

Newport Partners Income Fund mails circular for proposal to restructure its 7.0% and 7.5% Convertible Debentures

The Board of Trustees has unanimously recommended that Debentureholders vote FOR the debentureholder resolution and the indenture amendments

Toronto - February 23, 2011 - (TSX: NPF.UN, NPF.DB, NPF.DB.A): Newport Partners Income Fund (the “Fund”) announced today that it has mailed a Notice of Meeting and Information Circular (“Circular”) with respect to its request for approval of holders of its 7.5% Convertible Unsecured Subordinate Debentures due December 31, 2010 (the “2010 Debentures”) and its 7.0% Convertible Unsecured Subordinated Debentures due December 31, 2012 (the “2012 Debentures”) and, together with the 2010 Debentures, the “Existing Debentures”) to amend the terms of the Existing Debentures and the related indentures at a serial meeting of holders of the Existing Debentures (the “Debentureholders”) to be held on March 18, 2011 (the “Meeting”).

The proposed debt restructuring contemplated by the resolution (the “Debentureholder Resolution”) provides several benefits to Debentureholders including:

- **No Compromise of Amounts Owed:** The full principal amount of the Existing Debentures will be satisfied by the issuance of 8.0% secured debentures due in March, 2016 (the “Secured Debentures”), and all accrued and unpaid interest, to the effective date of the amendments, will be satisfied by the issuance of 3.624% unsecured debentures of the Fund due in March, 2014 (the “Unsecured Debentures”);
- **Higher Interest Rate with an Extended Term:** The proposed amendments provide the Debentureholders with newly issued secured debentures at an interest rate of 8% compared to the existing rates of 7.0% for the 2010 Debentures and 7.5% for the 2012 Debentures, and a maturity period extending to 2016;
- **Additional 15% on Payment of Accrued and Unpaid Interest:** To the extent that the Fund is required to or chooses to repay the Unsecured Debentures in cash prior to their maturity date, the Fund will pay an additional 15% on the principal amount redeemed;
- **Debentureholders Would Become Secured Creditors:** The Secured Debentures would benefit from the same security and, subject to limited exceptions, they would rank subordinate only to, the senior lender of the Fund’s group of companies;
- **Potential Early Redemption:** In certain circumstances, the Fund will be required to redeem the secured and unsecured debentures using proceeds of asset sales, financings, equity issuances and excess cash flow.

Board Recommendation

The Debentureholders are encouraged to read the materials that were mailed and filed yesterday and that contain important information with respect to the proposed debt restructuring and indenture amendments. Further information with respect to the proposed debt restructuring as well as voting instructions are outlined in the Circular which is available on SEDAR at www.sedar.com or on the Fund’s website at www.newportpartnersincomefund.ca.

THE BOARD OF TRUSTEES HAS UNANIMOUSLY RECOMMENDED THAT THE DEBENTUREHOLDERS CONSENT TO/ VOTE FOR THE DEBENTUREHOLDER RESOLUTION AND THE INDENTURE AMENDMENTS.

Support Agreements

Two of the Fund’s significant Debentureholders, together holding, 55% and 41% of the outstanding 2010 Debentures and 2012 Debentures, respectively, have executed support agreements under which these holders have agreed to vote FOR the Debentureholder Resolution.



About the Debt Restructuring and the Meeting

The Debenture Resolution and amendments to the Existing Debentures will be approved if at least 66 2/3% of the principal amount of the 2010 Debentures voting (either in person at the Meeting or by proxy) and at least 66 2/3% of the principal amount of the 2012 Debentures voting (either in person at the Meeting or by proxy) vote FOR the Debenture Resolution. Each Debentureholder is entitled to one vote for every \$1000 principal amount of the Existing Debentures held by such holder. Detailed voting instructions are included in the Circular. The Meeting is scheduled to be held on Friday, March 18, 2011 at 8:30 A.M. at the offices of Ogilvy Renault LLP, Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, Toronto, Ontario M5J 2Z4.

Once approved at the Meeting, the effectiveness of the amendments to the Existing Indenture are subject to regulatory and other approvals. It is anticipated that the amendments will become effective on or about March 23, 2011

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 \$443 million invested in 12 companies representing a diverse cross-section of the Canadian economy.

For further information:

Debentureholders should contact **Kingsdale Shareholder Services Inc.** if they have any questions, or require assistance completing the forms of proxy by telephone at **1-800-775-1986** or by email at contactus@kingsdaleshareholder.com.

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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, 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 its operating partnerships and the other parties to the 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.