



## NEWPORT PARTNERS INCOME FUND PROVIDES UPDATE WITH RESPECT TO DEBENTURE EXCHANGE TRANSACTION

**Toronto-December 21, 2010-** Newport Partners Income Fund (the “Fund”) (TSX:NPF.UN, NPF.DB and NPF.DB.A) announces today that in anticipation of the proposed exchange of 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”) for newly created second lien notes and subordinated unsecured notes of the Fund (the “Exchange Transaction”), as previously described in a press release of the Fund dated November 30, 2010, the Toronto Stock Exchange (the “TSX”) will permit the 2010 Debentures to continue to trade on the TSX after their maturity date of December 31, 2010, until the meeting of debenture holders referred to below. The 2010 Debentures are currently trading on an interest flat basis and will continue to trade on such basis.

Pursuant to the indenture for the Fund’s 2010 Debentures, holders may convert the principal of their 2010 Debentures into units of the Fund (“Units”) on or before the close of business on December 31, 2010 at the price of \$9.50 per Unit, being a conversion rate of approximately 105.2632 Units for each \$1,000 principal amount of 2010 Debentures. While the 2010 Debentures provide that in the event of such conversion, accrued and unpaid interest to but excluding the date of conversion will be paid in cash, the Fund is prevented from making such payment under the terms of the indenture governing the Debentures as a result of its continuing default to make payments on its senior indebtedness.

The Exchange Transaction is subject to the execution of definitive documentation and approval of the TSX and approval by the requisite majorities of holders of the Debentures. The Fund will advise holders of the Debentures once a record date and a date for a meeting of holders of Debentures to vote on the Exchange Transaction has been set.

### 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 13 companies representing a diverse cross-section of the Canadian economy.

### For further information, please contact:

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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.