



## Newport Partners Income Fund expands portfolio with strategic industrial services investment

Murray Demolition invests \$50 million for Quantum Environmental Group to create a leading decommissioning and environmental remediation firm

**Toronto - December 7, 2006** – Newport Partners Income Fund (TSX:NPF.UN) ("Newport" or "the Fund") announced today that its operating partnership, Murray Demolition LP ("Murray"), Canada's largest demolition company, has signed a definitive agreement to invest \$50 million for the assets of privately-owned Quantum Environmental Group Inc. ("Quantum"). Based in Vancouver, Quantum is a nationally recognized leader in the clean-up and rehabilitation of commercial and industrial sites and facilities.

The transaction, which is subject to regulatory approval, is expected to close in January 2007. Upon closing, Murray and Quantum will carry on business on a combined basis as Quantum Murray LP ("Quantum Murray") creating a leading full-service, national decommissioning and environmental remediation firm with last twelve month revenues of more than \$140 million.

Under the terms of the transaction, Quantum will receive \$28.5 million in cash and \$21.5 million in units of Murray. Upon closing, Newport will own a 62 percent interest in the merged company. The remaining 38% interest will be controlled by the management of Quantum Murray. These management unitholders have subordinated their interest in Quantum Murray's cash flows to Newport's interest for a period of up to two years following closing. Newport's annual priority income from the investment under the subordination provision is \$11.1 million. Including its initial \$30.5 million investment in Murray which was completed in March 2006, Newport will have a total of \$59 million invested representing an expected return on invested capital of 19%. The Fund's target return on invested capital is 16–20% before financing and corporate costs.

Quantum was founded in 1992 by current president Jeff Westeinde and Doug Wynn, the president of Quantum's Hazmat division who, along with Brian Stuckert, are the principal shareholders of Quantum. Jeff Westeinde has more than 18 years of experience in the remediation business and has won accolades for his accomplishments as an entrepreneur, winning the Ernst & Young Entrepreneur of the Year award in 2001 (Pacific Region).

Quantum provides a wide range of services including site remediation, hazardous materials abatement, and treatment and disposal of waste materials. The company was contracted to perform more than 200 projects in 2006 and currently has 250 employees. For its fiscal year ended October 31, 2006, Quantum generated revenues and normalized EBITDA of approximately \$76 million and \$11.3 million, respectively.

Key strengths of the Quantum Murray combination include:

**Expanded service offering and cross-selling opportunities:** Murray is dominant in the demolition business while Quantum is a leader in remediation services. The combination allows both operations to diversify their service offering and provide a full spectrum of decommissioning services to customers across Canada;

**Broader geographical scope and customer penetration:** Quantum currently generates approximately 75% of its revenues from British Columbia and Alberta while Murray produces approximately 85% of its revenues in Ontario;

**Significant opportunities for organic growth:** Quantum Murray is expected to benefit from continuing high levels of decommissioning activity by Canada's industrial and commercial sectors. An increase in government regulation and tax-based incentives is also expected to drive spending in the area of remediation and brownfield development;

**Size and national scope in a highly fragmented industry with opportunities for acquisition-driven growth.**

Under the combined entity, Jeff Westeinde will be Chief Executive Officer and Shawn Murray, currently Chief Executive Officer of Murray will be President of Quantum Murray.

“When we partnered with Newport earlier this year, it was in large part because we had a plan to grow our business at an accelerated rate through strategic investments,” explained Shawn Murray, Chief Executive Officer of Murray. “Quantum was first on our list. We had worked with them and knew their company would be an ideal complement to what we were doing. Our cultures are very compatible and there is little overlap and lots of opportunity in the combined service offering.”

“We are delighted to be taking this important step with Murray in the pursuit of our growth and operational plan which is to become the number one decommissioning company in Canada and one of the leaders in the world,” commented Quantum Chief Executive Officer, Jeff Westeinde.

“Our investment in Murray has exceeded our expectations to date and we are delighted to have the opportunity to invest more capital in support of what we believe can become a major industrial player,” added Peter Wallace, President and Chief Executive Officer of Newport. “We look forward to participating in the growth and profits of Quantum Murray.”

**ABOUT NEWPORT**

Newport is an unincorporated, open-ended trust created to hold through the Company’s investment in Newport Partners Commercial Trust, interests in Newport Private Yield LP, (“NPY”) a limited partnership established under the laws of the Province of Ontario. Newport began trading on the TSX on August 8, 2005 under the symbol NPF.UN.

Newport is a leading Canadian asset manager. Newport invests in the private business asset class -- a major growth engine of the Canadian economy. Our objective is to make long-term equity investments in leading private businesses that have a track record of strong earnings and potential for future growth. Newport’s portfolio currently consists of 17 high-quality businesses representing a diverse cross-section of the Canadian economy. Newport unitholders participate in the cash flows, growth and diversification of the portfolio through monthly distributions. Newport’s management has decades of investment experience and a significant ownership position.

The terms “Normalized EBITDA” and “Invested Capital” (collectively the “Non-GAAP Measures”) are financial measures used in this release that are not standard measures under Canadian GAAP. Newport’s method of calculating Non-GAAP Measures may differ from the methods used by other issuers. Therefore, Newport’s Non-GAAP Measures, as presented in this release may not be comparable to similar measures presented by other issuers.

Normalized EBITDA refers to net earnings of Newport and NPY determined in accordance with generally accepted accounting principles, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense, income tax expense and other adjustments. Management believes that Normalized EBITDA is a useful supplemental measure of performance and is the primary basis on which management assesses financial performance and cash available for debt service, working capital, capital expenditures, income taxes and distributions.

Invested capital includes the cost to acquire the equity interest in an investment and any monies advanced to repay existing long-term debt. It excludes transaction costs and any working capital provided to the invested business.

Investors are cautioned that the Non-GAAP Measures are not alternatives to measures under GAAP and should not, on their own, be construed as an indicator of Newport’s or NPY’s performance or cash flows, a measure of liquidity or as a measure of actual return on the Units.

Certain statements in this news release may include “forward-looking” statements that relate to future events or future performance and reflect management’s expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of Newport and the operating partnerships in which it holds an ownership interest (the “Operating Partnerships”). Such

forward-looking statements reflect management's current beliefs and are based on information currently available to management of Newport and the Operating Partnerships. In some cases, forward-looking statements 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. In particular, statements regarding the future operating results and economic performance of Newport and the Operating Partnerships are forward-looking statements. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking statements. In evaluating these statements, prospective purchasers should specifically consider various factors, including the risks outlined under "Risk Factors" in Management's Discussion and Analysis, which may cause actual events or results to differ materially from any forward-looking statement. Although the forward-looking statements are based on what management of Newport 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 these forward-looking statements, and management's assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this news release, and Newport does not assume any obligation to update or revise them to reflect new events or circumstances.

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