consideration paid by him or her in the initial purchase thereof. The Acquisition Acceleration Right shall commence at such time as is determined by the Committee, provided that, if the Committee approves the Acquisition Acceleration Right but does not determine commencement and termination dates regarding same, the Acquisition Acceleration Right shall commence on the date of announcement of the Acquisition Proposal and end on the earlier of the expiry time of the Incentive Option and the 10th day following the expiry date of the Acquisition Proposal. Notwithstanding the foregoing, the Acquisition Acceleration Right may be extended for such longer period as the Committee may determine. For purposes of this Section 26, "**Acquisition Proposal**" means (i) any proposal or offer by a third person, whether or not subject to a due diligence condition or whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of or control or direction over more than 35% of the Issuer's outstanding Units whether by way of take-over bid, arrangement, amalgamation, merger, consolidation or other business combination, including any single or multi-step transaction or series of related transactions, that is structured to permit such third person to acquire in any manner, directly or indirectly, more than 35% of its outstanding Units, or (ii) any proposal, offer or agreement for an arrangement, amalgamation, merger, consolidation, recapitalization, liquidation, dissolution or winding-up or similar transaction or other business combination involving the Issuer.

Rights of Holder

27. The granting of Incentive Options hereunder to any Plan Participant shall not obligate such Plan Participant to exercise such Incentive Options or any portion thereof. The holding of Incentive Options shall not entitle a Holder to any rights as a Unitholder.

Amendments

28. The Plan and any Incentive Options may be amended, modified or terminated by the Board without Unitholder approval, unless Unitholder approval is required by the rules and policies of the TSX. Changes which may be made without Unitholder approval include, without limitation:
- (a) minor changes of a "housekeeping" nature;
 - (b) amending Incentive Options, including with respect to the Expiry Date (provided that the Expiry Date is not more than 10 years from the Grant Date and that such Incentive Option is not held by an insider), vesting period, exercise method and frequency, and effect of termination of a Plan Participant's employment or cessation as a trustee or director of the Newport Group; and
 - (c) advancing the date on which any Incentive Option may be exercised or extending the Expiry Date of any Incentive Option, provided that the Expiry Date is not more than 10 years from the Grant Date.
29. Unitholder approval will be required to:

- (a) increase the maximum aggregate number of Units issuable pursuant to Incentive Options granted under the Plan;
 - (b) reduce the exercise price or extend the Expiry Date of any Incentive Option benefitting an insider;
 - (c) amend or modify the provisions of Incentive Options or the Plan in any manner which would permit Incentive Options, including those previously granted, to be transferable or assignable, other than as provided in Section 10; or
 - (d) amend the amendment provisions of the Plan.
30. Notwithstanding Section 28, the Board may not amend or modify the provisions of the Incentive Options or the Plan or terminate the Plan if:
- (a) such amendment or modification would materially and adversely impair the rights of the Holder in respect of any Incentive Option previously granted to such Holder, except with the written consent of the Holder; or
 - (b) termination of the Plan derogate from the rights of the Holder in respect of any Incentive Option previously granted to such Holder, except with the written consent of the Holder.

Regulatory Approvals

31. The Plan and any amendments or modifications thereto, including the number of Units issuable pursuant to Incentive Options, shall be subject to any approvals required by the TSX and any Incentive Option granted prior to any required approvals being obtained shall be conditional upon such approvals being given and no Incentive Options may be exercised prior to such approvals being obtained. To the extent that any provision of the Plan conflicts with any policies of the TSX, such policies shall govern and the Plan shall be deemed to be amended to be consistent therewith.
32. The obligation of the Issuer to issue Units on the exercise of the Incentive Options in accordance with the terms and conditions of the Plan is subject to applicable securities laws and to the receipt of any approvals that may be required from any regulatory authority and exchanges on which the Units are listed for trading. If Units cannot be issued to the Holder upon the exercise of the Incentive Option for any reason whatsoever, the obligation of the Issuer to issue such Units shall terminate and any consideration paid to the Issuer in connection with the exercise of the Incentive Option will be returned to the Holder as soon as practicable.

APPENDIX "C"
STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") and National Policy 58-201 – *Corporate Governance Guidelines* ("**NP 58-201**") of the Canadian Securities Administrators provide for mandated disclosure of an issuer's corporate governance practices and guidelines on best practices, respectively.

The board of directors (the "**Board of Directors**") of Newport Partners GP Inc. ("**GP Trustee**") is responsible for the governance of the Newport Partners Income Fund (the "**Fund**") and Newport Private Yield LP ("**NPY LP**"). The Board of Directors and senior management recognize the importance of corporate governance to the effective management of the Fund and NPY LP and to unitholders of the Fund ("**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 Compensation and Corporate Governance Committee of the Board of Directors.

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

Prior to the resignation of Paul Beeston on June 12, 2008, the board of trustees of the Fund ("**Board of Trustees**") was comprised of six trustees. As required by the Fund's Declaration Trust, all the trustees of the Fund must be "independent" (as defined below). Mr. Beeston was independent and was not replaced as a trustee, however, Mr. Brian Tobin, who is independent, is a nominee for election as a trustee to fill the vacancy. All of the remaining trustees, namely 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 judgment. The Board of Directors is responsible for determining whether or not each director is "independent" (as defined below). The Board of Directors is comprised of the trustees of the Fund, all of whom are independent and representatives of management of the Fund and GP Trustee and its wholly-owned indirect subsidiary NPLP. In 2008 the following individuals were not considered independent: Aubrey Baillie, Peter Wallace, Douglas Brown, Mark Kinney, David Lloyd and Dean MacDonald.

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

| Trustee/Director | Reporting Issuer |
|--|--|
| Aubrey Baillie (Director) | Brompton Corp. |
| John K. Bell (Trustee) | BSM Technologies, ATS Automation Tooling Systems Inc. and Strongco Income Fund |
| K. Michael Edwards (Trustee) | Energy Split Corp Inc. and Energy Split Corp II Inc. |
| Mark A. Kinney (Director) | Brompton Corp. |
| The Honourable Brian Tobin (Nominee Trustee) | New Flyer Industries Inc., Aecon Group Inc., Consolidated Thompson Iron Mines Limited and Lions Gate Entertainment Corp. |
| David A. Williams (Trustee) | Western Copper Corporation, Atlantis Systems Corp., Resin Systems Inc. and RoadDor Industries Ltd. |

The Board of Trustees has appointed K. Michael Edwards as the lead trustee. 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 of Directors 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 responsibilities of the Board of Directors 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 adopted a policy of meeting without management present at each regularly scheduled meeting of the board. These sessions are of no fixed duration and participating directors are encouraged to raise and discuss any issues of concern. From January 1, 2008 to December 31, 2008, the independent directors of GP Trustee met six times without management present.

The attendance record of each trustee and director for board meetings of each of the Fund and GP Trustee, respectively, held from January 1, 2008 to December 31, 2008 is as follows:

| Trustee/Director | Trustee Meetings Attended | Board Meetings Attended |
|---------------------------------|----------------------------------|--------------------------------|
| Aubrey W. Baillie | Not applicable | 6 of 6 |
| Paul Beeston ⁽¹⁾ | Not applicable | 6 of 6 |
| John K. Bell | 10 of 10 | 6 of 6 |
| Douglas C. Brown | Not applicable | 5 of 6 |
| K. Michael Edwards | 9 of 10 | 6 of 6 |
| Richard W. Ivey | 9 of 10 | 6 of 6 |
| Mark A. Kinney | Not applicable | 6 of 6 |
| David T. Lloyd | Not applicable | 5 of 6 |
| Dean MacDonald | Not applicable | 1 of 1 |
| Gerry Smith | 9 of 10 | 6 of 6 |
| Peter L. Wallace ⁽²⁾ | Not applicable | 6 of 6 |
| David A. Williams | 10 of 10 | 6 of 6 |

Notes:

- (1) Mr. Beeston resigned as a Director on June 12, 2008.
- (2) Mr. Wallace resigned as a Director on January 22, 2009.

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 LP and the Fund. The mandate of the Board of Trustees and the Board of Directors 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 senior 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 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 of Trustees or the Board of Directors, or a board committee to which approval has been delegated by the Board of Trustees or Board of Directors.

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 LP 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 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 of Trustees has discussed and considered how the Fund communicates with its Unitholders, and other stakeholders and the public. The Board of Trustees 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 stakeholders through a variety of channels, including its annual report, quarterly reports, annual information form, news releases and conference calls.

The Board of Trustees and Board of Directors, through the Audit Committee, review 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 of Trustees and Board of Directors have not developed a written position description for the Chairman or the Chair of each board committee. The Board of Trustees and Board of Directors believe 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 of the Fund. 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 of Directors and providing the information necessary or requested by the Board of Directors to give such direction;
- Ensuring that annual general and administrative budgets are prepared and presented to the Board of Directors 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 of Directors;
- Ensuring that the Board of Directors 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 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 of Directors for approval.

Orientation and Continuing Education

Part of the mandate of the Board of Directors is to ensure that all new trustees and directors receive a comprehensive orientation and fully understand the role of each Board and their Committees, as well as the contribution individual trustees and directors are expected to make, including the commitment of time and resources.

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

Ethical Business Conduct

The Fund and its subsidiaries and operating partnerships have adopted a code of business ethics (the "**Code**") for all trustees, directors, officers, 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 of which such Covered Party becomes aware.

The text of the Code is set out in Appendix "D" to this Circular.

Nomination of Trustees and Directors

The Board of Trustees 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 believes that this is an appropriate size to facilitate decision-making. The Board of Directors 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 of Directors considers whether or not each new nominee can devote sufficient time and resources to his/her duties as a member of the Board of Directors.

Compensation

The Compensation and Corporate Governance Committee reviews and recommends to the Board of Directors 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 of Directors 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 of Directors and makes recommendations to the Board of Directors with respect to the allocation of the LTIP. The Compensation and Corporate Governance Committee will be responsible for the administration of the Incentive Option Plan of the Fund, if approved by Unitholders.

Assessments

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

Other Board Committees

Audit Committee

The audit committees (the "**Audit Committees**") of the Board of Trustees and Board of Directors are composed of John Bell (Chair), David Williams, Richard Ivey, Gerry Smith and Michael Edwards. The Board of Trustees and Board of Directors consider all members of the Audit Committees to be "independent" and "financially literate" within the meaning of Multilateral Instrument 52-110 – *Audit Committees*. The Audit Committees have a specifically defined mandate and charter which clearly defines its role and responsibilities. The Audit Committees are responsible for recommending to the Board of Trustees and Board of Directors the appointment and compensation of the 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 subsidiaries by the 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 revised Annual Information Form of the Fund for the year ended December 31, 2008, which is 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, Gerry Smith, John Bell and David Williams. The Board of Directors 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 "D"
CODE OF BUSINESS ETHICS

NEWPORT PARTNERS INCOME FUND (the "Fund")
And each of its subsidiaries and operating partnerships

The Fund has adopted the following code of business ethics for the trustees, directors, officers, senior management, employees and service providers of the Fund and each of its subsidiaries and operating partnerships. References herein to the "**Company**" shall mean the Fund and each of the Fund's subsidiaries and operating partnerships and each of their board of trustees, board of directors, officers, 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:
 - (a) all applicable laws and regulations to which the business operations of the Company are subject;
 - (b) 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:
 - (a) **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.
 - (b) **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 trustees/directors of the Company. Trustees/directors shall use goods, services and facilities provided to them by the Company strictly in accordance with the terms on which they are provided. Trustees/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 trustees/directors may adopt from time to time.
 - (c) **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.
 - (d) **Confidentiality of Information:** Covered Parties must ensure that confidential information relating to the customers, operations, employees, officers, trustees, 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.
 - (e) **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.

- (f) 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 Fund, the Secretary of the Fund, or as outlined in the "Employee Complaints and Concerns Policy".
- (g) 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 trustees/board of directors of the Company is 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 trustee, director or executive officer shall be granted by the board of trustees, the board of directors or by a committee of the board of trustees or board of directors.