

## **NEWPORT ENTERS INTO SUPPORT AGREEMENTS FOR COMPREHENSIVE SENIOR DEBT REFINANCING AND DEBENTURE EXCHANGE TRANSACTIONS**

- Support Agreements in favour of refinancing and debenture exchange executed by substantial percentage of debenture holders**
- When completed, transactions contemplated by Support Agreements will result in stronger, more stable balance sheet while preserving equity value**

**Toronto-November 30, 2010-** Newport Partners Income Fund (the “**Fund**”) (TSX:NPF.UN, NPF.DB and NPF.DB.A) is pleased to announce that Marret Asset Management Inc. (“**Marret**”) and K2 Associates Investment Management Inc. (“**K2**”) have each entered into a support agreement with the Fund (collectively, the “**Support Agreements**”), which secures Marret’s and K2’s support for (i) the assignment to Marret (on behalf of various funds it manages) and amendment of (the “**Refinancing**”) Newport Finance Corp.’s senior secured credit facility (the “**Senior Credit Facility**”); and (ii) an exchange transaction pursuant to which the terms of the indenture for the Fund’s 7.5% debentures due December 31, 2010 (the “**2010 Debentures**”) and the 7.0% debentures due December 31, 2012 (the “**2012 Debentures**” and together with the 2010 Debentures, the “**Debentures**”) will be amended to provide for the mandatory exchange of the Debentures for newly created second lien notes and subordinated unsecured notes of the Fund (the “**Exchange Transaction**”). In the coming weeks, the Fund, Marret and K2 will be working together with a view to finalizing definitive documents in respect of the Refinancing and the Exchange Transaction.

### **Senior Credit Facility Refinancing:**

The Support Agreement with Marret contemplates seeking an assignment to Marret of all of the rights and obligations of the lenders under the Senior Credit Facility. The current advances outstanding under the Senior Credit Facility total approximately \$112 million (excluding letters of credit outstanding). Following the assignment, the Senior Credit Facility would undergo certain amendments to effect the following changes, among others:

- Maximum aggregate commitments: \$112 million;
- Term: three years;
- Interest: 7.5% - 9.5% per annum (depending on leverage ratios);
- Forbearance Extension: until December 31, 2011 unless amendments curing existing events of default are entered into prior to that date;
- Mandatory prepayment obligations in respect of certain proceeds of disposition and excess cash flow; and
- Availability of new loan commitments to facilitate the purchase of minority interests in specified subsidiaries.

The Refinancing transaction is currently anticipated to close on or about December 10, 2010.

## **Second Lien Notes and Subordinated Unsecured Notes:**

The Support Agreements provide for the Exchange Transaction, which would, once implemented, effect an extension on the repayment period for amounts owing under all Debentures. The Fund would exchange the entire principal outstanding on the Debentures (being approximately \$165 million) for publicly traded, 5 year, second lien notes of the same principal amount. The Fund would exchange accrued but unpaid interest on the Debentures up to the date of implementation of the exchange (approximately \$24 million as of December 31, 2010) for publicly traded, 3 year, unsecured notes.

The Exchange Transaction is currently expected to close on or about January 17, 2011.

The second lien notes would bear interest at 8% per annum and be guaranteed by, and secured by a second lien against, assets of the Fund and most of its affiliates. The unsecured notes would be convertible on maturity at the exclusive option of the Fund into a maximum of 10% of the equity of the Fund. Both the second lien notes and unsecured notes will benefit from certain prepayment obligations upon the Fund achieving prescribed milestones.

The Support Agreements also permit, subject to regulatory approval and approval by the Fund's Board of Trustees, the creation of a management incentive plan for up to 10% of the issued and outstanding units of the Fund, vesting over a two year period.

The Refinancing and Exchange Transaction are subject to the execution of definitive documentation, and in the case of the Exchange Transaction, approval of the TSX and approval by the requisite majorities of holders of the Debentures. Marret, on behalf of various funds it manages, and K2 together own or control approximately 55% of the 2010 Debentures outstanding and 41% of the 2012 Debentures. The Fund shall provide an update upon execution of the definitive documentation. The Support Agreements expire automatically on March 31, 2011 but may expire earlier in certain circumstances, including if the Exchange Transaction is defeated at a meeting of holders of the Debentures.

Financial advice on the Refinancing and Exchange Transaction has been provided to the Fund by Canaccord Genuity Corp. Legal advice to the Fund has been provided by Ogilvy Renault LLP.

## **About Newport Partners Income Fund**

Newport Partners Income Fund is an unincorporated open-ended trust created to hold, through its investment in Newport Partners Commercial Trust, interests in Newport Private Yield LP, a limited partnership established under the laws of the Province of Ontario. Securities of Newport Partners Income Fund began trading on the TSX on August 8, 2005 under the symbol NPF.UN.

Newport Partners Income Fund is a publicly-traded diversified fund that invests in successful Canadian private businesses. The Fund, currently has \$452 million invested in 14 companies representing a diverse cross-section of the Canadian economy.

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**Forward-Looking Statements**

Certain information included in this news release may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue” or the negative of these terms or other similar expressions concerning matters that are not historical facts. Without limitation, information regarding the closing of the transaction constitutes forward-looking information. Such forward-looking information reflects management’s current beliefs and is based on information currently available to management of the Fund and the businesses in which the Fund holds an ownership interest (the “**Operating Partnerships**”). Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information, including risks related to the satisfaction of all closing conditions to the Refinancing and Exchange Transaction, the receipt of all required consents and approvals and the abilities, actions, financial condition and circumstances of other parties to the Refinancing and Exchange Transaction. These factors should not be considered exhaustive. In addition, in evaluating this information, investors should specifically consider various factors, including the risks outlined in the Fund’s public disclosure documents filed on SEDAR at [www.sedar.com](http://www.sedar.com), which may cause actual events or results to differ materially from any forward-looking statement. In formulating forward-looking information herein, management has assumed that business and economic conditions affecting the Fund and the Operating Partnerships and the other parties to the Refinancing and Exchange Transaction will continue substantially in the ordinary course, including without limitation, with respect to general levels of economic activity. Although the forward-looking information is based on what management of the Fund and the Operating Partnerships consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management’s assumptions may prove to be incorrect. This forward-looking information is made as of the date of this news release, and the Fund does not assume any obligation to update or revise them to reflect new events or circumstances. Undue reliance should not be placed on forward-looking information. The Fund is providing the forward-looking financial information for the purpose of providing investors with some context for the information presented herein. Readers are cautioned that this information may not be appropriate for any other purpose.