



MACQUARIE

**MACQUARIE POWER & INFRASTRUCTURE INCOME FUND**

**NOTICE OF  
ANNUAL MEETING OF UNITHOLDERS  
TO BE HELD ON  
APRIL 12, 2006**

**AND**

**INFORMATION CIRCULAR**



## MACQUARIE POWER & INFRASTRUCTURE INCOME FUND

### Notice of Annual Meeting of Unitholders to be held on April 12, 2006

#### Notice of Annual Meeting

Notice is hereby given that the annual meeting of the holders of units (“Unitholders”) of Macquarie Power & Infrastructure Income Fund (the “Fund”) will be held at the TSX Conference Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario on April 12, 2006 at 10:00 a.m. (Toronto time) for the following purposes:

- (a) to receive the Fund’s Annual Report, which contains the Fund’s audited consolidated financial statements as at and for the financial year ended December 31, 2005 and the auditors’ report thereon, a copy of which is enclosed herewith;
- (b) to appoint trustees of the Fund (“Trustees”);
- (c) to re-appoint PricewaterhouseCoopers LLP as auditors of the Fund with remuneration to be fixed by the Trustees; and
- (d) to transact such other business as may properly come before the meeting or any adjournment thereof.

The specific details of the foregoing matters to be put before the meeting are set forth in the Information Circular accompanying this Notice of Meeting.

Unitholders are invited to attend the meeting. Registered Unitholders who are unable to attend the meeting in person are requested to complete, date and sign the enclosed form of proxy and either send it to Computershare Investor Services Inc., at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department or use one of the other methods of delivery described in the form of proxy. Non-registered Unitholders who receive these materials through their broker or other intermediary should complete and send the form of proxy in accordance with the instructions provided by their broker or intermediary. To be effective, a proxy must be received for verification by 10:00 a.m. (Toronto time) on April 10, 2006, or in the case of any adjournment of the meeting, not less than 48 hours prior to the time of such meeting.

DATED the 13th day of March, 2006.

By Order of the Trustees

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Derek Brown,  
as Trustee and not in his personal capacity



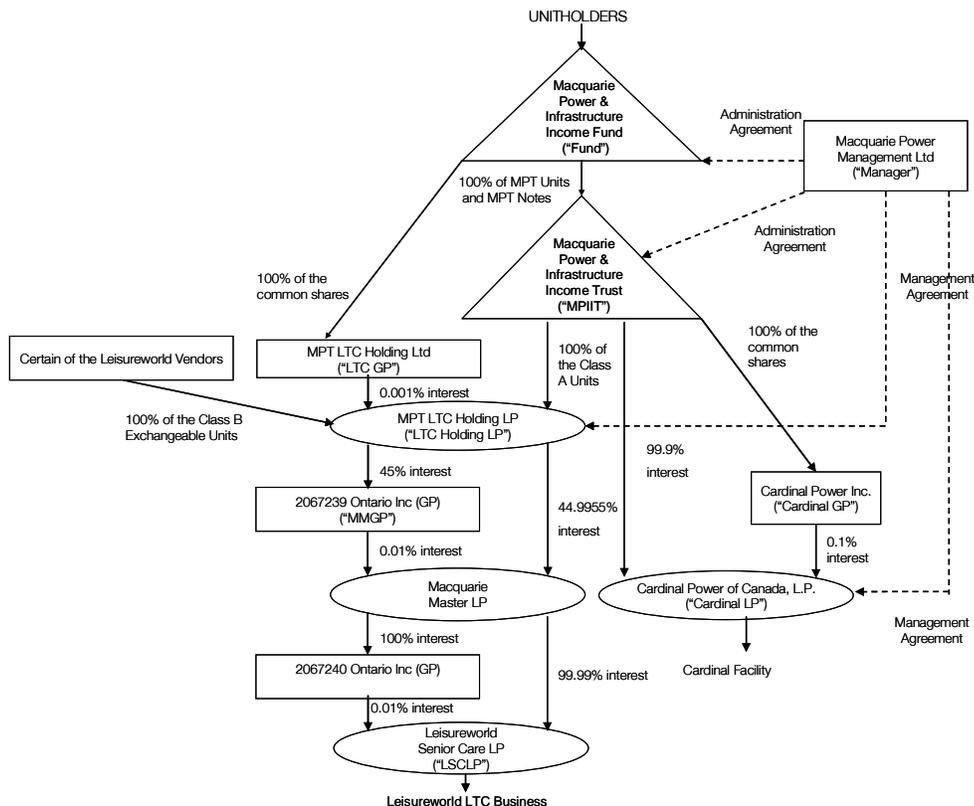
## MACQUARIE POWER & INFRASTRUCTURE INCOME FUND

### Information Circular for the Annual Meeting of Unitholders to be held on April 12, 2006

#### THE FUND

Macquarie Power & Infrastructure Income Fund (the “Fund”) is an unincorporated, open-ended, limited purpose trust established by a declaration of trust dated March 15, 2004, as amended and restated as of April 16, 2004 (the “Fund Declaration of Trust”) under the laws of the Province of Ontario. The Fund Declaration of Trust was further amended effective February 21, 2006 and a copy of such amendment will be filed and publicly available on SEDAR at [www.sedar.com](http://www.sedar.com). Pursuant to Section 12.2 of the Fund Declaration of Trust, notice of such amendment is hereby provided to holders of units of the Fund. The amendment corrected and rectified Section 4.4 of the Fund Declaration of Trust to clarify that the acquisition and investment guidelines of the Fund should not be applied to internal reorganizations of any direct or indirect subsidiaries of the Fund.

The Fund indirectly owns (a) a 100% interest in the 156 megawatt power generating facility (the “Cardinal Facility”) of Cardinal Power of Canada, L.P. (“Cardinal LP”) and (b) a 45% interest in the long-term care and related business (the “Leisureworld LTC Business”) of Leisureworld Senior Care LP (“LSCLP”). The Fund’s indirect ownership of Cardinal LP and LSCLP is illustrated in the following diagram:



The Fund and Macquarie Power & Infrastructure Income Trust (“MPIIT”) are administered by Macquarie Power Management Ltd. (the “Manager”) under an administration agreement, as amended (the “Administration Agreement”). The Manager also provides certain management services to Cardinal LP for the Cardinal Facility under a management agreement with Cardinal LP (the “Cardinal LP Management Agreement”) and to LTC Holding LP in respect of its 45% indirect interest in LSCLP under a management agreement with LTC Holding LP (the “LTC Holding LP Management Agreement”). The Manager is a wholly-owned indirect subsidiary of Macquarie Bank Limited, an Australian public company listed on the Australian Stock Exchange.

The Fund is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The units of the Fund (“Units”) are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation.

Investments in the Fund are not deposits with or other liabilities of Macquarie Bank Limited, the Manager or of any Macquarie group company and are subject to investment risk, including loss of income and equity invested or delays in redemption. None of Macquarie Bank Limited, the Manager or any other member company of the Macquarie group guarantees the performance of the Fund, distributions from the Fund or the redemption or repayment of capital from the Fund.

All dollar amounts in this Circular are expressed in Canadian dollars unless otherwise indicated.

## PROXIES

### Solicitation of Proxies

**The information contained in this information circular (the “Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the trustees of the Fund (the “Trustees”) to be used at the annual meeting (the “Meeting”) of holders of Units (“Unitholders”) to be held at the TSX Conference Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario on April 12, 2006 at 10:00 a.m. (Toronto time) or at any adjournment thereof.** It is expected that the solicitation will be made primarily by mail. However, proxies may also be solicited by personal interview, telephone or by other means of communication on behalf of the Trustees by directors, officers and employees of the Manager without special compensation, or by the Fund’s transfer agent, Computershare Investor Services Inc., at nominal cost. The total cost of solicitation will be borne by the Fund. The information contained in this Circular is given as at March 13, 2006, except where otherwise noted.

### Appointment of Proxyholder

The persons named in the enclosed form of proxy are Trustees. **Each Unitholder has the right to appoint as proxyholder a person (who need not be a Unitholder) other than the persons named in the enclosed form of proxy to attend and act on the Unitholder’s behalf at the Meeting or at any adjournment thereof.** Such right may be exercised by inserting the name of the person in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy.

Registered Unitholders who are unable to attend the Meeting in person should complete, date and sign the enclosed form of proxy and either send it to Computershare Investor Services Inc., at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department or use one of the other methods of delivery described in the form of proxy. Non-registered Unitholders who receive these materials through their broker or other intermediary should complete and send the form of proxy in accordance with the instructions provided by their broker or other intermediary. To be effective, a proxy must be received for verification by 10:00 a.m. (Toronto time) on April 10, 2006, or in the case of any adjournment of the Meeting, not less than 48 hours prior to the time of such meeting.

### Revocation of Proxy

A Unitholder who has given a proxy may revoke it by depositing an instrument in writing signed by the Unitholder or by the Unitholder’s attorney, who is authorized in writing by such Unitholder, at the office of Computershare Investor Services Inc., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Attention:

Proxy Department at any time up to and including the last business day preceding the day of the Meeting, or in the case of any adjournment of the Meeting, the last business day preceding the day of the adjournment, or with the Chair of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment thereof. A Unitholder may also revoke a proxy in any other manner permitted by law.

### **Voting of Proxies**

On any ballot that may be called for, the Units represented by a properly executed proxy given in favour of the person named in the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions given on the ballot, and if the Unitholder specifies a choice with respect to any matter to be acted upon, the Units will be voted accordingly. **In the absence of such instructions, such Units will be voted for the appointment of Trustees and for the re-appointment of auditors, in each case, as indicated under those headings in this Circular.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting, and with respect to other matters which may properly come before the Meeting or any adjournment thereof. As of the date of this Circular, neither the Trustees, nor the Manager are aware of any such amendment, variation or other matter to come before the Meeting. However, if any amendments or variations to matters identified in the accompanying Notice of Meeting or any other matters which are not now known to the Trustees or the Manager should properly come before the Meeting or any adjournment thereof, the Units represented by properly executed proxies given in favour of the persons named in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

### **Beneficial Unitholders**

The only registered Unitholder is CDS & Co., which acts as a clearing agent for intermediaries such as banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement saving plans, registered retirement income funds, registered education savings plans and similar plans. Unitholders who do not hold their Units in their own name (i.e. non-registered or beneficial Unitholders) should note that only proxies deposited by Unitholders whose names appear on the records of the Fund as the registered holder of Units can be recognized and acted upon at the Meeting. Units registered in the name of CDS & Co. can only be voted upon the instructions of the beneficial Unitholder. Without specific instructions from the beneficial holder of Units, CDS & Co. is prohibited from voting such Units. Therefore, beneficial Unitholders should ensure that their instructions respecting the voting of their Units are communicated to the appropriate person.

Intermediaries are required under applicable securities legislation to seek voting instructions from beneficial securityholders in advance of a meeting of securityholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by beneficial Unitholders in order to ensure that their Units are voted at the Meeting. Many intermediaries now delegate responsibility for obtaining instructions from clients to ADP Investor Communications Corporation (“ADP”). ADP typically uses its own form of proxy, mails these forms to the beneficial Unitholders and asks beneficial Unitholders to return the proxy forms to ADP. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Units to be represented at the Meeting. A beneficial Unitholder receiving a proxy from ADP cannot use that proxy to vote Units directly at the Meeting – the proxy must be returned to ADP well in advance of the Meeting in order to have the Units voted.

Although a beneficial Unitholder may not be recognized directly at the Meeting for the purposes of voting Units beneficially owned by such holder, a beneficial Unitholder may attend the Meeting as proxyholder for the registered Unitholder and vote the Units in that capacity. Beneficial Unitholders who wish to attend the Meeting and indirectly vote their Units as proxyholder for the registered Unitholder should enter their own names in the blank space on the form of proxy provided to them and return the same in accordance with the instructions provided to them well in advance of the Meeting.

## VOTING OF UNITS AND PRINCIPAL HOLDERS THEREOF

### Outstanding Units

The Fund Declaration of Trust provides for the issuance of an unlimited number of Units. All Units are of the same class with equal rights and privileges. Each Unit confers the right to one vote at any meeting of Unitholders. As at February 24, 2006, the Fund had 26,798,997 Units outstanding, each carrying the right to one vote per Unit.

As at February 24, 2006, there were 3,249,390 Class B exchangeable partnership units of LTC Holding LP (the "Class B Exchangeable Units") outstanding. The Class B Exchangeable Units were issued to certain vendors of the Leisureworld LTC Business in connection with the Fund's acquisition of its interest in the Leisureworld LTC Business in October, 2005. The Class B Exchangeable Units have economic rights equivalent in all material respects to those of the Units. Subject to certain conditions, the Class B Exchangeable Units are exchangeable on a one-for-one basis for Units. As well, each Class B Exchangeable Unit entitles the holder thereof to receive distributions from LTC Holding LP at the same time as and equal to distributions made by the Fund on a Unit. Except as required by law, holders of the Class B Exchangeable Units are not entitled to vote at any meeting of the limited partners of LTC Holding LP except in respect of a matter which specifically affects the Class B Exchangeable Units.

### Record Date

February 24, 2006 has been fixed as the record date for the Meeting. Any Unitholder of record at the close of business on the record date is entitled to vote the Units registered in such Unitholder's name at that date on each matter to be acted upon at the Meeting.

### Quorum

A quorum at the Meeting shall consist of two or more individuals present in person either holding personally or representing as proxies not less in aggregate than 10% of the votes attached to all outstanding Units.

### Principal Unitholders

The only registered Unitholder is CDS & Co. To the knowledge of the Trustees and the Manager, as at March 13, 2006, no person beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the voting rights attached to the outstanding Units.

## MATTERS TO BE ACTED UPON AT THE MEETING

### Financial Statements

The consolidated financial statements of the Fund for the year ended December 31, 2005, together with the report of the auditors thereon, are contained in the 2005 Annual Report of the Fund mailed to Unitholders together with this Circular and will be presented at the Meeting.

### Appointment of Trustees

The Fund Declaration of Trust provides that the Fund must have a minimum of four and a maximum of ten trustees, as determined from time to time by the Trustees. Presently, the number of Trustees is set at four. The Fund Declaration of Trust provides that a majority of the Trustees holding office at any time shall not be non-residents of Canada for the purposes of the *Income Tax Act* (Canada). With the exception of the Manager's appointee, who is a non-resident of Canada, all of the other individuals proposed for appointment as Trustees are residents of Canada for such purposes.

During the term of the Administration Agreement, the Manager is entitled to appoint one Trustee. Each of the Trustees, other than the Manager's appointee, must by the terms of the Fund Declaration of Trust be "independent" (as such term is defined under section 1.4 of Multilateral Instrument 52-110 — *Audit Committees*)

(an “Independent Trustee”). All of the individuals proposed for appointment by Unitholders are Independent Trustees for such purposes.

The number of Trustees to be appointed at the Meeting is three. **In the absence of a contrary instruction, the persons named in the enclosed form of proxy intend to vote FOR the appointment as Trustees the proposed nominees whose names are set forth below, all of whom are currently Trustees of the Fund.** All proposed nominees have consented to be named in this Circular and to serve as Trustees if appointed. Neither the Trustees nor the Manager contemplate that any of the proposed nominees will be unable to serve as a Trustee, but if that should occur for any reason prior to the Meeting, the Units represented by properly executed proxies given in favour of such proposed nominee(s) may be voted by the persons named in the enclosed form of proxy, in their discretion, in favour of another proposed nominee. Each Trustee appointed will hold office until the next annual meeting of Unitholders or until his successor is appointed, unless such office is earlier vacated in accordance with the Fund Declaration of Trust.

The Fund has an Audit Committee and a Governance Committee, each of which consists of three Independent Trustees. The members of such committees are indicated below.

The following table sets forth information with respect to each person proposed to be nominated for appointment as a Trustee, including the number of Units beneficially owned, directly or indirectly, or over which control or direction was exercised, by such person or the person’s associates or affiliates as at March 13, 2006. The information as to Units beneficially owned or over which control or direction is exercised by each proposed nominee has been furnished by that proposed nominee individually.

<b><u>Nominee Name and Place of Residence</u></b>	<b><u>Present Principal Occupation</u></b>	<b><u>Date of Initial Appointment</u></b>	<b><u>Securities Beneficially Owned or over which Control or Direction is Exercised</u></b>
Derek Brown <sup>(1)(2)</sup> Ontario, Canada	Corporate Director	March 15, 2004	1,000
Patrick J. Lavelle <sup>(1)(2)</sup> Ontario, Canada	Management Consultant	April 15, 2004	5,493
François R. Roy <sup>(1)(2)</sup> Québec, Canada	Corporate Director	March 15, 2004	0

**Notes:**

- (1) Member of the Audit Committee of the Board of Trustees
- (2) Member of the Governance Committee of the Board of Trustees

The principal occupations over the past five years of each of the individuals proposed for appointment as Trustees by Unitholders are set out below.

Derek Brown is a retired Professor of Finance (adjunct) at the University of Toronto, prior to which he was a Vice President and Director of RBC Dominion Securities Inc. From 1997 to 2003, Mr. Brown was a Commissioner of the Ontario Securities Commission. Mr. Brown sits on the boards of SNP Split Corp., Sixty Split Corp., and DALSA Corporation and is an independent public trustee of the Nova Scotia Association of Health Organizations Pension Plan. Mr. Brown is a member of the finance committee of the Canadian Opera Foundation and is an Associate Governor of Dalhousie University. Techknowledge Inc., a private Nova Scotia company, voluntarily entered into insolvency proceedings after Mr. Brown resigned from its board of directors. Mr. Brown received a Bachelor of Commerce and Bachelor of Laws degree from Dalhousie University. He is also trained as a Chartered Business Valuator and was a Governor of the Canadian Institute of Chartered Business Valuators from 1998 to 2003.

Patrick J. Lavelle is the Chairman and Chief Executive Officer of Patrick J. Lavelle and Associates, a strategic management consulting firm which he established in 1991. Until March 2002, Mr. Lavelle was also Chairman and Chief Executive Officer of Unique Broadband Systems Inc. He has also held the position of Chairman of Export Development Canada (1998-2001) and served a three-year term as Chairman of the Board of the Business Development Bank of Canada. Mr. Lavelle is a director of UE Waterheater Income Fund, Arriscraft

International Income Fund, Algoma Steel Inc., Tahera Diamond Corporation, SR Telecom Inc., Retrocom Mid-Market Real Estate Investment Trust and Canadian Bank Note Company, Limited. Mr. Lavelle ceased to be a director of Proprietary Industries Inc. (“Proprietary”) on February 17, 2005. Prior to Mr. Lavelle being appointed a director of Proprietary, the Alberta Securities Commission (“ASC”) and other securities regulatory authorities issued cease trade orders in connection with allegations that certain of Proprietary’s financial statements were not prepared and/or filed in accordance with applicable requirements. The ASC has since approved a settlement agreement with Proprietary and the relevant securities authorities approved the lifting of the cease trade orders previously applicable to Proprietary’s shares. Mr. Lavelle was also a director of Slater Steel Inc. when it filed for protection under the *Companies’ Creditors’ Arrangement Act* (Canada) in Canada and under Chapter 11 of the U.S. Bankruptcy Code in the United States. Mr. Lavelle is Chairman of the Bay of Spirits Gallery and a member of the Advisory Board of the International MBA program at York University. Mr. Lavelle is also the Chairman of Union Energy Income Trust and Westport Innovations Ltd.

François R. Roy was Chief Financial Officer of Telemedia Corporation between March 2000 and May 2003. From July 1998 to March 2000, he was Executive Vice President and Chief Financial Officer of Quebecor Inc. Since June 2003, Mr. Roy has been offering consulting services. Mr. Roy sits on the boards and is a member of the audit committees of MDC Partners Inc., AFT Technologies Income Trust and SFK Pulp Income Fund and is a member of the advisory board and audit committee of Dessau-Soprin. Mr. Roy is on the Board of Advisors of Veronis Suhler Stevenson, a merchant bank based in New York, New York. Mr. Roy received a MBA from the University of Toronto.

The individual to be appointed by the Manager as Trustee, who is currently the Manager-appointed Trustee, together with the same information as furnished in respect of the proposed nominees for appointment as Trustees by Unitholders, is as follows:

<b><u>Nominee Name and Place of Residence</u></b>	<b><u>Present Principal Occupation</u></b>	<b><u>Date of Initial Appointment</u></b>	<b><u>Securities Beneficially Owned or over which Control or Direction is Exercised</u></b>
Shemara Wikramanayake New York, U.S.A.	Investment Manager	December 5, 2005	10,000

Shemara Wikramanayake is an Executive Director of the Macquarie Group and is currently head of the Macquarie Group's Infrastructure and Specialised Funds division in North America. Ms. Wikramanayake joined the Macquarie Group in 1987. Prior to her current position, Ms. Wikramanayake was employed as head of the Prudential Oversight team in the Investment Banking Group, a position she held since 2001. Prior to 2001, Ms. Wikramanayake spent 14 years on Macquarie Bank Limited's Corporate Advisory team, where she advised on a range of transactions including mergers and acquisitions, restructurings, valuations and public sector advice and privatizations.

The Fund is the sole unitholder of MPIIT. The declaration of trust governing the existence of MPIIT (the “MPIIT Declaration of Trust”) provides that MPIIT must have a minimum of four and a maximum of ten trustees, as determined from time to time by the trustees of MPIIT (“MPIIT Trustees”) such that the number of MPIIT Trustees is equal to the number of Trustees. Presently, the number of MPIIT Trustees is set at four. During the term of the Administration Agreement, the Manager is entitled to appoint one MPIIT Trustee. Pursuant to the Fund Declaration of Trust, the units in MPIIT (the “MPIIT Units”) held by the Fund will be voted by the Fund to cause the appointment as MPIIT Trustees of the same persons chosen by the vote of the Unitholders as Trustees. Accordingly, if Messrs. Brown, Lavelle and Roy are appointed as Trustees, they will also be appointed as MPIIT Trustees, together with Ms. Wikramanayake.

MPIIT owns 100% of the voting equity of Cardinal GP. Cardinal GP has five directors (“Cardinal GP Directors”). The term of office of each Cardinal GP Director expires at each annual meeting, unless a Cardinal GP Director resigns, is removed or is disqualified. Pursuant to the terms of a unanimous shareholders agreement between MPIIT and the Manager (which owns one Class B non-voting, non-participating, redeemable share of Cardinal GP), during the term of the Cardinal LP Management Agreement, three of the Cardinal GP Directors will be appointed by MPIIT and two will be appointed by the Manager. Accordingly, if Messrs. Brown, Lavelle and Roy

are appointed as Trustees, they will also be elected as Cardinal GP Directors, together with Ms. Wikramanayake and Gregory Smith, who is the Manager's other appointee to the board of Cardinal GP.

The Fund owns 100% of the voting equity of LTC GP. LTC GP has five directors ("LTC GP Directors"). The term of office of each LTC GP Director expires at each annual meeting of LTC GP, unless a LTC GP Director resigns, is removed or is disqualified. If Messrs. Brown, Lavelle and Roy are appointed as Trustees, they will also be elected as LTC GP Directors, together with Ms. Wikramanayake and Mr. Smith.

### Re-appointment of Auditors

PricewaterhouseCoopers LLP are the current auditors of the Fund. Pursuant to the Fund Declaration of Trust, PricewaterhouseCoopers LLP were first appointed as the auditors of the Fund on March 15, 2004. The aggregate fees billed by PricewaterhouseCoopers LLP to the Fund from January 1, 2005 to December 31, 2005 are as follows:

	<u>January 1, 2005 - December 31, 2005</u>
Audit Fees.....	\$224,182
Audit-Related Fees <sup>(1)</sup> .....	\$233,333
Tax Fees <sup>(2)</sup> .....	\$ 38,766
All Other fees <sup>(3)</sup> .....	\$ 10,165
Total	<u>\$506,446</u>

#### Notes:

- (1) The Fund's audit-related fees include fees paid to the Fund's auditors for consent and comfort letters in connection with the Fund's securities regulatory filings, statutory audits, attest services and assistance with and review of documents filed with regulators.
- (2) Tax fees are services performed by the Fund's auditors' tax division except those tax services related to the audit. These services include fees for tax compliance, tax planning and tax advice.
- (3) Other fees primarily include fees for the French translation of financial statements and MD&A in connection with the Fund's securities regulatory filings.

At the Meeting, Unitholders will be requested to re-appoint PricewaterhouseCoopers LLP as the auditors of the Fund at a remuneration to be fixed by the Trustees to hold office until the next annual meeting of Unitholders or until a successor is appointed.

**In the absence of a contrary instruction, the persons named in the enclosed form of proxy intend to vote FOR the re-appointment of PricewaterhouseCoopers LLP as auditors of the Fund to hold office until the next annual meeting of Unitholders or until a successor is appointed.**

### COMPENSATION OF TRUSTEES

Each Trustee who is not employed by the Manager or any of its affiliates is entitled to an aggregate remuneration equal to \$25,000 per year and \$1,200 per board or committee meeting attended in person or by teleconference. The Chair of the Board of Trustees and the Chair of each committee of the Board is entitled to additional aggregate remuneration equal to \$10,000 per year and \$5,000 per year, respectively. The Independent Trustees are reimbursed for their expenses. During 2005, the Fund paid the Trustees a total of \$115,550 on account of retainer and meeting attendance fees and \$23,910 on account of reimbursement for out-of-pocket expenses incurred by them in connection with their attendance at meetings.

### INDEBTEDNESS OF TRUSTEES

No Trustee, nominee Trustee or former Trustee or any of his or her associates is, or has at any time since the establishment of the Fund, been indebted to the Fund or its subsidiaries or had indebtedness be the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Fund or its subsidiaries.

## **INSURANCE COVERAGE AND INDEMNIFICATION**

The Fund has obtained a policy of insurance for its trustees, directors and officers and those of its subsidiaries. The aggregate limit of liability applicable to all insured trustees, directors and officers under the policy is \$25 million inclusive of defence costs, with a \$5 million sublimit for defence costs associated with pollution claims. The Fund Declaration of Trust, the MPIIT Declaration of Trust and the by-laws of each of Cardinal GP and LTC GP provide for the indemnification of their respective trustees, directors and officers from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties or office, subject to certain usual limitations.

Under the policy of insurance, Cardinal LP and LTC Holding LP have reimbursement coverage to the extent that either has indemnified its respective directors and officers in excess of the \$100,000 deductible. The policy includes securities claims coverage for the Fund, insuring against any legal obligation to pay on account of any securities claims brought against it, subject to a \$250,000 deductible. This policy of insurance also applies to Trustees and provides reimbursement coverage to the Fund, in excess of the deductible, to the extent that Trustees shall be entitled to indemnification by the Fund pursuant to the Fund Declaration of Trust. Subject to a priority of payments clause in favour of individual insured persons, the aggregate limit of liability under the policy is shared between the respective directors, officers and trustees of Cardinal LP, LTC Holding LP, Cardinal GP, LTC GP, MPIIT and the Fund such that the limit of liability is not exclusive to Cardinal LP, LTC Holding LP, Cardinal GP, LTC GP, MPIIT, the Fund or their respective directors, officers and trustees.

## **MANAGEMENT OF THE FUND**

### **Executive Compensation**

In connection with the services provided to the Fund by the Manager under the Administration Agreement, the Manager has supplied the services of persons to serve as the President and Chief Executive Officer (the "CEO"), the Vice-President and Chief Financial Officer (the "CFO") and the Secretary and General Counsel of the Fund. The executive officers of the Fund are not employed by the Fund or any of its subsidiaries and neither the Fund nor any of its subsidiaries provides any remuneration to executive officers of the Fund (or any other officers of the Manager) or any of their respective associates. The individuals who have been appointed to serve as officers of the Fund have been recommended by the Manager and appointed to serve as executive officers of the Fund by the Trustees of the Fund and they serve in such capacity on an "as needed basis".

Effective April 30, 2004, the following two individuals were appointed by the Trustees to serve as executive officers of the Fund: Robert Rollinson, as CEO of the Fund, and Germain Lecours, as CFO of the Fund. Effective March 1, 2005 Germain Lecours was replaced by Harry Atterton as CFO of the Fund. Effective March 1, 2005, Noreen Flaherty was appointed as Secretary and General Counsel of the Fund. Effective December 5, 2005 Robert Rollinson was replaced by Gregory Smith as CEO of the Fund.

The persons serving as the executive officers of the Fund are employed by Macquarie North America Ltd. ("MNAL") and act in a variety of capacities on behalf of MNAL and other Macquarie group managed funds with infrastructure investments in Canada. Because the executive officers of the Fund have additional roles and responsibilities in the Macquarie group other than services they provide to the Fund on behalf of the Manager, the compensation they receive from MNAL is not solely related to the services provided by such individuals in managing the Fund.

The information in the following table was prepared by the Manager solely for the purpose of inclusion in this Circular. The following table reflects the Manager's estimate of the portion of the total compensation paid by MNAL to the persons serving as the CEO, CFO and Secretary and General Counsel of the Fund for the periods from April 30, 2004, the date of closing of the initial public offering by the Fund, to December 31, 2004, and from January 1, 2005 to December 31, 2005, that can be attributed to such persons in respect of the services they provided to the Fund on behalf of the Manager during such periods. Such allocation was determined by the Manager solely for the purposes of the following table, based on the role, responsibility and time spent by the respective officers to fulfil the requirements of their office.

<u>Name</u>	<u>Fund Office</u>	<u>Year</u>	<u>Portion of Total Compensation Attributable to Services Provided to the Fund<sup>2</sup> (\$)</u>
Gregory Smith <sup>1</sup>	CEO	2005	23,000
		2004 <sup>6</sup>	-
Robert Rollinson <sup>2</sup>	Former CEO	2005	452,000
		2004 <sup>6</sup>	211,000
Harry Atterton <sup>3</sup>	CFO	2005	208,000
		2004 <sup>6</sup>	-
Germain Lecours <sup>4</sup>	Former CFO	2005	88,000
		2004 <sup>6</sup>	175,000
Noreen Flaherty <sup>5</sup>	Secretary and General Counsel	2005	147,000
		2004 <sup>6</sup>	-

**Notes:**

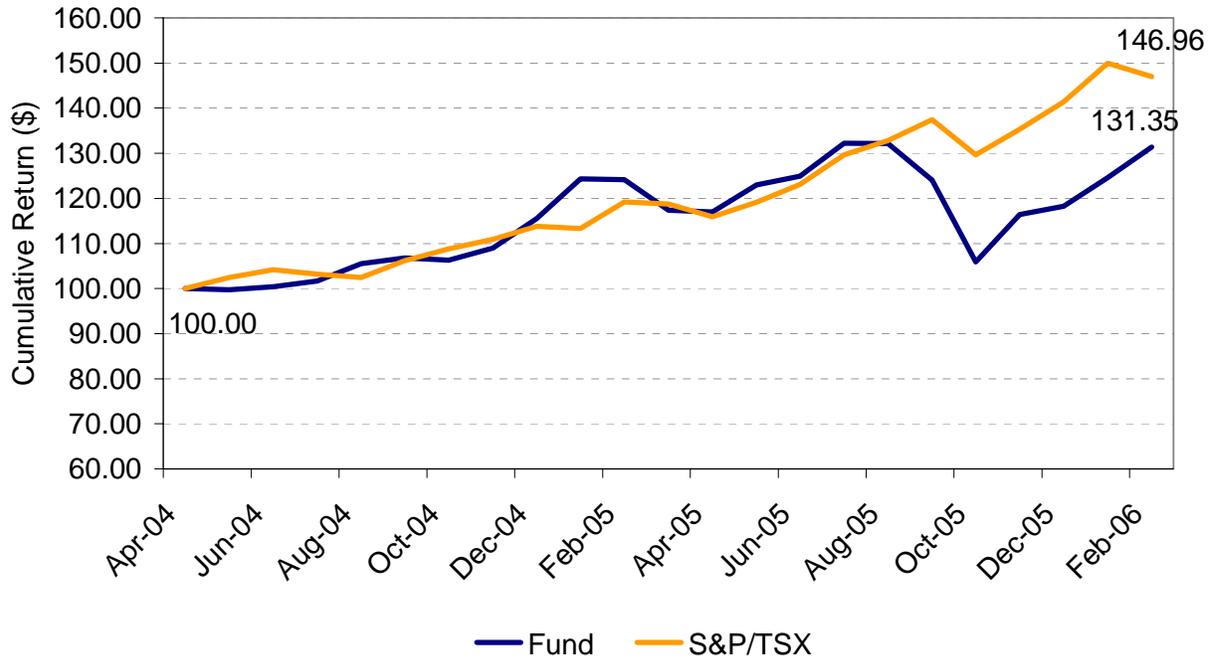
- (1) Mr. Smith became the CEO of the Fund effective December 5, 2005.
- (2) Mr. Rollinson served as the CEO of the Fund from April 30, 2004 to December 5, 2005 and was replaced by Mr. Smith effective December 5, 2005.
- (3) Mr. Atterton became the CFO of the Fund effective March 1, 2005.
- (4) Mr. Lecours served as the CFO of the Fund from April 30, 2004 to March 1, 2005 and was replaced by Mr. Atterton effective March 1, 2005.
- (5) Ms. Flaherty became the Secretary and General Counsel of the Fund on March 1, 2005.
- (6) From April 30, 2004 to December 31, 2004.
- (7) Amount is intended to reflect the portion of the total compensation paid by MNAL to the listed persons, including salary, bonus and all other compensation including perquisites and other personal benefits, that can be attributed to such persons in respect of the services they provided to the Fund on behalf of the Manager during the periods noted. Such allocation was determined by the Manager solely for the purposes of this table, based on the role, responsibility and time spent by the respective officers to fulfil the requirements of their office.

The Fund does not have an option plan or any other similar form of unit-related or long term incentive compensation plan or arrangement. The Fund does not have any defined benefit or actuarial plan pursuant to which retirement or similar benefits are paid to executive officers of the Fund (or any other officers of the Manager) or any of their respective associates.

**Performance Graph**

The Units began trading on the Toronto Stock Exchange (the "TSX") on April 30, 2004. The following graph compares the percentage change in the Fund's cumulative total Unitholder return on its Units with the cumulative total return of the S&P/TSX Composite Index (the "S&P/TSX Index") over the period from April 30, 2004 to February 28, 2006. The graph illustrates the cumulative return on a \$100 investment in Units made on April 30, 2004 as compared with the cumulative return on a \$100 investment in the S&P/TSX Index made on April 30, 2004. It is assumed that distributions are reinvested for the purpose of the calculation of the cumulative return on the Units. The Unit performance as set out in this section does not necessarily indicate future price performance.

Comparison of Cumulative Total Return on Units of the Fund and the S&P/TSX Composite Index  
For the period from April 30, 2004 to February 28, 2006



### Administration Agreement

The Manager, the Fund and MPIIT entered into the Administration Agreement pursuant to which, and subject to the supervision of the Trustees and the MPIIT Trustees, the Manager has been appointed as administrative agent of the Fund and MPIIT. The Manager manages the day-to-day operations of the Fund and MPIIT, including providing administration services necessary to: (i) assist the Fund in complying with its continuous disclosure obligations under applicable securities legislation; (ii) provide investor relations services; (iii) provide or cause to be provided to Unitholders and holders of MPIIT Units (“MPIIT Unitholders”) all information to which they are entitled under the Fund Declaration of Trust and the MPIIT Declaration of Trust; (iv) monitor compliance of the Fund and MPIIT with applicable tax laws; (v) organize meetings of Unitholders and distribute required materials, including notices of meetings and information circulars, in respect of all such meetings; (vi) provide for the calculation of distributions to Unitholders and to MPIIT Unitholders; (vii) attend to all administrative and other matters arising in connection with any redemptions of Units and MPIIT Units; (viii) monitor compliance with the Fund’s limitations on non-resident ownership; (ix) assist in and supervise the analysis of potential acquisitions and dispositions in Canada and elsewhere as agreed by the Manager and carry out or supervise the making of acquisitions, dispositions or investments; (x) assist in connection with any financings; (xi) assist with respect to treasury, legal and compliance, financing and risk assessment and such other services as the Fund and MPIIT may reasonably require from time to time; (xii) assist with the preparation, planning and coordination of meetings of the Trustees and the MPIIT Trustees; and (xiii) retain accountants, lawyers, consultants, investment bankers and such other professional advisers as the Manager considers necessary or desirable to advise in connection with the administration of the Fund and MPIIT and to assist in complying with applicable laws.

In connection with such services, the Manager has supplied the services of persons to serve as the President and Chief Executive Officer, the Vice-President and Chief Financial Officer, and the Secretary and General Counsel of the Fund and MPIIT. Such services are provided on an “as needed basis” and are not full time.

In consideration for providing the services under the Administration Agreement, the Manager receives (i) an annual management fee from the Fund equal to \$100,000, subject to adjustment for inflation; and (ii) payments

representing cost reimbursement (except for compensation payable by the Manager to the persons whose services may be supplied to act as the President and Chief Executive Officer and the Vice-President, Chief Financial Officer and Secretary of the Fund and MPIIT). The allocation of such charges are subject to the approval of the Trustees or the MPIIT Trustees independent of the Manager, as applicable, either by way of their approval of the annual budgets of the Fund or MPIIT, as applicable, or by way of a specific authorization. In the event that MPIIT or the Fund were to directly acquire assets other than through Cardinal LP or another entity for which the Manager is directly appointed manager in accordance with the Administration Agreement, the annual fee will be increased by an amount agreed to by MPIIT or the Fund and the Manager, as approved by the Trustees or the MPIIT Trustees independent of the Manager taking into consideration the increased service levels required and the resource requirements imposed as a result of or created by such acquisition. The Manager earned aggregate fees under the Administration Agreement in the amount of \$101,950 for the year ended December 31, 2005. In addition, the Manager was reimbursed an aggregate of \$1,460,167 in costs incurred on behalf of the Fund for the same period pursuant to the Administration Agreement, the Cardinal LP Management Agreement and the LTC Holding LP Management Agreement. All cost recovery was on an "as incurred" basis without any margin or profit component.

The Administration Agreement has an initial 20-year term and will be automatically renewed for additional five-year terms unless terminated in accordance with its terms. The Administration Agreement may be terminated by any party (i) in the event of the insolvency or receivership of one of the other parties; (ii) in the event of fraud, wilful default or gross negligence committed by the Manager; (iii) in the event of a default by one of the other parties in the performance of a material obligation under the Administration Agreement (other than as a result of the occurrence of an event of force majeure), subject to certain cure periods; or (iv) in the event of a termination of all outstanding management agreements to which the Manager and subsidiaries of the Fund are parties. The Fund may also terminate the Administration Agreement upon the occurrence of certain events such that a subsidiary of the Fund no longer operates the Cardinal Facility and the Cardinal Facility then represents all or substantially all of the assets of the Fund. The Manager may terminate the Administration Agreement at will upon 90 days' prior written notice. The Fund may terminate the Administration Agreement upon 90 days' prior written notice should the Manager cease to be a wholly-owned subsidiary of at least one of Macquarie Bank Limited, Macquarie North America Ltd., Macquarie North America Holdings Ltd. or Macquarie Canada Holdings Ltd. at any time during the term of the Administration Agreement without the prior written consent of the Fund, which consent shall not be unreasonably withheld.

Pursuant to the Administration Agreement, a number of material actions may not be authorized by the Manager without first obtaining the approval of a majority of the Trustees or MPIIT Trustees, as applicable, including: (i) adopting, amending or materially deviating from the Fund's annual business plan; (ii) disposing of any material assets or equipment which are used in operating or maintaining any facilities indirectly acquired by the Fund in the future ("Future Facilities"), other than as provided for in the Fund's annual business plan; (iii) making any material expenditure or commitment outside the Fund's annual business plan; (iv) entering into agreements on behalf of the Fund or MPIIT that are material to the Fund as a whole; (v) raising capital by way of an issuance of securities or otherwise; or (vi) borrowing money, if the amount borrowed is material to the Fund, is outside of the ordinary course of business and not contemplated in the Fund's annual business plan. Without the approval of a majority of the Trustees or MPIIT Trustees independent of the Manager, as applicable, except as contemplated by the Administration Agreement, the Manager, on behalf of the Fund or MPIIT, may not (i) enter into any transaction with the Manager or an affiliate of the Manager; or (ii) amend the terms of the Administration Agreement or the fees payable thereunder. Without the approval of a majority of the Trustees or the MPIIT Trustees, as applicable, and the approval of a majority of the Trustees or the MPIIT Trustees independent of the Manager, as applicable, the Manager, on behalf of the Fund or MPIIT, may not acquire a Future Facility or dispose of MPIIT's interests in Cardinal LP or any other investments the effect of which is to dispose of the Cardinal Facility, a Future LP Facility (as defined below) or a Future Facility.

The Manager may delegate certain aspects of its responsibilities under the Administration Agreement, but no such delegation will relieve the Manager of its obligations thereunder. The Manager may, with the approval of the Trustees or the MPIIT Trustees independent of the Manager, as applicable, contract with affiliates of the Manager to provide services to the Fund or MPIIT not otherwise provided for in the Administration Agreement, such as advisory and investment banking services. The Manager has full access to all of the records of the Fund, MPIIT and the Future Facilities.

The Manager, its affiliates and any person who is serving or shall have served as a director, officer, employee, subcontractor or agent of the Manager or its affiliates shall be indemnified and saved harmless by the Fund and MPIIT from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement and counsel and accountants' fees) of whatsoever kind or nature incurred by, borne by or asserted against the Manager, its affiliates and any person who is serving or shall have served as a director, officer, employee, subcontractor or agent of the Manager, in any way arising from or related in any manner to the Administration Agreement, unless and to the extent that such claims arise from the fraud, wilful default or gross negligence of the Manager, its affiliates or any person who is serving or shall have served as a director, officer, employee, subcontractor or agent of the Manager. The Manager and its affiliates may rely on information provided by the Fund and MPIIT unless it has actual notice that such information is inaccurate.

### **Cardinal LP Management Agreement**

The Manager, the Fund, MPIIT and Cardinal LP entered into the Cardinal LP Management Agreement, pursuant to which the Manager was exclusively engaged to provide or cause to be provided certain management services ("Cardinal Management Services") to Cardinal LP for the Cardinal Facility and any facilities that may be acquired directly or indirectly by Cardinal LP in the future ("Future LP Facilities"), including: (i) overseeing Cardinal GP in its operation and maintenance of the Cardinal Facility and Future LP Facilities, including evaluating the performance of senior plant management and hiring and terminating senior plant management; (ii) assisting Cardinal LP in the development, implementation and monitoring of the Cardinal Facility's and Future LP Facilities' strategic plans; (iii) assisting Cardinal LP in developing the Cardinal Facility's and Future LP Facilities' annual business plans, which will include operational and capital expenditure budgets; (iv) reviewing the budgets and schedule for major maintenance proposed by Cardinal GP; (v) assisting in the preparation of financial reports in respect of the Cardinal Facility and Future LP Facilities based on information supplied by Cardinal LP; (vi) assisting in the negotiation of material agreements in respect of the Cardinal Facility or Future LP Facilities or any amendments thereto; (vii) monitoring compliance by Cardinal LP with the Cardinal Facility's and Future LP Facilities' annual business plan; (viii) assisting in and supervising the analysis of potential acquisitions and dispositions in Canada and the U.S. and elsewhere as agreed by the Manager; (ix) carrying out or supervising the making of acquisitions, dispositions or investments by Cardinal LP in Canada and the U.S. and elsewhere as agreed by the Manager; (x) assisting in connection with any financings by Cardinal LP; (xi) calculating available cash for distribution by Cardinal LP to its partners based on information provided by Cardinal GP; (xii) assisting with the preparation, planning and coordination of meetings of the board of directors of Cardinal GP; (xiii) assisting with respect to treasury, legal and compliance, financing, insurance and risk assessment and such other services as Cardinal LP may reasonably require from time to time; and (xiv) retaining accountants, lawyers, consultants, investment bankers and such other professional advisers as the Manager considers necessary or desirable to advise in connection with the Cardinal Management Services to be provided to Cardinal LP and to assist in complying with applicable law.

In connection with the Cardinal Management Services, the Manager has supplied the services of persons to serve as the President and Chief Executive Officer, the Vice-President and Chief Financial Officer and the Secretary and General Counsel of Cardinal GP. Such services are provided on an "as needed basis" and are not full-time.

In consideration for providing the Cardinal Management Services, the Manager receives: (i) an annual management fee from Cardinal LP equal to \$575,000, subject to adjustment for inflation and future acquisitions; (ii) payments representing cost reimbursement (which excludes the compensation payable by the Manager to the persons whose services are supplied to Cardinal GP to act as Cardinal GP's President and Chief Executive Officer and the Vice-President, Chief Financial Officer and Secretary); and (iii) an incentive fee based on distributable cash per Unit. Until such time as the Fund or MPIIT holds investments in other entities from which the Manager receives a portion of the incentive fee, Cardinal LP is responsible for paying 100% of any incentive fee obligations. The Manager earned aggregate fees under the Cardinal LP Management Agreement in the amount of \$586,213 and incentive fees of \$1,229,941 for the year ended December 31, 2005. Please see " - Administration Agreement" for information regarding cost reimbursement.

The Cardinal LP Management Agreement has an initial 20-year term and will be automatically renewed for additional five-year terms unless terminated in accordance with its terms. Cardinal LP may terminate the Cardinal LP Management Agreement earlier in circumstances of (i) insolvency or receivership of the Manager; (ii) fraud, wilful default or gross negligence committed by the Manager; (iii) default by the Manager in the performance of a

material obligation under the Cardinal LP Management Agreement, if such default is not caused by an event of force majeure, subject to certain cure periods; or (iv) upon the occurrence of certain events such that a subsidiary of the Fund no longer operates the Cardinal Facility and the Cardinal Facility then represents all or substantially all of the assets of Cardinal LP. The Manager may terminate the Cardinal LP Management Agreement (i) immediately in the event of (1) the insolvency or receivership of Cardinal LP, or (2) a default by Cardinal LP in the performance of a material obligation under the Cardinal LP Management Agreement (other than as a result of the occurrence of a force majeure event), subject to certain cure periods; and (ii) at will upon 90 days' prior written notice to Cardinal LP. Cardinal LP may terminate the Cardinal LP Management Agreement upon 90 days' prior written notice should the Manager cease to be a directly or indirectly wholly-owned subsidiary of at least one of Macquarie Bank Limited, Macquarie North America Ltd., Macquarie North America Holdings Ltd. or Macquarie Canada Holdings Ltd. at any time during the term of the Cardinal LP Management Agreement without the prior written consent of Cardinal LP, which consent shall not be unreasonably withheld.

Pursuant to the Cardinal LP Management Agreement, a number of material actions may not be authorized by the Manager or undertaken by Cardinal GP without first obtaining the approval of a majority of the Cardinal GP Directors, including: (i) adopting, amending or materially deviating from the Cardinal Facility's or Future LP Facilities' annual business plans; (ii) disposing of any material assets or equipment which are used in operating or maintaining the Cardinal Facility or Future LP Facilities, other than as provided for in the Cardinal Facility's or Future LP Facilities' annual business plans or approved operational and capital expenditure programs; (iii) making any material expenditure or commitment outside the Cardinal Facility's or Future LP Facilities' annual business plans and approved operational and capital expenditure programs; (iv) entering into agreements that are material to the Fund as a whole; (v) raising partnership capital by way of an issuance of securities or otherwise; or (vi) borrowing amounts that are material to the Fund, are outside of the ordinary course of business and not contemplated in the annual business plan. Without the approval of a majority of the Cardinal GP Directors that are independent of the Manager, the Manager may not, except as contemplated by the Cardinal LP Management Agreement, (i) enter into any transaction, on behalf of Cardinal LP or a subsidiary of Cardinal LP, with the Manager or an affiliate of the Manager; or (ii) amend the terms of the Cardinal LP Management Agreement or the fees payable thereunder. Without the approval of a majority of the Cardinal GP Directors and the approval of a majority of the Cardinal GP Directors independent of the Manager, the Manager, on behalf of Cardinal LP, may not dispose of the Cardinal Facility or a Future LP Facility or acquire Future LP Facilities.

The Manager may delegate certain aspects of its responsibilities under the Cardinal LP Management Agreement, but no such delegation will relieve the Manager of its obligations thereunder. The Manager may, with the approval of the Cardinal GP Directors independent of the Manager, contract with affiliates to provide services to Cardinal LP not otherwise provided for in the Cardinal LP Management Agreement, such as advisory and investment banking services. The Manager has full access to all of the records of Cardinal LP, Cardinal GP, the Cardinal Facility, Future Facilities and Future LP Facilities.

The Manager, its affiliates and any person who is serving or shall have served as a director, officer, employee, subcontractor or agent of the Manager shall be indemnified and saved harmless by Cardinal LP, the Fund and MPIIT from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement and counsel and accountants' fees) of whatsoever kind or nature incurred by, borne by or asserted against the Manager, its affiliates and any person who is serving or shall have served as a director, officer, employee, subcontractor or agent of the Manager, in any way arising from or related in any manner to the Cardinal LP Management Agreement, unless such claims arise from the fraud, wilful default or gross negligence of the Manager, its affiliates or any person who is serving or shall have served as a director, officer, employee, subcontractor or agent of the Manager. The Manager and its affiliates may rely on information provided by Cardinal GP unless it has actual notice that such information is inaccurate.

The obligations of Cardinal LP under the Cardinal LP Management Agreement are guaranteed by the Fund and MPIIT.

### **LTC Holding LP Management Agreement**

The Manager, LTC Holding LP, the Fund and MPIIT entered into the LTC Holding LP Management Agreement pursuant to which the Manager provides or causes to be provided certain management services (the "LTC Management Services") to LTC Holding LP in respect of its investment in Macquarie Master LP and any

other investments made by it in the future. The LTC Management Services include: (i) overseeing LTC GP in its ownership and management of Macquarie Master LP, including evaluating the performance of senior management and hiring and terminating senior management; (ii) assisting LTC Holding LP in the development, implementation and monitoring of strategic plans for LTC Holding LP and Macquarie Master LP; (iii) assisting LTC GP in developing the annual management plan for LTC Holding LP and the annual management plan, business plan and annual budget for Macquarie Master LP; (iv) reviewing the budgets and schedule for major maintenance and other capital expenditures proposed by LTC GP; (v) assisting in the preparation of financial reports in respect of LTC Holding LP based on information supplied by LTC Holding LP and Macquarie Master LP; (vi) assisting in the negotiation and administration of material agreements in respect of LTC Holding LP and Macquarie Master LP or any amendments thereto; (vii) monitoring compliance by Macquarie Master LP with its annual management plan, business plan and annual budget; (viii) assisting in and supervising the analysis of potential acquisitions and dispositions in Canada and elsewhere as agreed by the Manager; (ix) carrying out or supervising the making of acquisitions, dispositions or investments by LTC Holding LP in Canada and elsewhere as agreed by the Manager; (x) assisting in connection with any financings by LTC Holding LP; (xi) calculating cash available for distribution by LTC Holding LP to its partners based on information provided by LTC GP, (xii) assisting with the preparation, planning and coordination of meetings of the board of directors of LTC GP and MMGP; (xiii) assisting with respect to treasury, legal and compliance, financing, insurance and risk assessment; (xiv) retaining accountants, lawyers, consultants, investment bankers and such other professional advisers as the Manager considers necessary or desirable to advise in connection with the LTC Management Services to be provided to LTC Holding LP and to assist in complying with applicable law; and (xv) arranging for the borrowing of money upon the credit of LTC Holding LP and its assets following approval of such borrowing by the LTC GP Directors.

In connection with such LTC Management Services, the Manager has supplied the services of persons to serve as the President and Chief Executive Officer, the Vice-President and Chief Financial Officer and the Secretary and General Counsel of LTC GP. Such services are provided on an “as needed basis” and are not full-time.

In consideration for providing the LTC Management Services, the Manager receives: (i) an annual management fee equal to \$450,000, subject to adjustment for inflation and future acquisitions; (ii) payments representing cost reimbursement (which excludes the compensation payable by the Manager to the persons whose services are supplied to LTC GP to act as LTC GP’s President and Chief Executive Officer and the Vice-President, Chief Financial Officer and Secretary); and (iii) an incentive fee based on distributable cash per Unit. The Manager earned aggregate fees under the LTC Holding LP Management Agreement in the amount of \$92,466 and incentive fees in the amount of \$29,596 for the period from October 18, 2005 to December 31, 2005. Please see “– Administration Agreement” for information regarding cost reimbursement.

The LTC Holding LP Management Agreement has an initial term ending on April 30, 2024 and will be automatically renewed for additional five-year terms unless terminated in accordance with its terms. LTC Holding LP may terminate the LTC Holding LP Management Agreement earlier in circumstances of (i) insolvency or receivership of the Manager; (ii) fraud, wilful default or gross negligence committed by the Manager; (iii) default by the Manager in the performance of a material obligation under the LTC Holding LP Management Agreement, if such default is not caused by an event of force majeure, subject to certain cure periods; or (iv) upon 90 days’ written notice if LTC Holding LP sells its interest in Macquarie Master LP and such interest represents all or substantially all of the assets of LTC Holding LP. The Manager may terminate the LTC Holding LP Management Agreement immediately (i) in the event of (1) the insolvency or receivership of LTC Holding LP, or (2) a default by LTC Holding LP in the performance of a material obligation under the LTC Holding LP Management Agreement (other than as a result of the occurrence of a force majeure event), subject to certain cure periods; and (ii) at will upon 90 days’ prior written notice to LTC Holding LP.

LTC Holding LP may terminate the LTC Holding LP Management Agreement upon 90 days’ prior written notice should the Manager cease to be a directly or indirectly wholly-owned subsidiary of at least one of Macquarie Bank Limited, Macquarie North America Ltd., Macquarie North America Holdings Ltd. or Macquarie Canada Holdings Ltd. at any time during the term of the LTC Holding LP Management Agreement without the prior written consent of LTC Holding LP, which consent shall not be unreasonably withheld.

Pursuant to the LTC Holding LP Management Agreement, a number of material actions may not be authorized by the Manager or undertaken by LTC GP without first obtaining the approval of a majority of the LTC GP Directors, including: (i) adopting, amending or materially deviating from LTC Holding LP’s annual

management plan; (ii) disposing of any material assets or investments, other than as provided for in the annual management plan; (iii) making any material expenditure or commitment outside the annual management plan; (iv) entering into agreements that are material to the Fund as a whole; (v) raising partnership capital by way of an issuance of securities or otherwise; or (vi) borrowing amounts that are material to the Fund, are outside of the ordinary course of business and not contemplated in the annual management plan. Without the approval of the majority of the LTC GP Directors that are independent of the Manager, the Manager may not, except as contemplated by the LTC Holding LP Management Agreement, (i) enter into any transaction, on behalf of LTC Holding LP or a subsidiary of LTC Holding LP, with the Manager or an affiliate of the Manager; or (ii) amend the terms of the LTC Holding LP Management Agreement or the fees payable thereunder. Without the approval of a majority of the LTC GP Directors and the approval of a majority of the LTC GP Directors independent of the Manager, the Manager, on behalf of LTC Holding LP, may not dispose of or acquire seniors' care facilities in which LTC Holding LP has an interest.

The Manager may delegate certain aspects of its responsibilities under the LTC Holding LP Management Agreement, but no such delegation will relieve the Manager of its obligations thereunder. The Manager may, with the approval of the LTC GP directors independent of the Manager, contract with affiliates to provide services to LTC Holding LP and LTC GP not otherwise provided for in the LTC Holding LP Management Agreement, such as advisory and investment banking services. The Manager has full access to all of the records of LTC Holding LP.

The Manager and any person who is serving or shall have served as a director, officer, employee, subcontractor or agent of the Manager shall be indemnified and saved harmless by LTC Holding LP, the Fund and MPIIT from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement and counsel and accountants' fees) of whatsoever kind or nature incurred by, borne by or asserted against the Manager and any person who is serving or shall have served as a director, officer, employee, subcontractor or agent of the Manager, in any way arising from or related in any manner to the LTC Holding LP Management Agreement, unless such claims arise from the fraud, wilful default or gross negligence of the Manager or any person who is serving or shall have served as a director, officer, employee, subcontractor or agent of the Manager. The Manager may rely on information provided by LTC GP, unless it has actual notice that such information is inaccurate.

The obligations of LTC Holding LP under the LTC Holding LP Management Agreement are guaranteed by MPIIT.

### **The Manager**

The Manager's principal and registered office is at 100 Wellington Street West, Suite 2200, Canadian Pacific Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1J3.

As at March 13, 2006, the following individuals are the directors and senior officers of the Manager:

<b><u>Name and Place of Residence</u></b>	<b><u>Office with the Manager</u></b>	<b><u>Principal Occupation</u></b>
Shemara Wikramanayake New York, U.S.A.	Director	Investment Manager
Robert Rollinson New South Wales, Australia	Director	Investment Manager
Gregory J. Smith Ontario, Canada	Director and President and Chief Executive Officer	Fund and Investment Manager
Harry Atterton Ontario, Canada	Director and Vice President and Chief Financial Officer	Fund and Investment Manager
Noreen Flaherty Ontario, Canada	Secretary and General Counsel	General Counsel, Macquarie North America Ltd.

Neither the Manager, nor any director or officer thereof, is, or has at any time since the establishment of the Fund, been indebted to the Fund or its subsidiaries or been engaged in any transaction or arrangement with the Fund except as described in this Circular.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

To the best of the knowledge of the Trustees, other than as disclosed herein, no informed person, Trustee or proposed nominee for appointment as a Trustee or any associate or affiliate of any such persons, had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any material transaction with the Fund since the commencement of 2005, which has materially affected or would materially affect the Fund or its subsidiaries.

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Fund is subject to the rules and policies of the Canadian Securities Administrators (the “CSA”) regarding audit committees and the certification of certain annual and interim filings. In addition, in 2005, the CSA finalized, and the Fund became subject to, National Policy 58-201 – *Corporate Governance Guidelines*, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and Form 58-101F1 – *Corporate Governance Disclosure* (collectively, the “New Governance Rules”). The Toronto Stock Exchange replaced its governance disclosure requirements and guidelines with those set forth in the New Governance Rules. The following outlines the various procedures, policies and practices that the Fund and its Board of Trustees (the “Board”) have implemented to address the requirements of the New Governance Rules and, where appropriate, to reflect current best practices.

#### **Corporate Governance Guidelines**

To enhance the Fund’s commitment to maintaining a high standard of corporate governance, the Board adopted updated corporate governance guidelines in February 2006 (the “Guidelines”). The Guidelines assist the Board with respect to meeting the Fund’s corporate governance responsibilities. Among other things, the Guidelines address the following matters:

- **Board Organization and Membership** – including a requirement for a majority of the Trustees to be independent and a prohibition on retaining Trustees for consulting services without the pre-approval of the Board.
- **Board Committees** – including a requirement for the Fund’s Audit Committee and Governance Committee to be composed entirely of Independent Trustees.
- **Board’s Relationship with Management** – including a requirement for the Governance Committee to oversee and evaluate the compliance of the Manager with respect to its goals, objectives and responsibilities under the Fund’s annual management plan and the Administration Agreement and to report such findings to the Board for its review.
- **Trustee Responsibilities and Performance** – including the assessment of the overall performance and effectiveness of the Board, each committee thereof, the Chair of the Board, chairs of Board committees and each Trustee on an annual basis.
- **Ethics and Conflicts of Interest** – including the requirement that any waiver of the Fund’s ethics policies with respect to any trustee, director or executive officer of the Macquarie Power & Infrastructure Income Group be granted by the Governance Committee. As used herein, “Macquarie Power & Infrastructure Income Group” means, collectively, the Fund, MPIIT, the general partner of any Fund asset or investment, the limited partnership of any Fund asset or investment and the Manager.

#### **Code of Business Conduct and Ethics**

To encourage and promote a culture of ethical business conduct, the Fund adopted an updated written Code of Business Conduct and Ethics (the “Code of Ethics”) in February 2006. The Code of Ethics is applicable to all trustees, directors, officers, employees, contractors and agents of the Macquarie Power & Infrastructure Income Group (collectively referred to in the Code of Ethics as “Employees”). The Code of Ethics generally outlines standards of conduct that must be met in the carrying out of one’s duties with the Fund, including: (i) guidelines on the acceptance or offering of gifts, entertainment or other advantages in the conduct of business; (ii) guidelines

relating to dealings with public officials; and (iii) prohibitions on the inappropriate gathering of competitive information. The Code of Ethics also provides detailed guidelines with respect to the identification and declaration of conflicts of interest, the protection of confidential information and the appropriate use of computer and communications systems.

To ensure that Trustees exercise independent judgment in considering transactions and agreements in respect of which an Employee of the Macquarie Power & Infrastructure Income Group has a material interest, the Code of Ethics requires such Employees to avoid all situations in which their personal interests conflict or might conflict with their duties to the Macquarie Power & Infrastructure Income Group by avoiding acquiring any interests or participating in any activities that could:

- deprive Macquarie Power & Infrastructure Income Group of the time or attention required to perform their duties properly; or
- create an obligation or distraction which would affect their judgment or ability to act solely in the Fund's best interest.

In addition, Trustees, directors and officers of the Fund and the Manager are required to follow the procedures contained in the Guidelines and the Code of Ethics in respect of material contracts or transactions to which they are a party or in which they have a material interest, including the requirement to: (i) disclose in writing all business, commercial or financial interests or activities that might reasonably be regarded as creating an actual or potential conflict of interest; and (ii) for Trustees to abstain from voting on such matters.

The Board has delegated its responsibility for monitoring compliance with the Code of Ethics to the Governance Committee which, among other things, reviews the Code of Ethics annually, is responsible for granting any waivers from the Code of Ethics and oversees the Secretary's implementation and monitoring of the Code of Ethics. To date, no waivers of the Code of Ethics have been granted. A copy of the Code of Ethics is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Board of Trustees**

As at March 13, 2006, the Board was composed of four members. The Board has concluded that a majority of those Trustees, specifically three out of four (or 75%), are "independent". The Board's determination as to each Trustee's independence is made with reference to definitions under applicable securities laws. Each of Messrs. Brown (Chair of the Board), Lavelle and Roy meet the definitions of independence under applicable securities laws and are considered by the Board to be independent. Ms. Wikramanayake is not considered to be independent because she is appointed to the Board by the Manager.

Certain Trustees are also directors of (or serve in similar capacities on behalf of) other public entities in Canada and in other jurisdictions. Please see "Matters to be acted upon at the Meeting – Appointment of Trustees" for the names of Trustees who serve as directors of (or serve in similar capacities on behalf of) other public entities and for the name of those entities. The biography of each Trustee set forth under such heading also outlines such Trustee's relevant experience and expertise. No Trustee sits on the board of a public entity (other than the Fund) on which another Trustee also sits. For information regarding the compensation of Trustees, please see "Compensation of Trustees".

### **Board and Committee Meetings**

The Board meets regularly to review the business operations and financial results of the Fund. Meetings of the Board include regular meetings with the Manager to review and discuss specific aspects of the operations of the Fund. Mr. Brown is the Chair of the Board and is an independent Trustee. The Board has determined that the independent Trustees shall hold regularly scheduled meetings. For fiscal 2006, in camera executive sessions will be held with only the independent Trustees present at all scheduled quarterly Board meetings and at other times throughout the year as required. In fiscal 2005, the non-independent Trustee and other attendees of the Manager were present at all Board and committee meetings. However, to facilitate open and candid discussion among the independent Trustees, the non-independent Trustee and other attendees of the Manager were excused from any meeting of the Board and any committee meeting during the discussion of any agenda items reserved for discussion

among independent Trustees. During the year ended December 31, 2005, the number of Board and committee meetings held and the attendance of Trustees at these meetings were as follows:

<u>Trustee</u>	<u>Board Meetings</u>	<u>Audit Committee Meetings</u>	<u>Governance Committee Meetings</u>
Derek Brown	14 of 14 (100%)	11 of 11 (100%)	6 of 6 (100%)
Patrick J. Lavelle	13 of 14 (93%)	11 of 11 (100%)	6 of 6 (100%)
Francois R. Roy	14 of 14 (100%)	11 of 11 (100%)	6 of 6 (100%)
Shemara Wikramanayake	1 of 1 (100%) <sup>(1)</sup>	-	-

**Note:**

(1) Ms. Wikramanayake was appointed as a Trustee on December 5, 2005, replacing Gregory Smith. Mr. Smith attended 13 of 13 (100%) of the Board meetings held in 2005 during the period he was a Trustee.

**Mandate for the Board**

The Board adopted an updated written mandate for the Board (the “Mandate of the Board”) in February 2006 to confirm and enhance the Board’s ongoing responsibility for stewardship of the Fund. A copy of the Mandate of the Board is attached to this Circular as Schedule “A”. The Board is ultimately responsible for supervising the activities and managing the investments and affairs of the Fund and, in doing so, is required to act in the best interests of the Fund. The Board generally discharges its responsibilities either directly or through the Audit Committee and the Governance Committee. Responsibilities of the Board set out in the Mandate of the Board include:

- oversight of the Fund’s corporate governance;
- monitoring of the Fund’s financial performance and other financial reporting matters;
- approving the Fund’s policies and procedures; and
- oversight of the Fund’s communications and reporting.

**Board Committees**

Currently, each of the Audit Committee and the Governance Committee are composed of non-management trustees all of whom are considered to be “independent” as determined under applicable securities laws. The Fund does not have a Nominating Committee or a Compensation Committee, as the functions that would otherwise be performed by such committees are performed by the Governance Committee.

**Audit Committee**

Currently, the members of the Audit Committee are Messrs. Roy (Chair), Brown and Lavelle. In accordance with applicable securities laws, each of the members of the Audit Committee is “independent” and “financially literate.” The Audit Committee corresponds directly with the finance department to review issues as appropriate and meets directly with the external auditors of the Fund on a regular basis. In February 2006, the Board adopted an updated audit committee charter (the “Audit Committee Charter”) which is attached as a Schedule to the Fund’s Annual Information Form that will be filed and publicly available on SEDAR at [www.sedar.com](http://www.sedar.com). The Audit Committee Charter outlines, among other things, the mandate of the Audit Committee to:

- oversee the integrity of the Fund’s financial statements and financial reporting process;
- oversee the qualifications and independence of the Fund’s external auditors;
- oversee the work of the Fund’s financial management and external auditors; and
- provide an open avenue of communication between the external auditors, the Board and Macquarie Power & Infrastructure Income Group, including the board of trustees of MPIIT and management of the Manager.

**Governance Committee**

The Board has a Governance Committee that is composed of three Independent Trustees, Messrs. Lavelle (Chair), Roy and Brown. The Governance Committee oversees and assesses the functioning of the Board and its

committees, establishes the Fund's corporate governance principles and guidelines and, subject to the Fund Declaration of Trust, identifies and recommends qualified candidates for election to the Board. In February 2006, the Board adopted an updated charter for the Governance Committee (the "Governance Committee Charter") which outlines, among other things, the responsibilities of the Governance Committee with respect to:

- identifying and recommending qualified nominees to the Board;
- annually reviewing and revising the Fund's approach to governance issues;
- reviewing the Code of Ethics;
- periodically reviewing the Manager's systems and practices for filing of insider reports in connection with trading in the Fund's securities;
- recommending terms for the compensation of Trustees, the Chair of the Board, the chairs of the Board committees and the directors of the general partner of any Fund asset or investment; and
- annually evaluating the Manager's compliance with the Administration Agreement and the Fund's annual management plan.

The Governance Committee also assesses the size of the Board periodically and annually assesses the competencies, skills and personal qualities required of the Board as a whole and each Trustee to add value to the Fund, as well as the competencies, skills and personal qualities of existing Trustees. Based on this assessment, the Governance Committee will consider whether to recommend any changes to the composition of the Board. The Board has delegated the identification of candidates for Trustees to the Governance Committee, which is made up entirely of independent Trustees, to help ensure an objective nomination process. When required, the Governance Committee will recruit and consider potential candidates for Trustee having regard to the background, employment and qualifications of possible candidates and will consider whether the candidate's competencies, skills and personal qualities are aligned with the Fund's needs. In accordance with the Governance Committee Charter and the Guidelines, Trustees and the Board may engage an outside advisor at the expense of the Fund with the approval of the Chair of the Board.

The Board determines the compensation of the Trustees based on the recommendations of the Governance Committee, which is composed entirely of independent Trustees. The Governance Committee is responsible for reviewing and recommending the compensation of the Trustees. The Governance Committee has determined that the Trustees should be compensated in a form and amount which is appropriate and which is customary for comparative organizations, having regard for such matters as time commitment, responsibility and trends in director and trustee compensation. The Governance Committee is mandated to review the compensation of the Trustees on this basis annually. This review includes consideration of all forms of compensation that a Trustee receives, directly or indirectly, including any consulting contracts or charitable contributions to organizations in which a Trustee is affiliated. Please see "Compensation of Trustees" for a description of the Trustee's current remuneration. The Fund and MPIIT have no full time officers or employees. The Fund's and MPIIT's officers do not receive any remuneration from the Fund or MPIIT for acting in their capacity as officers of the Fund or MPIIT and they serve in such capacity on an "as needed basis". Instead, the Fund is managed by the Manager pursuant to an Administration Agreement. Please see "Management of the Fund – Executive Compensation".

### **Position Descriptions**

In February 2006, the Board approved updated written position descriptions for the Chair of the Board, chairs of Board committees and the Chief Executive Officer of the Fund. In accordance with the Governance Committee Charter, the Governance Committee is responsible for annually reviewing and making recommendations to the Board regarding the position descriptions for the Board, the Chair of the Board, the chairs of Board committees and the Chief Executive Officer.

The Chair of the Board is responsible for, among other things, overseeing the Board's discharge of its duties, governing the conduct of the Board and assisting Board committees and acting as a liaison between the Board and the Manager. Chairs of Board committees are responsible for, among other things, providing leadership to their respective committees to enhance their effectiveness. The Chief Executive Officer is responsible for managing the underlying business within the structure of the Fund. The Chief Executive Officer's specific responsibilities include developing a long term corporate strategy in accordance with the Administration Agreement, the Cardinal LP Management Agreement and the LTC Holding LP Management Agreement, reporting to the Board on succession planning and consulting with the Chair of the Board.

## **Board Assessment**

The Governance Committee is responsible for annually assessing the effectiveness of the Board as a whole and each committee of the Board and making recommendations to the Board thereon. The Governance Committee is also responsible for evaluating the performance of the Chair of the Board, chairs of Board committees and the performance and contribution of individual Trustees. In 2005, the Governance Committee retained Lovas Stanley/Ray & Berndtson, a global executive consulting firm, to assist in conducting an annual survey of the Trustees (with respect to their views on the effectiveness of the Board, the Chair of the Board, Board committees, chairs of Board committees and individual Trustees). Lovas Stanley/Ray & Berndtson then presented the results of its annual survey to the Chair of the Governance Committee. The Governance Committee conducted its annual evaluation of the Board and each committee of the Board with reference to the annual survey. The Governance Committee also conducted its annual evaluation of the Chair of the Board, chairs of Board committees and the performance and contribution of individual Trustees, having regard for the results of the annual survey of the Trustees, attendance at Board and committee meetings and overall contribution. The Governance Committee then reported to the Board on the overall results of its assessment of the Board, its committees and the Trustees.

## **Orientation and Continuing Education**

Pursuant to the Governance Committee Charter, the Governance Committee is mandated to oversee an orientation and education program for new Trustees and to provide ongoing educational opportunities for all Trustees. To assist in familiarizing new Trustees with the role of the Board and its committees and Trustees, new Trustees are provided with the Fund's Governance Framework and a presentation on duties and responsibilities of Canadian directors. New Trustees also have the opportunity to meet with the Manager and other members of the Board to familiarize themselves with the business of the Fund and their responsibilities as members of the Board.

To ensure that the Trustees maintain the knowledge and skill necessary to meet their obligations as trustees, the Governance Committee from time to time arranges for presentations by key personnel or qualified outside consultants concerning topics related to the Fund's business, changes to the Fund's legal and regulatory framework and corporate and board governance matters. Trustees are encouraged to attend any external continuing education programs at the expense of the Fund.

## **ADDITIONAL INFORMATION**

Financial information is provided in the Fund's audited consolidated financial statements and Management's Discussion and Analysis for its most recent financial year. Copies of these documents and additional information relating to the Fund are available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information regarding the Fund's Audit Committee, including a copy of its charter and descriptions of its members and their applicable education and experience, can be found under the heading "Trustees, Management and Operations – Governance of the Fund" in the Fund's Annual Information Form, which will be available on SEDAR.

Upon written request, a copy of the Fund's audited consolidated financial statements contained in the Fund's 2005 Annual Report for the period ended December 31, 2005, together with the auditor's report thereon, as filed with the applicable regulatory authorities, will be provided to any person. Any request for any such documents should be made to the Manager at 100 Wellington Street West, Suite 2200, Canadian Pacific Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1J3 (telephone: (416) 607-5000). The Fund may require the payment of a reasonable charge when a request is made by someone who is not a Unitholder of the Fund.

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**TRUSTEES' APPROVAL**

The contents of this Circular and the sending, communication or delivery thereof to Unitholders have been approved and authorized by the Trustees of the Fund.

DATED the 13th day of March, 2006.

By Order of the Trustees



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Derek Brown,  
as Trustee and not in his personal capacity

## **SCHEDULE “A”**

### **MACQUARIE POWER & INFRASTRUCTURE INCOME FUND MANDATE FOR THE BOARD OF TRUSTEES**

The term “Fund” herein shall refer to Macquarie Power & Infrastructure Income Fund and the term “Board” shall refer to the Board of Trustees of the Fund. “Macquarie Power & Infrastructure Income Group” means, collectively, the Fund, Macquarie Power & Infrastructure Income Trust (the “Trust”), the general partner of any Fund asset or investment (“General Partner”), the limited partnership of any Fund asset or investment (“Limited Partnership”) and Macquarie Power Management Ltd. (the “Manager”). The term “Management” herein shall refer to senior management of the General Partner and the Manager.

The Board is elected by the unitholders and is responsible for the stewardship of the affairs of the Fund. The trustees shall act honestly and in good faith with a view to the best interests of the Fund and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Board seeks to discharge such responsibility by supervising and reviewing the Fund’s investments, conducting the affairs of the Fund and monitoring the stewardship of the General Partner by the Board of Directors of the General Partner.

The Board is responsible for establishing and maintaining a culture of integrity in the conduct of the Fund’s affairs. The Board seeks to discharge this responsibility by satisfying itself as to the integrity of Management and by overseeing Management to ensure a culture of integrity is maintained.

Although trustees may be elected by the unitholders or appointed by the Manager to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Fund must be paramount at all times.

The Fund is a mutual fund trust under the *Income Tax Act* (Canada) and is required to not undertake any action that would cause it to lose such status. As a mutual fund trust, the Fund’s activities are limited by the *Income Tax Act* (Canada) to investments and activities ancillary to that function. It may have controlling investments in entities that carry on business and carry on activities in relation to such entities which are activities that are typical of a controlling investor, such as appointing directors of such entities, receiving reports therefrom and approving material activities of such entities. The Fund is a publicly listed vehicle which must comply with the applicable securities laws and the Board is responsible for overseeing such compliance by the Fund.

#### **INDEPENDENCE OF TRUSTEES**

As set out in the Declaration of Trust, each of the trustees, other than the Manager’s appointee, must be independent of the Fund and the business of Macquarie Power & Infrastructure Income Group. In order to be independent, the trustee must qualify as “independent” as defined in Multilateral Instrument 52-110, Audit Committees, as of that Instrument’s effective date, and as set out in the Fund’s Corporate Governance Guidelines. However, the fact that a trustee is also a director of the General Partner and/or a trustee of the Trust shall not disqualify the trustee from being considered to be an “independent trustee” of the Fund if the trustee would otherwise meet the foregoing tests.

#### **DUTIES OF TRUSTEES**

The Board discharges its responsibilities both directly and through its committees, the Audit Committee and the Governance Committee. In addition to these regular Committees, the Board may appoint ad hoc committees periodically to address certain issues of a more short-term nature, as permitted under the Declaration of Trust of the Fund. In addition to the Board’s primary roles of supervising the activities and managing the investments and affairs of the Fund, principal duties include, but are not limited to the following categories:

##### Oversight Of The Fund’s Corporate Governance

1. The Board is responsible for acting for, voting on behalf of and representing the Fund as a holder of Units, Notes and other securities of the Trust.

2. The Board is responsible for exercising the Fund's powers as a unitholder of the Trust and voting in favour of the Fund's nominees to serve as trustees of the Trust.
3. The Board is responsible for reviewing the performance of the trustees of the Trust and at least annually conducts an effective evaluation of the trustees of the Trust.
4. The Board is responsible for ensuring the trustees of the Trust provide annual reviews of operational matters pertaining to the Fund's investments to the Board and reports on performance matters pertaining to the management of the Fund's investments.
5. The Board is responsible for reviewing the compliance of the Manager with respect to its goals, objectives and responsibilities under the Fund's Annual Management Plan and Administration Agreement and is advised of the results of such similar reviews of Management that have been conducted by the Board of Directors of the General Partner in relation to the Limited Partnership's Annual Management Plan and the Management Agreement.
6. The Board is responsible for conducting an annual review of the performance of the Fund against the goals and objectives as set out in the Annual Management Plan of the Fund.
7. The Board may delegate to Board committees matters it is responsible for, but the Board retains its oversight function and ultimate responsibility for all delegated responsibilities.

#### Monitoring of Financial Performance and Other Financial Reporting Matters

8. Pursuant to the Administration Agreement, the Board will review and may question the Annual Management Plan.
9. The Board is responsible for considering appropriate measures it may take on behalf of the Fund as a party to the Administration Agreement and Management Agreements if the performance of Macquarie Power & Infrastructure Income Group and the assets under Management's authority to manage, supervise and/or operate do not meet the Fund's goals or other special circumstances warrant.
10. The Board shall be responsible for approving the audited financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements, the annual report, management proxy circular and annual securities law filings.
11. The Board is responsible for reviewing and approving material transactions involving the Fund and those matters which the Board is required to approve under the Declaration of Trust including the payment of distributions, the purchase and issuance of units, acquisitions and dispositions of material assets by the Fund and material expenditures by the Fund.

#### Policies and Procedures

12. The Board is responsible for:
  - (a) maintaining records on the Fund's affairs and investments;
  - (b) approving and monitoring compliance with all significant policies and procedures by which the Fund is operated;
  - (c) approving policies and procedures designed to ensure that the Fund operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
  - (d) enforcing obligations of the trustees respecting confidential treatment of the Fund's proprietary information and Board deliberations.

13. The Board is responsible for approving an External Communications Policy respecting communications to the public and an Insider Trading Policy respecting insider trading and reporting matters.

#### Communications and Reporting

14. The Board is responsible for:
- (a) overseeing the accurate reporting of the financial performance of the Fund to unitholders, other security holders and regulators on a timely and regular basis;
  - (b) overseeing that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
  - (c) taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Fund;
  - (d) reporting annually to unitholders on its stewardship for the preceding year;
  - (e) overseeing the provision to unitholders of all such information as is required by applicable law, prior to each meeting of unitholders;
  - (f) overseeing the investor relations and communications strategy of the Fund;
  - (g) overseeing the Fund's ability to accommodate feedback from unitholders;
  - (h) overseeing the Manager's role in assisting the Fund with its continuous disclosure obligations; and
  - (i) receiving reports from time to time from the Manager on foreign ownership of the Fund's securities in connection with maintaining its mutual fund status