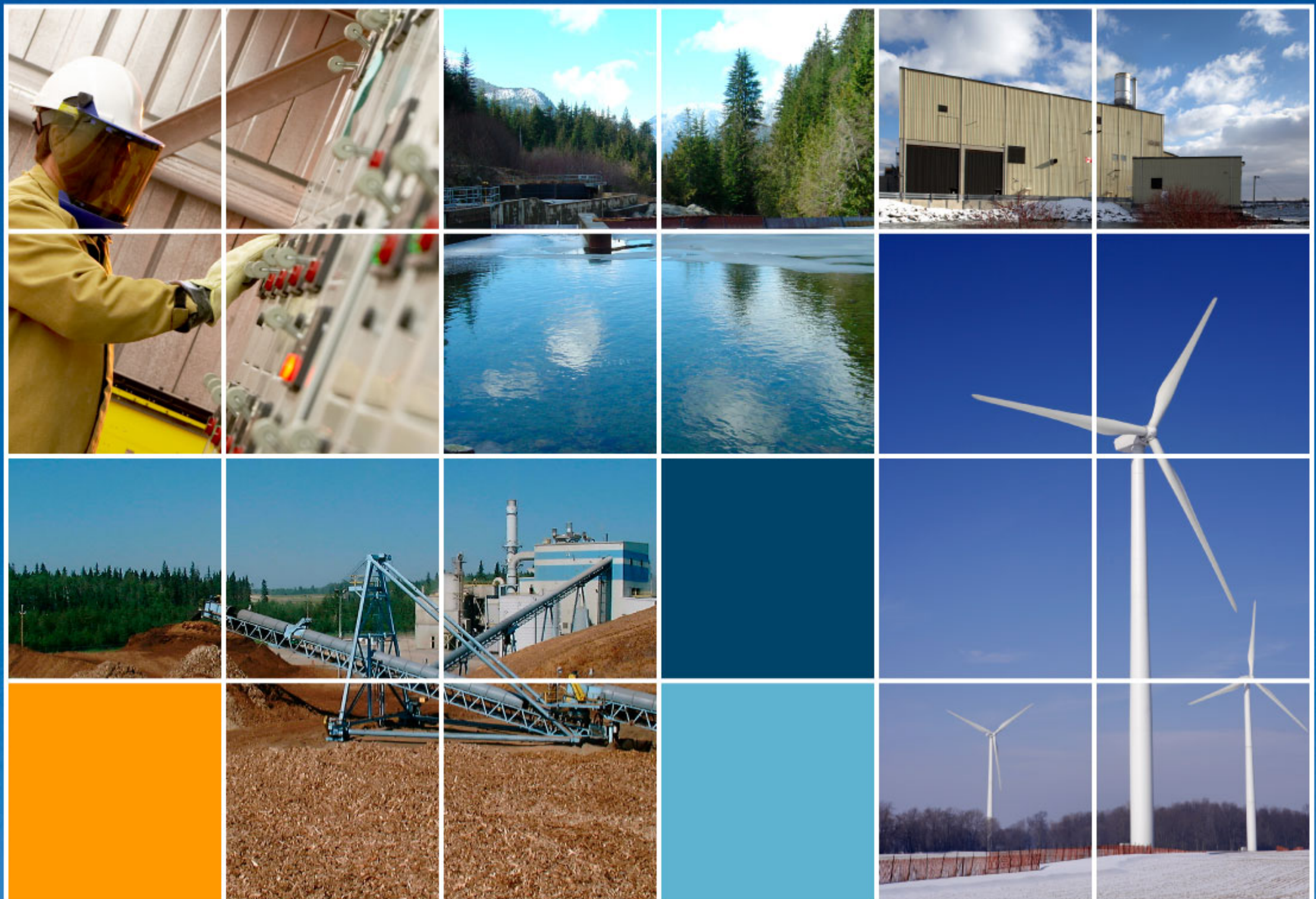
MACQUARIE POWER & INFRASTRUCTURE INCOME FUND
FINANCIAL REPORT
FOR THE QUARTER ENDED
MARCH 31, 2010

MACQUARIE



MACQUARIE POWER & INFRASTRUCTURE INCOME FUND

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED
MARCH 31, 2010

This report for Macquarie Power & Infrastructure Income Fund ("MPT" or the "Fund") summarizes the consolidated operating results and cash flows for the quarter ended March 31, 2010 and the Fund's financial position as at that date. This discussion and analysis should be read in conjunction with the unaudited interim comparative consolidated financial statements of the Fund and accompanying notes as at and for the quarter ended March 31, 2010 as well as management's discussion and analysis included in the Fund's annual report for the year ended December 31, 2009. Additional information about the Fund, including its Annual Information Form dated March 25, 2010, quarterly reports and other public releases, is available on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com. The information contained in this report reflects all material events up to May 11, 2010, the date on which this report was approved by the Fund's Board of Trustees.

Macquarie Power & Infrastructure Income Fund ("MPT" or 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 are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that act or any other legislation.

None of the entities noted in this report is an authorized deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

NON-GAAP MEASURES

While the consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), this report also contains figures that are not performance measures as defined by GAAP. For instance, the Fund measures distributable cash, payout ratio and contribution margin to assess the financial performance of the Fund's operations. Please see Distributable Cash and Payout Ratio and Contribution Margin for additional information and a reconciliation of these non-GAAP figures with the most comparable GAAP measures.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain of the statements contained in this quarterly report are forward-looking and reflect management's expectations regarding the Fund's future growth, results of operations, performance and business based on information currently available to the Fund. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements use forward-looking words, such as "anticipate", "continue", "could", "expect", "may", "will", "estimate", "believe" or other similar words. These statements are subject to significant known and unknown risks and uncertainties that may cause actual results or events to differ materially from those expressed or implied by such statements and, accordingly, should not be read as guarantees of future performance or results.

The forward-looking statements in this quarterly report are based on information currently available and what the Fund currently believes are reasonable assumptions, including the material assumptions for each of the Fund's assets set out in the Fund's 2009 Annual Report under the heading "Outlook" on page 42, as updated in subsequently filed Quarterly Financial Reports of the Fund (such documents are available on the SEDAR at www.sedar.com). Other material factors or assumptions that were applied in formulating the forward-looking statements contained herein include the assumption that the business and economic conditions affecting the Fund's operations will continue substantially in their current state, including, with respect to industry conditions, general levels of economic activity, regulations, weather, taxes and interest rates and that there will be no unplanned material changes to the Fund's facilities, equipment and contractual arrangements. Although the Fund believes that it has a reasonable basis for the expectations reflected in these forward-looking statements, actual results may differ from those suggested by the forward-looking statements for various reasons, including risks related to: power infrastructure (operational performance; power purchase agreements ("PPAs"); fuel; contract performance; default under credit agreements; land tenure and related rights; regulatory regime and permits and force majeure) and the Fund (changes in federal tax rules for flow through entities; other tax related risks; variability of distributions;

geographic concentration and non-diversification; dependence on Macquarie Power Management Ltd. ("MPML" or the "Manager") and potential conflicts of interest; insurance; environmental, health and safety regime; availability of financing; unitholder dilution; volatile market price for units; international financial reporting standards; nature of units; unitholder liability). For a more comprehensive description of these and other possible risks, please see the Fund's Annual Information Form dated March 25, 2010 for the year ended December 31, 2009 as updated in subsequently filed Quarterly Financial Reports and other filings of the Fund with the Canadian securities regulators. These filings are available on SEDAR at www.sedar.com. The assumptions, risks and uncertainties described above are not exhaustive and other events and risk factors could cause actual results to differ materially from the results and events discussed in the forward-looking statements. These forward-looking statements reflect current expectations of the Fund as at the date of this quarterly report and speak only as at the date of this quarterly report. The Fund does not undertake any obligation to publicly update or revise any forward-looking statements except as may be required by applicable law.

TO THE UNITHOLDERS OF MACQUARIE POWER & INFRASTRUCTURE INCOME FUND:

I am pleased to report Macquarie Power & Infrastructure Income Fund's results for the first quarter of 2010.

During the quarter, we undertook a significant strategic initiative to divest of our 45% interest in Leisureworld Senior Care LP ("LSCLP" or "Leisureworld") through an initial public offering ("IPO"). This initiative reflected favourable market conditions for senior care as well as investor appetite for yielding investments, which together created an excellent opportunity for MPT to maximize the value of Leisureworld for our unitholders. This initiative also aligned with our increased focus on core infrastructure categories, such as power generation, electricity transmission or distribution, and utilities and transportation, which are the areas where we are currently seeing the highest potential growth opportunities for MPT. Leisureworld's IPO, which was completed on March 23, 2010, resulted in initial net cash proceeds for MPT of approximately $50 million. As the over-allotment option granted to the IPO underwriters was not exercised, Macquarie Long Term Care LP ("MLTCLP") owns 958,649 common shares of the new publicly-traded entity, Leisureword Senior Care Corporation ("LSCC"), which were issued at $10 per share representing a dividend yield of 8.5%. MPT beneficially owns approximately 2.2% of LSCC's common shares worth approximately $4 million.

MPT is now strongly positioned to pursue growth, which is a key focus for our team in 2010. We currently have access to approximately $150 million of capital, including about $85 million available under our credit facility, net proceeds from the Leisureworld sale and the balance of proceeds from our recent convertible debenture offering. Additionally, we expect to accumulate cash annually due to our lower distribution level. We are continuing to examine a range of opportunities, including operating assets, development projects and strategic partnerships in Canada and internationally. A key strategic advantage that we have is our relationship with the Macquarie group, which gives us access to unparalleled expertise in infrastructure financing and management as well as a robust pipeline of potential investments.

Financial Highlights

Revenue for the quarter was $44.2 million compared with $40.3 million in the first quarter of 2009, reflecting a 1.6% increase in electricity production.

Our Cardinal gas cogeneration ("Cardinal") and Whitecourt biomass ("Whitecourt") facilities performed strongly with fewer hours of outage than in the same period last year. Our hydro power facilities likewise performed well, reflecting increased water flows at the Sechelt, Wawatay and Dryden facilities as a result of higher precipitation and above seasonal temperatures. These improvements were partially offset by decreased production at Erie Shores, reflecting lower than average wind speeds during the first three months of the year.

Additionally, Cardinal benefited from higher power rates under its PPA, which helped to partially offset the impact of increased gas transportation costs. Cardinal also received a $1.8-million payment from the Ontario Electricity Financial Corporation ("OEFC") due to an adjustment in the Direct Consumer Rate ("DCR") compared with a $0.2-million DCR adjustment paid to the OEFC in the first quarter of 2009.

Distributable cash was $14.7 million ($0.295 per unit) compared with $15.0 million ($0.300 per unit) in the first quarter of 2009. Declared distributions to unitholders were $8.2 million ($0.165 per unit) compared with $13.1 million ($0.262 per unit) in 2009, representing a payout ratio of 56% compared with a payout ratio of 88% in the first quarter of 2009. The lower payout ratio reflected the decrease in distributable cash as well as the Fund's new policy, effective January 2010, to distribute $0.66 per unit annually to unitholders compared with $1.05 per unit annually previously.

The Fund's balance sheet at March 31, 2010 remained strong, with positive working capital of $31.6 million and cash and cash equivalents of $73.4 million. The Fund is conservatively leveraged relative to the low risk profile and long life of its assets, with a debt to capital ratio of 47.5%.

Outlook

We currently anticipate that MPT will continue to perform reliably in 2010, reflecting the quality and breadth of our portfolio and the predictability of our infrastructure businesses.

Based on our current portfolio, we expect to maintain stable distributions to unitholders of $0.66 per unit through 2014. This distribution level is expected to result in an average payout ratio of approximately 70 to 75% of distributable cash over this five-year period. As a result of the sale of Leisureworld, we anticipate that the 2010 payout ratio will be above 80.0%. We currently intend to seek unitholder approval to convert into a dividend-paying corporation prior to January 1, 2011.

We expect revenue at Cardinal in 2010 to be higher than in 2009 due to less scheduled maintenance and the continuing escalation in the DCR, which results in a higher power price under Cardinal's PPA. Cardinal completed its planned combustion inspection in April 2010 on schedule in four days. We anticipate that higher power rates and increased production compared with 2009 will be partially offset by the impact of higher gas transportation rates, which increased to $1.64 per gigajoule in 2010 compared with $1.19 per gigajoule in 2009. As a result, we expect cash flow from this facility to be slightly higher than in 2009.

As a result of unfavourable wind conditions in the first quarter of the year, revenue and cash flow at Erie Shores is currently expected to be in line with or slightly below 2009. Erie Shores' long-term annual production target is 249,800 MWh. At the end of July 2010, Erie Shores will internalize operations and maintenance ("O&M") following the expiry of its existing O&M contract with GE Canada, which is expected to result in lower operating costs over time. As a result of the internalization, Erie Shores expects to incur approximately $800,000 in one-time expenses and capital expenditures primarily related to building up an inventory of spare parts as well as end-of-contract inspections.

We expect revenue and cash flow from the hydro power facilities to be higher based on the expectation of improved hydrological conditions as well as price escalators in the facilities' PPAs. The average long-term annual production of the hydro power facilities is 166,360 MWh. Capital expenditures across the facilities are expected to be significantly lower than in 2009. Value enhancement projects at the hydro power facilities planned for a seasonally low period in 2010 include upgrading the SCADA (Supervisory Control and Data Acquisition) software systems at Hluey Lakes and Wawatay. These systems monitor the facilities' operations to collect the operational and technical data required to improve operational efficiency.

We expect revenue and cash flow at Whitecourt to be significantly higher in 2010 than in 2009. We anticipate that Whitecourt will achieve an availability factor of approximately 95% in 2010, which is in line with its historical performance. Whitecourt's turbine is expected to operate reliably until the facility's next scheduled major maintenance inspection in 2016. We are planning approximately $1 million in capital expenditures in 2010 to support the facility's ongoing reliability, which includes the replacement of the facility's boiler feedwater pumps and air compressor. We currently expect Whitecourt to have a continuing stable and adequate supply of wood waste fuel in 2010.

At the Fund level, we expect higher administrative and interest costs in 2010 than in 2009. Administrative costs are expected to be higher due to the process of converting the Fund to a dividend-paying corporation, the implementation of International Financial Reporting Standards, and increased business development activity as we pursue our growth strategy. Increased interest costs in 2010 will reflect higher rates on our credit facility as well as the higher principal amount outstanding on the convertible debentures. Despite these costs, we expect slightly increased cash flow overall in 2010 compared with 2009.

MPT offers investors access to the emerging infrastructure asset class, which sets us apart. In today's market, what matters the most to investors is predictability. That is the core of our vision for MPT: to deliver an attractive and reliable income stream as well as capital growth over time.

Your insight and feedback is important to us as we work to build MPT into Canada's leading infrastructure investment company. We encourage you to continue to share your views with us at mpt@macquarie.com. We also invite you to participate in our annual general meeting of unitholders, which will be held on June 29, 2010 at 11 a.m. at One King West Hotel in Toronto, Ontario. For those unable to attend in person, this event will be webcast live at www.macquarie.com/mpt.

Thank you for your continuing confidence and support.

Sincerely,

Michael Bernstein
President and Chief Executive Officer
May 11, 2010

CONSOLIDATION AND COMPARISON OF OPERATING RESULTS

MPT is an unincorporated, open-ended limited purpose trust established by a declaration of trust dated March 15, 2004 as amended and restated on April 16, 2004 and as further amended on February 21, 2006. Through its subsidiaries, the Fund owns, operates and has investments in power infrastructure assets, including gas cogeneration, wind, hydro and biomass power generating facilities.

This Management's Discussion and Analysis ("MD&A") is designed to provide readers with an informed discussion of the activities and operating results of the Fund and its principal subsidiaries: Macquarie Power & Infrastructure Income Trust (the "Trust"), Cardinal Power Inc. ("Cardinal GP"), Cardinal Power of Canada, LP ("Cardinal"), MPT LTC Holding Ltd. ("LTC GP"), MPT LTC Holding LP ("LTC Holding LP") and Clean Power Operating Trust ("CPOT"). CPOT has an indirect 31.3% interest in one of the two classes of preferred shares of Chapais Électrique Limitée ("Chapais") and is also a lender to Chapais Énergie, Société en Commandite ("CHESEC"), the owner of the Chapais facility. The Fund also holds a 45% interest in Macquarie Long Term Care LP ("MLTCLP"), which was the sole owner of Leisureworld. On March 23, 2010, MLTCLP divested of its equity interest in Leisureworld through an initial public offering ("IPO") of Leisureworld Senior Care Corporation ("LSCC"). The Fund accounts for its interests in MLTCLP and Chapais using the equity method.

The following discussion and analysis compares the actual results of the Fund for the quarter ended March 31, 2010 with the results for the quarter ended March 31, 2009. All amounts have been expressed in thousands of Canadian dollars unless otherwise stated.

Selected Consolidated Financial and Operating Information of the Fund

($000s except for trust units and per trust unit amounts)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Revenue	44,152	40,255
Income before the following:	9,597	6,131
Unrealized gain on swap contracts	1,732	1,823
Unrealized gain (loss) on embedded derivative instruments	(5,777)	1,010
Net interest expense	(4,511)	(3,267)
Equity accounted income (loss) from long-term investments	3,468	(526)
Foreign exchange gain (loss)	6	(7)
Income before income taxes	4,515	5,164
Income tax recovery (expense)	16,497	(3,067)
Net income	21,012	2,097
Basic net income per Unit	0.421	0.042
Diluted net income per unit	0.381	0.042
Cash flows from operating activities	13,553	13,309
Per Unit	0.272	0.267
Distributable cash (i)	14,715	14,955
Per Unit	0.295	0.300
Distributions declared to Unitholders	8,236	13,104
Per Unit (ii)	0.165	0.262
Payout ratio (iii)	56%	88%
Basic weighted average number of trust units and Class B exchangeable units outstanding ("Units")	49,915	49,921
Diluted weighted average number of trust units and Class B exchangeable units outstanding	58,070	49,921
Total assets	717,054	728,686
Total long-term liabilities	337,368	382,838
Sale of electricity (MWh) (iv)	550,177	541,603
Sale of steam (klbs)	185,904	200,545
Average total occupancy	98.3%	98.1%
Average private occupancy	96.9%	94.4%

(i) See Distributable Cash and Payout Ratio for a reconciliation of distributable cash from cash flows from operating activities for the quarter. Distributable cash is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, distributable cash may not be comparable to similar measures presented by other issuers.
(ii) All unitholders were paid distributions equivalent to the amount shown.
(iii) Payout ratio is defined by the Fund as distributions declared as a proportion of distributable cash. Payout ratio is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, it may not be comparable to similar measures presented by other issuers.
(iv) The sale of electricity for the quarter includes full production from Chapais of 60,221 MWh (Q1 2009 – 61,232 MWh). The Fund accounts for its investment in Chapais using the equity method; therefore, Chapais' operating results do not impact the Fund's revenue for the respective periods.

Revenue

Revenue for the quarter ended March 31, 2010 was $44,152 (Q1 2009 - $40,255). Total power generation was 550,177 MWh (Q1 2009 - 541,603 MWh), reflecting a 1.6% increase in the quarter.

The increase in revenue and production primarily reflected higher power prices at Cardinal, fewer outage hours at Whitecourt and higher water flows at the hydro power facilities. This was partially offset by lower production at Erie Shores due to lower wind speeds than in the same period last year.

Cardinal's revenue was also higher as a result of a DCR adjustment of $1,840 received from the OEFC in the quarter, compared with a DCR adjustment in 2009 that resulted in a payment of $245. The rate that Cardinal receives from the OEFC is escalated annually by the DCR, which represents the fully delivered cost of electricity for industrial customers and includes the cost of the commodity, transmission and all other related charges. Since the final DCR for any given year may not be available until after year end, a provisional DCR is calculated at the beginning of each year and an interim DCR is calculated as at June 30 each year. This results in DCR adjustments in any given year, which effectively represent true-up of revenue from the OEFC.

Income Before the Following

Income before unrealized gains and losses on swap contracts and embedded derivative instruments, net interest expense, income or loss from equity accounted investments, foreign exchange and income taxes for the quarter ended March 31, 2010 was $9,597 (Q1 2009 - $6,131).

The increase in the quarter reflected higher revenue at Cardinal, Whitecourt and the hydro power facilities, partially offset by lower cash flows from Erie Shores. Operating expenses were slightly higher due to higher gas transportation costs at Cardinal, partially offset by lower major maintenance expenses at Whitecourt compared with the same period last year. Administrative expenses increased as a result of reorganization costs relating to the Fund's conversion to a corporate structure that is expected to occur prior to January 1, 2011.

The following table summarizes major administrative expense categories for the quarter:

($000s unless otherwise noted)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Management fees	448	440
Administrative fees	28	27
Cost reimbursement (i)	692	707
Incentive fees	954	1,033
Other administrative expenses (ii)	1,082	680
Administrative expenses	3,204	2,887

(i) The cost reimbursement expense for the quarter excluded $83 (Q1 2009 - $22) of cost reimbursement that has been capitalized to deferred charges and deferred financing fees. The Manager receives reimbursement for cost of services provided to the Fund in relation to, but not limited to, administration, regulatory, finance, rent and information technology.

(ii) Other administrative expenses include business development, legal, audit, investor relations and public company costs incurred in the respective periods.

Unrealized Gain on Swap Contracts

The fair value of the Fund's swap contracts was recorded on the consolidated statement of financial position as at March 31, 2010. Since these swap contracts are not designated for hedge accounting, the movement in the fair value of these contracts was reflected in the consolidated statement of operations as follows:

($000s unless otherwise noted)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Unrealized gain on gas swap contracts	1,385	1,710
Unrealized gain on interest rate swap contracts	347	113
Total unrealized gain on swap contracts	1,732	1,823

For the quarter ended March 31, 2010, the unrealized gain on gas swap contracts reflected lower forward gas prices partially offset by swap settlements and movements in foreign exchange in the quarter.

The unrealized gain on the interest rate swap contracts in the quarter reflected settlements in the quarter as well as lower fixed rates on revised swap contracts which were amended in December 2009 for a longer term in order to match the refinanced credit facility at Cardinal and CPOT.

Unrealized Gain (Loss) on Embedded Derivative Instruments

The fair value of the Fund's embedded derivative instruments was recorded on the consolidated statement of financial position as at March 31, 2010. The decrease in the fair value of the embedded derivative asset for the quarter reflected lower forward gas prices, a decrease in the volatility curve and the change in valuation date. The decrease in the fair value of the embedded derivative liability for the quarter mainly reflected the change in valuation date. The movement in the fair value of these embedded derivatives was reflected in the consolidated statement of operations as follows:

($000s unless otherwise noted)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Unrealized gain (loss) on embedded derivative asset	(5,368)	1,996
Unrealized loss on embedded derivative liability	(409)	(986)
Total unrealized gain (loss) on embedded derivative instruments	(5,777)	1,010

Net Interest Expense

Net interest expense for the quarter ended March 31, 2010 was $4,511 (Q1 2009 – $3,267), reflecting higher interest expense and lower interest income than in the same period last year. In May 2009, the Fund refinanced two of its credit facilities under CPOT and Cardinal into a new joint credit facility. Higher interest expense in the quarter reflected higher stamping and commitment fees under the refinanced credit facility, partially offset by a $25,000 repayment on the previous CPOT facility. The Fund also refinanced its convertible debentures in December 2009, increasing principal amounts outstanding by $18,582. Interest income for the quarter was lower due to lower prevailing interest rates, partially offset by a higher average cash balance following the divestment of Leisureworld in March 2010.

Equity Accounted Income (Loss) from Long-term Investments

Equity accounted income (loss) from long-term investments consists of the Fund's share of income from its equity investment in MLTCLP which includes income from Leisureworld up to March 22, 2010. This has been accounted for using the equity method. The Fund does not record any income on its equity interest in Chapais as the investment has been fully impaired and management does not expect to recover any income from the investment.

Income Taxes

Future income tax assets and liabilities are recognized on the Fund's consolidated statement of financial position based on temporary differences between the accounting and tax bases of existing assets and liabilities that are expected to reverse after 2010. For the quarter ended March 31, 2010, the Fund recorded a future income tax recovery of $16,497 (Q1 2009 – expense of $3,067) on the consolidated statement of operations in respect of these assets and liabilities. The significant recovery in the quarter primarily reflected the impact of derecognizing future income tax assets and liabilities relating to the Fund's investment in Leisureworld.

Cash Flows from Operating Activities

Cash flows from operating activities for the quarter ended March 31, 2010 were $244 higher than in the same period last year. The increase was primarily due to higher cash flows from Cardinal, Whitecourt and hydro power facilities partially offset by higher net interest expense and higher administrative expenses for reasons described above, and working capital movements.

Distributable Cash and Payout Ratio

Distributable cash and payout ratio are not recognized performance measures under GAAP. The Fund believes that distributable cash and payout ratio are useful supplemental measures that may assist investors in assessing the Fund's financial performance. Distributable cash is based on cash flows from operating activities, the GAAP measure that is reported in the Fund's consolidated statement of cash flows, and adjusted for changes in the reserve accounts, non-discretionary receipts and payments, and distributions received from Leisureworld. In addition, the impact of changes in working capital is excluded (the movements in trade-related current assets and liabilities, excluding cash) as management believes it should not be considered in a period calculation intended to demonstrate the degree to which cash flow from earnings supports the financial obligations of the Fund. Payout ratio is defined as distributions declared as a proportion of distributable cash.

The nature of power infrastructure assets requires scheduled maintenance programs to optimize efficiency and operating life. MPT has reserves that are funded based on planned requirements. Cash from these reserves is released to meet maintenance and capital requirements. Adjustments for scheduled receipts and payments are made according to the Fund's investment and financing decisions regarding ongoing commitments.

The Fund continues to calculate and measure distributable cash excluding changes in working capital. The OEFC, the Fund's primary customer, is billed monthly. As there are only 12 payments each year, the timing of each payment has a significant impact on the Fund's working capital. Monthly payments are received at month end or on the first business day following a month end, which could result in a situation where two bills are paid in the same month. Such circumstances can cause working capital to fluctuate. As a result, working capital has been excluded from the calculation of distributable cash and payout ratio.

In any given period, distributable cash may exceed the net income of the Fund as a result of net releases from major maintenance accounts and non-cash charges, including, most significantly, amortization and non-cash movements in future income taxes, swap contracts and embedded derivative balances. Except for allocations to capital expenditure and major maintenance reserve accounts, the Fund does not retain additional amounts for these movements as they do not require periodic investments to maintain existing levels of activity. For the quarter ended March 31, 2010, cash flows from operating activities slightly exceeded total distributable cash as a result of the following movements:

($000s except for trust units and per trust unit amounts)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Cash flows from operating activities	13,553	13,309
Maintenance of productive capacity:		
Release from major maintenance reserve account	875	2,818
Allocation to major maintenance reserve account	(645)	(618)
Allocation to capital expenditure reserve account	(409)	(239)
	13,374	15,270
Other adjustments:		
Scheduled repayment of debt	(465)	(263)
Scheduled receipt of loans receivable	190	171
Distributions received from Leisureworld	2,131	2,588
Changes in working capital	(515)	(2,811)
Distributable cash[(i)]	14,715	14,955
Per Unit	0.295	0.300
Distributions declared to Unitholders	8,236	13,104
Per Unit [(ii)]	0.165	0.262
Payout ratio [(iii)]	56%	88%
Basic weighted average number of trust units and Class B exchangeable units outstanding	49,915	49,921

(i) Distributable cash is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, distributable cash may not be comparable to similar measures presented by other issuers.
(ii) All unitholders were paid distributions equivalent to the amount shown.
(iii) Payout ratio is defined by the Fund as distributions declared as a proportion of distributable cash. Payout ratio is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, it may not be comparable to similar measures presented by other issuers.

Distributable cash for the quarter ended March 31, 2010 was $14,715 (Q1 2009 - $14,955). The Fund declared distributions of $8,236 (Q1 2009 - $13,104) to unitholders, resulting in a payout ratio of 56% (Q1 2009 - 88%) for the quarter.

The lower payout ratio primarily reflected the Fund's revised distribution policy effective January 2010 to reduce distributions to unitholders from $1.05/unit on an annualized basis to $0.66/unit. This was partially offset by lower distributable cash in the quarter as a result of lower distributions received from Leisureworld following the divestment on March 23, 2010 as well as higher administrative and net interest expenses.

HIGHLIGHTS BY OPERATING SEGMENT

The discussion and analysis of the Fund's summarized results is organized by its operating segments: power infrastructure (gas cogeneration, wind, hydro and biomass) and social infrastructure. Following the divestment of Leisureworld, the Fund will have only one operating segment.

	Quarter ended March 31, 2010			Quarter ended March 31, 2009		
($000s unless otherwise noted)	Power	Social	Total	Power	Social	Total
Revenue	44,152	-	44,152	40,255	-	40,255
Operating expenses	24,235	-	24,235	24,062	-	24,062
Contribution margin (i)	19,917	-	19,917	16,193	-	16,193
Interest income on loans receivable (ii)	168	-	168	187	-	187
Depreciation and amortization on capital assets	5,173	-	5,173	5,232	-	5,232
The Fund's pro rata share of equity accounted income (loss)	-	3,468	3,468	-	(526)	(526)
Sale of electricity (MWh) (iii)	550,177	-	550,177	541,603	-	541,603
Sale of steam (klbs)	185,904	-	185,904	200,545	-	200,545
Average total occupancy	-	98.3%	98.3%	-	98.1%	98.1%
Average private occupancy	-	96.9%	96.9%	-	94.4%	94.4%

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.
(ii) The Fund's interest income consists of interest earned on Chapais loans. This amount is included in net interest expense on the consolidated statement of operations.
(iii) The sale of electricity for the quarter includes full production from Chapais of 60,221 MWh (Q1 2009 – 61,232 MWh). The Fund accounts for its investment in Chapais using the equity method; therefore, Chapais' operating results do not impact the Fund's revenue for the respective periods.

Power Infrastructure

The power infrastructure segment includes gas cogeneration, wind, hydro and biomass power generation assets. The Fund's power assets are diversified by fuel source and have a weighted average remaining PPA term of approximately nine years.

Asset/Facility	Percentage Ownership	Location	Net Installed Capacity (MW)	Utility/Electricity Purchaser	Expiry of PPA	Fuel Supply Contract Expiry
Gas Cogeneration						
Cardinal	100%	ON	156 MW	OEFC	2014	2015
Wind						
Erie Shores	100% (i)	ON	99 MW	Ontario Power Authority (“OPA”)	2026	n/a
Hydro						
Sechelt	100%	BC	16 MW	BC Hydro	2017	n/a
Hluey Lakes	100%	BC	3 MW	BC Hydro	2020	n/a
Wawatay	100%	ON	14 MW	OEFC	2042	n/a
Dryden (ii)	100%	ON	3 MW	OEFC	2020	n/a
Biomass						
Whitecourt	100%	AB	25 MW	TransAlta Utilities Corp. (“TransAlta”)	2014	2016
Chapais (iii)		QC	28 MW	Hydro Quebec	2015, with option to extend to 2020 under certain conditions	2015, with option to extend to 2020 under certain conditions

(i) One of the wind turbines is owned by a local landowner. Erie Shores maintains operational and managerial control of this wind turbine.
(ii) The Dryden facility is comprised of the Wainwright, Eagle River and McKenzie Falls hydro power stations.
(iii) The Fund has a 31.3% interest in one of the two classes of preferred shares of Chapais and holds a 24.8% interest in Tranche A and B debt and a 50% interest in Tranche C debt all issued by CHESEC.

The operating results of the Fund's power infrastructure assets are provided in the analysis below:

Gas Cogeneration Power Operations:

($000s unless otherwise noted)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Revenue	31,659	28,427
Operating expenses	20,098	19,562
Contribution margin (i)	11,561	8,865
Depreciation and amortization on capital assets	1,951	1,957
Sale of electricity (MWh)	340,708	340,594
Sale of steam (klbs)	185,904	200,545

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.

Revenue for the quarter was $3,232 higher than in the same period last year. This was primarily due to higher power prices from continued increases in the DCR as well as a DCR adjustment of $1,840 received from the OEFC in the first quarter of 2010 compared with a DCR payment of $245 in 2009. The plant achieved an availability of 99.9% (Q1 2009 - 98.9%) and a capacity factor of 97.9% (Q1 2009 - 97.9%) reflecting three hours (Q1 2009 - 22 hours) of outage for repairs and maintenance. Steam revenue of $294 (Q1 2009 - $315) was lower than in the same period last year due to lower steam requirements from Canada Starch Operating Company ("CASCO"). Operating expenses were $536 higher than in the same period last year as a result of higher gas transportation charges.

Wind Power Operations:

($000s unless otherwise noted)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Revenue	5,881	6,997
Operating expenses	1,585	1,367
Contribution margin (i)	4,296	5,630
Depreciation and amortization on capital assets	2,052	2,075
Sale of electricity (MWh)	60,518	71,910

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.

Erie Shores' revenue during the quarter was 15.9% lower than in the same period last year, reflecting a 15.8% decrease in production as a result of a lower average wind speed in the quarter. The facility operated at a capacity factor of 28.3% (Q1 2009 - 33.6%). Erie Shores' availability was 97.9% (Q1 2009 - 96.1%) as a result of fewer repairs and maintenance compared with the same period last year. Operating expenses were higher than in the same period last year due to inspection costs incurred in preparation of the expiry of the service and maintenance agreement with General Electric Canada in July 2010.

Hydro Power Operations:

($000s unless otherwise noted)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Revenue	3,273	1,844
Operating expenses	850	716
Contribution margin (i)	2,423	1,128
Depreciation and amortization on capital assets	565	543

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.

Sale of electricity (MWh) Asset/Facility	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Sechelt	24,582	13,699
Hluey Lakes	2,133	2,259
Wawatay	4,885	3,280
Dryden	5,216	4,397
Sale of electricity	36,816	23,635

Revenue from the hydro power facilities for the quarter was 77.5% higher than in the same period last year primarily due to increased production at Sechelt, Wawatay and Dryden as higher precipitation and above seasonal temperatures led to increased water flows. During the quarter, the hydro power facilities operated at a weighted average availability of 97.4% (Q1 2009 - 99.2%) and a capacity factor of 47.7% (Q1 2009 - 30.7%). Outage hours of 844 (Q1 2009 - 197 hours) were higher, reflecting the completion of turbine rehabilitation work that was conducted at the Dryden facility's 1 MW Wainwright station. Increased operating expenses were mainly due to higher operations and management fees from a cumulative inflation adjustment in the quarter.

Biomass Power Operations:

	Quarter ended March 31, 2010			Quarter ended March 31, 2009		
($000s unless otherwise noted)	Whitecourt	Chapais	Total Biomass	Whitecourt	Chapais	Total Biomass
Revenue	3,339	-	3,339	2,987	-	2,987
Operating expenses	1,702	-	1,702	2,417	-	2,417
Contribution margin [i]	1,637	-	1,637	570	-	570
Interest income on loans receivable	-	168	168	-	187	187
Depreciation and amortization on capital assets	605	-	605	657	-	657
The Fund's pro rata share of equity accounted income [ii]	-	-	-	-	-	-

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.

(ii) The Fund does not record any income on its equity interest in Chapais as the investment has been fully impaired and management does not expect to recover any income from the investment.

Sale of electricity (MWh) Asset/Facility	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Whitecourt	51,914	44,232
Chapais	60,221	61,232
Sale of electricity [i]	112,135	105,464

(i) The sale of electricity for the quarter includes full production from Chapais of 60,221 MWh (Q1 2009 – 61,232 MWh). The Fund accounts for its investment in Chapais using the equity method; therefore, Chapais' operating results do not impact the Fund's revenue for the respective periods.

Whitecourt

During the quarter, Whitecourt's revenue was 11.8% higher than the same period last year reflecting a 17.4% increase in production. This was due to fewer hours of outage from 276 hours in 2009 to 16 hours in 2010. The facility operated at an availability of 99.2% (Q1 2009 - 87.2%) and a capacity factor of 98.8% (Q1 2009 - 86.6%). The increase in production was partially offset by lower Alberta Power Pool prices as approximately 14.9% of the plant's production was sold into the Alberta Power Pool in the quarter. The average Alberta Power Pool price that Whitecourt received in the quarter was $41.05 per MWh compared with $63.29 per MWh in the same period last year. Operating expenses were 29.6% lower than in the same period last year, reflecting lower major maintenance and utilities expenses as the facility had a 12-day outage in the first quarter of 2009 to assess an abnormal vibration of the turbine.

Chapais

For the quarter ended March 31, 2010, the Chapais facility operated at an availability of 97.3% (Q1 2009 - 100.0%) reflecting 58 hours (Q1 2009 - nil hours) of outage. Chapais receives a monthly capacity premium during the four-month period from December to March provided that the facility meets the minimum 95% capacity requirement for both peak and off-peak hours. This was achieved with a capacity factor of 99.6% (Q1 2009 - 99.5%) in the quarter.

Social Infrastructure

Leisureworld owns and operates 26 long-term care homes (4,314 beds), one retirement home (29 beds) and one independent living home (53 beds) located in the Province of Ontario. In addition, Leisureworld operates two related businesses, Preferred Health Care Services, which provides professional nursing and personal support services for both community-based home care and long-term care homes, and Ontario Long-Term Care Providers, which provides purchasing services to Leisureworld's long-term care homes.

Leisureworld is currently the third largest provider of long-term care in Ontario. The composition of Leisureworld's long-term care portfolio as at March 22, 2010 by structural classification was as follows:

Beds by Class [(i)]	Number of Beds	Percentage of Portfolio
New or A	2,260	52.4%
B	299	6.9%
C	1,755	40.7%
Total	4,314	100.0%

(i) All of Leisureworld's Class A homes are designated as new homes and qualify for capital funding of up to $10.35 per day, per bed. These homes meet or exceed 1998 design standards. Class B homes exceed 1972 standards but do not meet 1998 design standards. Class C homes meet 1972 standards.

The Fund accounts for its investment in MLTCLP under the equity method. Operating results of Leisureworld that have been consolidated with MLTCLP up to March 22, 2010, the date of the divestment, were as follows:

($000s unless otherwise noted)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Revenue	58,742	64,328
Operating and administrative expenses	52,418	58,056
Net income (loss)	346	(1,171)
The Fund's pro rata share of equity accounted income (loss)	3,468	(526)
Distributions paid to the Fund	2,131	2,588
Average total occupancy	98.3%	98.1%
Average private occupancy	96.9%	94.4%

For the period between January 1, 2010 to March 22, 2010, Leisureworld generated revenue of $58,742 (Q1 2009 - $64,328). The decrease in revenue and operating expenses was due to only 81 days of operating results as opposed to a full quarter in the prior year. Operational expenses were also lower as a result of lower head office expenses from lower consulting costs, salary and benefits costs. Net income for the period was $346 (Q1 2009 - net loss of $1,171). The increase reflected higher income from operations and an unrealized gain on interest rate swaps.

The Fund's pro rata share of equity accounted income of MLTCLP included its 45% share of Leisureworld's net income which was $156. In addition, MLTCLP realized a gain on sale of investment of $7,027, of which $3,162 was attributable to the Fund. This was combined with other income of $334 at MLTCLP level relating to the sale, of which $150 was attributable to the Fund. Refer to note 3 of the unaudited interim consolidated financial statements for additional information on the divestment. Distributions from Leisureworld for the quarter ended March 31, 2010 were lower as a result of only 81 days of ownership in the quarter compared with a full quarter last year.

Contribution Margin

Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Contribution margin can be defined as revenue net of direct operating expenses. Contribution margin provides useful information that may assist investors in assessing the operational performance of the Fund's underlying assets and their contribution to the Fund's financial results.

The following provides a reconciliation of contribution margin from income before income taxes for the quarter ended March 31, 2010:

($000s unless otherwise noted)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Income before income taxes	4,515	5,164
Unrealized gain on swap contracts	(1,732)	(1,823)
Unrealized (gain) loss on embedded derivative instruments	5,777	(1,010)
Net interest expense	4,511	3,267
Equity accounted loss (income) from long-term investments	(3,468)	526
Foreign exchange loss (gain)	(6)	7
	9,597	6,131
Add back:		
Administrative expenses	3,204	2,887
Depreciation and amortization	7,116	7,175
Contribution margin	19,917	16,193

LIQUIDITY AND FINANCIAL RESOURCES

Demand associated with the Fund's assets is relatively stable through the business cycle and most assets have long-term agreements to enhance revenue certainty. This mitigates some of the liquidity risk and uncertainties inherent in the current economic environment.

As at March 31, 2010, the following funds were available under the existing credit facility:

($000s unless otherwise noted) Credit Facility	Credit Limits	Amounts Authorized or Drawn	Available
Term	141,875	85,000	56,875
Revolver (i)	40,625	12,533	28,092

(i) Amounts authorized or drawn under the Revolver reflect three letters of credit totalling $2,533 for Erie Shores and a $10,000 unsecured guarantee provided to the lenders under the Tranche C loan to Erie Shores.

In December 2009, the Fund issued $50,000 of new convertible unsecured subordinated debentures with a maturity date of December 31, 2016 ("2016 Debentures"). On January 5, 2010, the underwriters exercised an over-allotment option to purchase an additional $7,500 principal amount of the 2016 Debentures, bringing the aggregate gross proceeds of the offering to $57,500. Of this amount, $38,918 was used to redeem the Fund's existing 6.75% convertible debentures ("2010 Debentures") on January 11, 2010. The refinancing effectively extended the maturity of the Fund's convertible debentures from December 31, 2010 to December 31, 2016, reducing interest costs on the debentures from 6.75% to 6.50% and providing the Fund with additional capital for future growth opportunities.

The following table summarizes the Fund's capitalization position as of March 31, 2010:

	March 31, 2010		December 31, 2009	
($000s unless otherwise noted)	Fair Value	Carrying Value	Fair Value	Carrying Value
Long-term debt	193,624	191,918	192,941	192,403
Loan payable	49,200	49,200	-	-
Capital lease obligations	333	333	367	367
Convertible debentures (i)	60,375	49,358	89,437	81,655
Levelization amounts	21,789	21,789	21,166	21,166
Total debt	325,321	312,598	303,911	295,591
Unitholders' equity (i) (ii)	359,883	306,325	304,980	293,015
Total capitalization	685,204	618,923	608,891	588,606
Debt to capitalization	47.5%	50.5%	49.9%	50.2%

(i) The fair value of the Fund's convertible debentures as at March 31, 2010 was based on a unit price of $105.00 and debentures outstanding of 57,500 units. As at December 31, 2009 the fair value of the Fund's 2010 and 2016 Debentures was based on a unit price of $100.05 and $101.00, respectively, and debentures outstanding of 38,918 and 50,000 units, respectively. The carrying value of the equity portion of the Fund's convertible debentures of $5,463 as at March 31, 2010 (December 31, 2009 - $4,736) was excluded from total debt and included as part of Unitholders' equity.

(ii) The fair value of Unitholders' equity reflected the Fund's market capitalization as at March 31, 2010 based on a unit price of $7.21 (December 31, 2009 - $6.11) and units outstanding of 49,914,369 (December 31, 2009 - 49,914,927 units). Units outstanding include Class B exchangeable units which, as at March 31, 2010, were 3,249,390 (December 31, 2009 - 3,249,390 units).

The Fund expects to meet all of its obligations in 2010 and to make distributions to unitholders from cash flows generated from operating activities. As at March 31, 2010, the Fund had positive working capital of $31,560 (December 31, 2009 - $16,962). Unrestricted cash and cash equivalents totaled $73,358 (December 31, 2009 - $53,121), of which $63,010 (December 31, 2009 - $42,532) was not designated for major maintenance, capital expenditure or general reserves. The increase in unrestricted cash was attributable to the divestment of Leisureworld on March 23, 2010, which significantly increased the Fund's cash position. The Fund invests its excess cash in short-term bankers' acceptances.

($000s unless otherwise noted)	March 31, 2010	December 31, 2009
Major maintenance reserve	4,438	4,668
Capital expenditure reserve	910	921
General reserve	5,000	5,000
Total reserve accounts	10,348	10,589
Other cash and cash equivalents	63,010	42,532
Total cash and cash equivalents	73,358	53,121

With the continued funding of major maintenance and capital expenditure reserves, the Fund believes it has more than sufficient funds to meet all anticipated maintenance and capital requirements in 2010.

SUBSEQUENT EVENTS

As part of the Leisureworld IPO on March 23, 2010, the underwriters were granted an over-allotment option, exercisable in whole or in part for a period of 30 days from the IPO, to purchase up to an additional 958,649 common shares of LSCC. If exercised, LSCC would use the net proceeds from the purchase to repay the promissory note issued by LSCC to MLTCLP on the closing date of its IPO. Since this option was not exercised as at April 23, 2010, LSCC issued 958,649 common shares to MLTCLP in satisfaction of its remaining obligations under the promissory note. As a result, the Fund beneficially owns 431,392 shares or approximately 2.2% of the outstanding common shares of LSCC through its interest in MLTCLP.

RELATED PARTY TRANSACTIONS

Under the terms of the various administration and management agreements for each of the Fund, the Trust, Cardinal, LTC Holding LP and CPOT, the Fund makes payments to the Manager for administrative and management services, incentive fees and cost reimbursement.

The following table summarizes total amounts recorded with respect to services provided by MPML:

($000s unless otherwise noted)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Management fees	448	440
Administrative fees	28	27
Cost reimbursement (i)	775	729
Incentive fees	954	1,033
	2,205	2,229

(i) $83 (Q1 2009 - $22) of cost reimbursement for the quarter ended March 31, 2010 has been capitalized as deferred charges and deferred financing fees. The Manager receives reimbursement for cost of services provided to the Fund in relation to, but not limited to, administration, regulatory, finance, rent and information technology.

With respect to the Fund's over-allotment issue of additional 2016 Debentures in January 2010, an underwriter fee of $37 was paid to a subsidiary of Macquarie Group Limited ("MGL"), as a member of the syndicate. These costs have been capitalized as deferred financing fees and netted against the equity and liability portion of the convertible debentures in the consolidated statement of financial position as at March 31, 2010.

As part of the Leisureworld IPO, subsidiaries of MGL earned underwriting and selling concession fees of $2,100, as part of the underwriting syndicate. These fees were paid by LSCC from the IPO proceeds.

The Fund has gas swap agreements with an affiliate of MGL to hedge against fluctuations in the price of excess gas sold under the gas mitigation clause of Cardinal's gas purchase contract for the seven-month period from April to October for each of the years from 2010 to 2011. The gas swap contracts require Cardinal to make payments to an affiliate of MGL based on 436,814 MMBtu of gas at the then market rate of natural gas in exchange for receiving payments based on 436,814 MMBtu of gas at a fixed price per MMBtu. These transactions were carried out under normal arm's length commercial terms.

All related party transactions have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

SEASONALITY

Since Cardinal has a long-term PPA with the OEFC and a gas purchase contract with Husky Energy Marketing Inc., its results are not significantly affected by fluctuations resulting from the market prices for electricity or the volatility in the price of natural gas. However, the PPA contains higher power rates during the six-month period from October to March (and lower rates from April to September), which is reflected in the variations in quarterly results.

In addition, Cardinal and Whitecourt generally perform their major maintenance activities during the April to July period, which affects the Fund's operating results during that period. To partially offset this seasonality, Cardinal sells the surplus natural gas not consumed in the market. Exposure to fluctuations in the market price of gas from the sales of surplus gas has been partially hedged with gas swap contracts.

Electricity production generated by Erie Shores fluctuates with the natural wind speed and density in the area of the facility. During the fall and winter periods, wind speed and density are generally greater than during the spring and summer periods.

A significant portion of electricity production generated by the Fund's hydro power facilities fluctuates with the natural water flow of the respective watersheds. During the spring and fall periods, water flows are generally greater than during the winter and summer periods.

As with the Cardinal PPA, Wawatay's and Dryden's PPAs with the OEFC have different pricing provisions for electricity produced depending on the time of year. The OEFC pays higher rates for electricity during the months of October to March (and lower rates from April to September).

The PPA with Hydro Quebec relating to the Chapais facility also has different pricing provisions for electricity produced depending on the time of year. During the months of December to March, Hydro Quebec pays an additional capacity premium. This does not have an affect on the Fund's net income or cash flows.

The seasonality of wind speed and density, water flows, pricing provisions within the PPAs with the OEFC may result in fluctuations in revenue and net income during the year.

The Fund maintains reserve accounts and free cash flow in order to offset the seasonality and other factors that may impact electricity production. Management expects that the reserve accounts and free cash flow will be sufficient to maintain monthly distributions to unitholders in 2010.

SUPPLEMENTAL QUARTERLY INFORMATION

Selected Consolidated Financial and Operating Information of the Fund

($000s except for per trust unit amounts) For the quarters ended	Mar 31, 2010	Dec 31, 2009	Sept 30, 2009	Jun 30, 2009	Mar 31, 2009	Dec 31, 2008	Sept 30, 2008	Jun 30, 2008
Revenue	44,152	42,795	32,731	32,603	40,255	42,190	32,434	34,862
Net income (loss)	21,012	11,501	(587)	(1,752)	2,097	(36,560)	3,811	826
Cash flows from operating activities	13,553	9,504	5,972	9,255	13,309	9,836	8,549	17,240
Distributable cash (i)	14,715	16,142	8,305	10,225	14,955	14,705	9,839	11,201
Distributions declared to Unitholders	8,236	13,103	13,103	13,104	13,104	13,106	13,114	13,117
Basic net income (loss) per Unit	0.421	0.230	(0.012)	(0.035)	0.042	(0.732)	0.076	0.017
Diluted net income (loss) per unit	0.381	0.230	(0.012)	(0.035)	0.042	(0.732)	0.076	0.017
Cash flows from operating activities per Unit	0.272	0.190	0.120	0.185	0.267	0.197	0.171	0.345
Distributable cash per Unit	0.295	0.323	0.166	0.205	0.300	0.294	0.197	0.224
Distributions declared per Unit (ii)	0.165	0.262	0.262	0.262	0.262	0.262	0.262	0.262

(i) Distributable cash is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, distributable cash may not be comparable to similar measures presented by other issuers.
(ii) All unitholders were paid distributions equivalent to the amount shown.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

The following describes the significant contractual obligations and commitments of the Fund as at March 31, 2010:

Leases

Cardinal leases the site on which the facility is located from CASCO. Under the lease, Cardinal pays nominal rent. The lease expires in 2015 concurrently with the energy savings agreement between CASCO and Cardinal.

CPOT has lease agreements with the Provinces of Ontario and British Columbia with respect to certain lands, lands under water and water rights necessary for the operation of its hydro facilities. The payments with respect to these agreements vary based on actual power production. The terms of the lease agreements extend between 2023 and 2042.

The Fund has a capital lease on vehicle equipment expiring in 2012 bearing interest at 7.0%. The following table summarizes total principal and interest payments on the Fund's capital lease for the next three years:

($000s unless otherwise noted) Year of Repayment	Annual Payment	Interest	Principal
2010	100	15	85
2011	133	13	120
2012	133	5	128
Total	366	33	333

Long-term Debt

($000s unless otherwise noted)	Interest Rate	Maturity	March 31, 2010	December 31, 2009
Credit facility (i)	2.92%	June 29, 2012	85,000	85,000
Erie Shores project debt (ii)				
Tranche A	5.96%	April 1, 2026	64,046	64,629
Tranche B	5.28%	April 1, 2016	5,371	5,551
Tranche C	5.05%	April 1, 2011	40,000	40,000
			109,417	110,180
			194,417	195,180
Less: Deferred financing fees			(2,499)	(2,777)
Total debt, net of deferred financing fees			191,918	192,403
Less: Current portion of long-term debt			(3,162)	(3,117)
Total long-term debt			188,756	189,286

(i) As at March 31, 2010, the Fund has a combined credit facility under CPOT and Cardinal in the amount of $182,500, consisting of: (a) a $141,875 term facility ("Term"); and (b) a $40,625 revolving facility ("Revolver"), of which $85,000 has been advanced on the Term and $nil was advanced on the Revolver. There are three letters of credit authorized under the Revolver totalling $2,533 for Erie Shores and a $10,000 unsecured guarantee provided to the lenders under the Tranche C loan to Erie Shores. Advances under the credit facility are made in the form of a series of bankers' acceptances ("BA") and prime rate loans. Interest paid on BAs is based on the then current BA rate plus an applicable margin ("stamping fee") based on the ratio of consolidated total debt to consolidated earnings before interest, taxes, depreciation and amortization and unrealized gains and losses ("EBITDA"). Collateral for the facility is provided by first ranking security interest covering the assets of CPOT, Cardinal and certain direct subsidiaries, collectively the "restricted group". The restricted group is subject to certain non-financial and financial covenants including limits on the consolidated total debt/consolidated EBITDA ratio and interest coverage ratio.

(ii) The Fund has a loan of $109,417 non-recourse project financing for Erie Shores, consisting of: (a) a $64,046 fully amortizing loan ("Tranche A"); (b) a $5,371 fully amortizing loan ("Tranche B"); and (c) a $40,000 interest only loan ("Tranche C"). This financing was borrowed by Erie Shores and is secured only by assets of Erie Shores. CPOT has an unsecured guarantee in the amount of $10,000 to the lenders under the Tranche C loan. Interest on the facility is fixed as presented above.

Swap Contracts

As at March 31, 2010, Cardinal and CPOT have various interest rate swap contracts to mitigate interest rate risk on a notional amount of $85,000 on their combined credit facility. Under each agreement, Cardinal and CPOT will pay a fixed rate in return for a floating rate equal to the then current three-month BA rate. The terms of the swap contracts are as follows:

Maturity Date	Notional Amount	Swap Fixed Rate	Stamping Fee (i)	Effective Interest Rate
June 29, 2012	11,700	3.12%	2.50%	5.62%
June 29, 2012	5,300	3.13%	2.50%	5.63%
June 29, 2012	18,000	3.13%	2.50%	5.63%
June 29, 2012	10,000	2.28%	2.50%	4.78%
June 28, 2010 (ii)	40,000	3.07%	2.50%	5.57%
	85,000			

(i) The stamping fee represents the current applicable margin that is paid on advances from the joint credit facility at Cardinal and CPOT.
(ii) The Fund has a forward start swap to hedge the interest on a notional $40,000 from June 28, 2010 to June 29, 2012 at a fixed rate of 2.14%.

CPOT also has a forward start swap contract on a notional amount of $20,000 to mitigate some of the refinancing risk associated with the Erie Shores project debt. Under the contract, CPOT will pay a fixed rate of 5.63% for a period of five years following the maturity of the Erie Shores project debt from December 1, 2011 to December 1, 2016. In return, CPOT will be paid a floating rate equal to the then current three-month BA rate.

Cardinal has gas swap contracts for the seven-month period from April to October in the years 2010 to 2011. Each fiscal year, these contracts require Cardinal to make payments to the counterparties based on 436,814 MMBtu of gas at the then market rate of natural gas in exchange for receiving payments based on 436,814 MMBtu of gas at a fixed price per MMBtu.

None of the swap contracts above have been designated for hedge accounting.

Convertible Debentures

As at March 31, 2010, the Fund has $57,500 of convertible unsecured subordinated debentures with a maturity date of December 31, 2016 ("2016 Debentures"). These debentures bear an interest rate of 6.50% per annum payable semi-annually in arrears on June 30 and December 31 each year commencing on June 30, 2010. They are convertible into trust units of the Fund at the option of the holder at a conversion price of

$7.00 per trust unit. On January 11, 2010, proceeds from the 2016 Debenture issuance were used to fully redeem the Fund's 6.75% convertible unsecured subordinated debentures, which were coming due December 31, 2010, for a principal amount of $38,918 plus accrued interest.

Levelization Amounts

As at March 31, 2010, the Fund has a levelization liability of $21,789 (December 31, 2009 - $21,166), relating to payments received from the OEFC in excess of the base rate as set out under the PPA for the Wawatay hydro power facility. In accordance with the PPA, the OEFC is required to make monthly guaranteed payments as well as variable payments based on actual electricity production. To the extent that these payments exceed the revenue recorded in a given month, the Fund records an increase in the levelization amounts. To the extent that these payments were less than the revenue recorded, the Fund records a reduction in the levelization amounts. Interest on the levelization amounts is accrued at a prescribed variable rate, which currently approximates 7.17% per annum.

Loan Payable

On March 23, 2010, MLTCLP divested its equity interest in Leisureworld through an IPO of LSCC. The Fund received its proportionate share of the initial net cash proceeds from MLTCLP in the form of a loan. The principal amount outstanding on the loan as at March 31, 2010 was $49,200. The loan is non-interest bearing and payable on demand. Management expects the loan to be settled by way of a distribution from MLTCLP in 2011.

Electricity Supply Contracts

The Fund's power facilities have PPAs that expire between 2014 and 2042 to sell substantially all electricity produced by the facilities, less the amount of electricity consumed in the operation of the facilities, to creditworthy customers including government agencies. Rates of power sales are fixed in the PPAs and most include escalation clauses.

Energy Savings Agreement

Under the terms of an energy savings agreement between Cardinal and CASCO, Cardinal is required to sell up to 723 million pounds of steam per year to CASCO for its plant operations. The energy savings agreement matures on January 31, 2015, but may be extended by up to two years at the option of Cardinal.

Wood Waste Supply Agreement

The Whitecourt biomass facility has a long-term agreement with Millar Western to ensure an adequate supply of wood waste. The agreement expires in 2016.

Gas Purchase Contract

Cardinal has a long-term purchase agreement with Husky Energy Marketing Inc. for natural gas that expires on May 1, 2015. The minimum purchase commitment for natural gas under the agreement is 9,289,104 MMBtu per year through to expiration in 2015, which is equivalent to 80% of the contract maximum.

Operations and Management Agreements

CPOT has an operations and management agreement with Regional Power Inc. ("Regional") to operate and maintain the hydro power facilities, expiring on November 30, 2011 with automatic renewal terms. Regional is paid a monthly management fee and is eligible for an annual incentive fee.

Under a fixed-price service and maintenance agreement that expires on July 25, 2010, General Electric Canada provides operating and management services to Erie Shores. Under a separate agreement, General Electric Company provides Erie Shores with a four-year revenue reimbursement and performance warranty expiring July 25, 2010.

Guarantees

As at March 31, 2010, the Fund had an unsecured guarantee in the amount of $10,000 to the lenders under the Tranche C loan to Erie Shores. This guarantee may be reduced from time to time by an amount equal to 75% of the release from the escrow accounts established upon CPOT's disposition of Gas Recovery Systems, LLC ("GRS") prior to the acquisition of CPOT by the Fund, in excess of a certain amount. At March 31, 2010, there had been no reduction in the guarantee amount.

The Fund also provides three guarantees relating to CPOT's former investment in GRS. As at March 31, 2010, no claims had been made on these guarantees.

CLIMATE CHANGE AND THE ENVIRONMENT

The Fund's assets are subject to a complex and increasingly stringent environmental, health and safety regime, which includes environmental laws, regulations and guidelines at the federal, provincial and local levels. As the Fund's gas cogeneration and biomass electricity generation businesses emit carbon dioxide ("CO_2"), the Fund must also comply with emerging federal and provincial requirements, including programs to offset emissions. The Fund complies, in all material respects, with current federal, provincial and local environmental legislation and guidelines.

Federal Requirements

Greenhouse Gases

On March 10, 2008, the Canadian federal government released a broad framework for the regulation of greenhouse gas emissions and air pollution entitled *Turning the Corner: Taking Action to Fight Climate Change*, in which it established the structure of greenhouse gas ("GHG") targets and compliance mechanisms for the years 2010 to 2020. In 2009, the Canadian federal government indicated that this proposed framework will be redesigned to reflect a common North American approach to GHG management, including the implementation of a cap-and-trade system and targets that are consistent with GHG reduction targets established by the United States ("U.S."). On January 30, 2010, the federal Environment Minister announced a new target to reduce GHG emissions 17% from 2005 emission levels by 2020, matching the target in proposed U.S. climate change legislation. This target will be adjusted to reflect any changes to the final target established by the U.S. The federal government's previous target under the *Turning the Corner* plan called for a 20% reduction in GHG emissions from 2006 levels.

The approach outlined in the *Turning the Corner* framework was designed to provide an incentive for high-efficiency cogeneration. This would be achieved by treating the baseline for cogeneration as equal to the emission levels if the electricity and heat were produced separately. For the heat component, the baseline would be equivalent to a stand-alone conventional boiler at 80% efficiency. For the electricity component, the baseline intensity would be that of natural gas combined cycle generation, or 0.418 tonne/MWh, with no requirement for further reduction. All current equipment at Cardinal is designed to produce emissions below these levels. There has been no indication whether the anticipated revisions to the federal climate change framework will include a similar incentive for cogeneration.

As part of the *Turning the Corner* framework, on June 29, 2008, the federal government released its *Credit for Early Action Program*, which was designed to recognize and provide a limited number of carbon credits to certain facilities that took steps to reduce their GHG emissions between 1992 and 2006 and that would likely find themselves subject to mandatory GHG reductions. Credits would be available for reductions of CO_2, methane and nitrous oxide ("NOx"), among other gases. The Fund has determined that no projects carried out at its facilities during this period of time are eligible to earn credits under the *Credit for Early Action Program*. There has been no indication whether the anticipated revisions to the federal climate change plan will include a similar program for early action.

In a step towards establishing a domestic carbon market, the Canadian federal government announced an offset credit program for GHG emissions in June 2009. Two draft guides published in the *Canada Gazette* on June 12, 2009 set out the proposed offset program rules and guidance for both offset project proponents and verification bodies. The final version of these proposed rules and guidance, together with the *Guide for Protocol Developers* (a draft of which was published in the *Canada Gazette* on August 9, 2008), have yet to be issued.

The Canadian federal government has stated that Canadian offset program rules, federal regulations and enforcement mechanisms will be reviewed to ensure they are comparable with any U.S. climate change legislation that is eventually implemented. In the U.S., the *American Clean Energy and Security Act of 2009* ("ACES") was passed by the U.S. House of Representatives on June 26, 2009. The ACES sets out the framework for a U.S. cap-and-trade system, energy efficiency initiatives and incentives for the development of clean energy technologies. In order for the ACES to become law, it must next pass the U.S. Senate where similar legislation is currently stalled in Senate committees. If the Senate passes a bill, the differences between the ACES and Senate bill would need to be reconciled, with the final bill passed by both houses, before it can be signed into law. U.S. Senators John Kerry, Joe Lieberman and Lindsey Graham have indicated that they plan to introduce a new climate bill into the Senate in spring 2010. Statements from Senator Graham made in early 2010 indicate that an economy-wide cap-and-trade system will not be included as part of the proposed Senate bill. However, it is anticipated that the proposed Senate bill will include industry-specific caps for certain sectors, including the electricity sector. As details of the proposed Senate bill have not been made public, it is uncertain what impact it will have on the direction of Canadian federal climate policy.

Numerous design details of the Canadian federal government's proposed framework are yet to be released and the coordination of this approach with provincial plans has not yet been negotiated. As mentioned above, the Canadian federal framework is expected to be made consistent with any climate change legislation that is implemented in the U.S. As a result, at this time the Fund cannot estimate the full impact of this framework on its operations. However, the Fund's exposure to evolving GHG regulations is mitigated by various clean technology initiatives and a growing portfolio of renewable power generation facilities, which could create viable GHG offset credits provided that the Fund's assets meet the applicable eligibility requirements under the proposed federal offset program.

Other Air Pollutants

Concurrently, the Canadian federal government is developing a parallel framework for managing air pollutant emissions such as NOx, sulphur oxides, volatile organic compounds and particulate matter. A draft proposal, known as the *Comprehensive Air Management System* ("CAMS"), was put forward in 2009 as an alternative to the *Turning the Corner* plan. The purpose of the CAMS proposal, which is currently under consultation, is to provide a national framework for regulating industrial emissions of air pollutants. The federal government is working with the provinces/territories, industry and non-governmental organizations to finalize the CAMS proposal and federal officials have indicated that the proposal could be finalized and approved by the summer of 2010. Specific caps on pollutants for each sector, including electricity generation, are being contemplated under the CAMS proposal but these would not likely come into effect before 2015. Until emission standards and compliance mechanisms for these air pollutants are announced, the Fund cannot estimate the impact of such standards and compliance mechanisms on its operations.

Provincial Requirements

Alberta

Whitecourt complies with Alberta's *Specified Gas Emitters Regulation*, which sets GHG intensity limits for all facilities in Alberta that emitted equal to or greater than 100,000 tonnes of GHG emissions in CO_2 equivalent units.

Ontario

Ontario legislation that came into effect in 2004 introduced a cap-and-trade system with respect to NOx emissions. Under this system, facilities subject to the legislation receive a maximum yearly emission compliance limit, which may be achieved by source emission control or reduction, or by trading NOx allowances. For 2009, Cardinal received 679 tonnes of NOx allowances based on actual generation in 2007. Cardinal expects to use 374 tonnes of NOx allowances for 2009, leaving a cumulative allowance balance of 3,879 tonnes. NOx emissions from Cardinal's existing generating equipment fall below the levels mandated by legislation.

Ontario's *Climate Action Plan*, which was released in August 2007, sets out GHG emission reduction targets of 6% by 2014 and 15% by 2020 from 1990 levels across a range of sectors, including electricity generation.

On June 2, 2008, the Ontario and Quebec governments announced a memorandum of understanding on a regional cap-and-trade system to reduce GHG emissions. Further, on July 18, 2008, the Ontario government announced that it had joined the Western Climate Initiative ("WCI"), an organization that also includes British Columbia ("B.C."), Quebec, Manitoba and seven U.S. states. The WCI seeks to develop regional strategies to address climate change, including setting an overall regional goal to reduce GHG emissions and the design of a market-based mechanism to help achieve the reduction goal. The WCI released draft design recommendations for its regional cap-and-trade program (the "WCI Program") in September 2008. The WCI Program limits the use of offsets as a compliance mechanism to 49% of total emission reductions from 2012 to 2020. The existence of the WCI Program is expected to increase liquidity for carbon instruments across its member jurisdictions and create potential opportunities for eligible Fund assets to generate offset credits.

As a member of the WCI, Ontario will implement a cap-and-trade system as part of its strategy to reduce GHG emissions. The Ontario government has indicated that once the WCI cap-and-trade system begins trading as anticipated on January 1, 2012, Ontario's trading system will be linked to the WCI system. Finally, a discussion paper issued by the Ontario government in June 2009, entitled *Moving Forward: A Greenhouse Gas Cap-and-Trade System for Ontario*, suggests that the most likely threshold for the electricity sector will be 25,000 tonnes of CO_2 per year. The Cardinal facility may be captured by Ontario's proposed cap-and-trade regime as it emits in excess of 100,000 tonnes of CO_2 per year.

On December 3, 2009, Ontario's legislature passed the *Environmental Protection Amendment Act (Greenhouse Gas Emissions Trading)*, which allows Ontario's program to link to other systems in North America and abroad. The Ontario government has indicated that by mid-2010, the necessary groundwork will be laid for implementing its cap-and-trade system in 2012. To support the implementation of a cap-and-trade program, Ontario's Greenhouse Gas Emissions Reporting regulation came into effect on January 1, 2010 and requires certain operations that are located in Ontario and emitting 25,000 tonnes or more of carbon dioxide equivalent to report GHG emissions to the Ontario Ministry of the Environment. The Cardinal facility is accordingly required to report its GHG emissions.

British Columbia

The B.C. provincial government introduced legislation in April 2008 to create a cap-and-trade system for GHG. This enabling legislation provides the framework for the province to participate in the WCI's cap-and-trade system. As part of B.C.'s plan to implement the WCI's cap-and-trade system, B.C. has issued a Reporting Regulation which came into effect on January 1, 2010 and requires certain operations that are located in B.C. and emitting 10,000 tonnes or more of carbon dioxide equivalent per year to report GHG emissions to the British Columbia Ministry of Environment. The Sechelt and Hluey Lakes facilities do not have emissions that exceed the 10,000-tonne reporting threshold. Further details of B.C.'s cap-and-trade system will be developed in conjunction with the WCI Program.

The details of the above noted regulations and the impact on emitting entities have not yet been determined. Moreover, it is not yet clear how these initiatives would coordinate with federal and other provincial plans. As a result, at this time the Fund cannot estimate the impact of these regulations on its operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The unaudited interim consolidated financial statements have been prepared in accordance with GAAP. The significant accounting policies are described in note 2 to the unaudited interim consolidated financial statements and note 2 of the 2009 annual report. The critical accounting policies and estimates are detailed on pages 61 to 65 of the 2009 annual report.

New Pronouncements

Section 3855, Financial Instruments – Recognition and Measurement

On April 29, 2009, the Canadian Institute of Chartered Accountants ("CICA") amended this section to add more guidance on the application of the effective interest method to previously impaired financial assets and embedded prepayment options. The amendments are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, with early adoption permitted. The amendments are not expected to have a significant impact on the Fund's accounting of its financial instruments.

Section 1582, Business Combinations

The CICA has issued accounting standard Section 1582, Business Combinations ("Section 1582") to replace the former Section 1581, Business Combinations. The objective of Section 1582 is to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements. Section 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period commencing on or after January 1, 2011. The Fund is currently evaluating the impact of this standard on its consolidated financial statements and will begin application of this standard effective January 1, 2011.

Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interest

The CICA has issued two accounting standards: Section 1601, Consolidated Financial Statements ("Section 1601"), and Section 1602, Non-controlling Interest ("Section 1602"), to replace the former Section 1600, Consolidated Financial Statements, and establish a new section for accounting for non-controlling interest in a subsidiary subsequent to a business combination. Sections 1601 and 1602 revise and enhance the standards for the preparation of consolidated financial statements subsequent to a business combination. Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011. The Fund is currently evaluating the impact of these standards on its consolidated financial statements and will begin application of these standards effective January 1, 2011.

International Financial Reporting Standards ("IFRS")

In 2005, the Accounting Standards Board ("AcSB") announced that accounting standards in Canada are to be converged with IFRS. In February 2008, the AcSB confirmed that the use of IFRS will be required by January 1, 2011 with appropriate comparative data from the prior year for all Canadian publicly accountable enterprises. Under IFRS, there are significantly more disclosure requirements. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are differences in accounting policy that must be addressed.

The Fund commenced the IFRS conversion project in 2008. Management has allocated sufficient resources to the project. The Fund's conversion plan consists of three phases: diagnostic, design and implementation. As at March 31, 2010, management completed the diagnostic phase and substantially completed the design phase. This is consistent with the detailed project plan timeline and all milestones are expected to be met through to completion of the conversion to IFRS. The following illustrates key elements of the conversion plan and the Fund's progress to date and should be read in conjunction with disclosures made in the 2009 annual report:

Areas	Key activity	Progress to date
Financial reporting	1) Assess differences between Canadian GAAP and IFRS relevant to the Fund 2) Select key accounting policies and IFRS 1 elections 3) Quantify effects of conversion on the consolidated financial statements 4) Develop opening balance sheet and IFRS financial statements, including disclosures	✔ Major differences between Canadian GAAP and IFRS relevant to the Fund have been identified and assessed ✔ Management has substantially completed the selection of IFRS policies and transition elections ✔ Quantitative impact of conversion on the Fund's consolidated financial statements based on existing IFRS standards is in progress ✔ A first draft of the opening balance sheet and IFRS financial statements is currently being developed
Training and communication	1) Provide training of appropriate personnel 2) Communicate conversion plan and progress internally and externally	✔ The Fund established a formal project governance structure, which consists of a working group, led by finance management, as well as a steering committee consisting of senior management, finance, operations, legal and investor relations staff ✔ Progress reports are provided to senior management and the Audit Committee of the Fund's Board of Trustees on a regular basis ✔ The working group attends ongoing IFRS conversion and technical training sessions ✔ Initial training for the senior management team and other key stakeholders has been delivered ✔ MD&A disclosures on progress of the project have been provided in annual and interim financial statements
Systems and internal control processes	1) Assess impact of changes on accounting systems and internal control processes 2) Implement system and process changes 3) Document and test internal controls over new systems and processes	✔ Impact of the required changes on the existing accounting systems and internal controls has been assessed and determined to be minimal
Business impact	1) Assess impact of conversion on all areas of the business 2) Review contractual arrangements and impact on debt covenants	✔ New contracts are being drafted incorporating IFRS ✔ Existing contracts are being assessed for impact of conversion

At this time, management has determined that the differences with the highest potential impact on the Fund's consolidated financial statements include the treatment of capital assets and major maintenance, the Class B exchangeable units, accounting for embedded derivatives and the initial adoption of IFRS under the provision of IFRS 1, First-time Adoption of IFRS. It is anticipated that AcSB will continue to issue new accounting standards relevant to the Fund during the conversion period and as such, Management cannot quantify the impact of the conversion on the Fund's consolidated financial statements at this time. Management will continue to review projects of the International Accounting Standards Board and invest in training and resources throughout the transition period to facilitate a timely and meaningful conversion.

RISKS AND UNCERTAINTIES

To effectively manage MPT's business and execute its strategy to create value for unitholders, the Manager analyzes all risks and uncertainties associated with the Fund's operations and objectives. These risks and uncertainties could have an adverse impact on MPT's business, operating results and financial condition, which could negatively affect MPT's ability to pay distributions to its unitholders.

MPT seeks to mitigate the risks and uncertainties that may affect its performance through a process of identifying, assessing, reporting and managing risks of significance. The Manager continuously monitors risks and uncertainties at both the Fund and asset level and reports annually to the Board of Trustees about risk management actions and plans. Every year, the Manager re-evaluates risks and addresses new risks resulting from operational changes or external factors.

For an overview of the risks and uncertainties associated with the Fund's business, please refer to the "Risks and Uncertainties" section of the Fund's annual report for the fiscal year ended December 31, 2009 and in the "Risk Factors" section of the Fund's Annual Information Form dated March 25, 2010, both of which are available on the SEDAR website at www.sedar.com. It is management's view that the risk factors disclosed in the annual report and Annual Information Form remain substantially unchanged.

CONTROLS AND PROCEDURES

The Fund's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), on behalf of the Fund's Board of Trustees, are required by various of the provincial securities regulators to certify annually that they have designed, or caused to be designed, the Fund's disclosure controls and procedures, as defined in the Canadian Securities Administrators' Multilateral Instrument 52-109 ("MI 52-109"), and that they have evaluated the effectiveness of these controls and procedures in the applicable period. Disclosure controls are those controls and other procedures that are designed to provide reasonable assurance that relevant information that the Fund is required to disclose is recorded, processed and reported within the time frames specified by such securities regulators.

The CEO and CFO have concluded that the Fund's disclosure controls and procedures were effective as at March 31, 2010 to ensure that information required to be disclosed in reports that the Fund files or submits under Canadian securities legislation is recorded, processed, summarized and reported within applicable time periods.

Internal Controls Over Financial Reporting

The Fund's management, under the supervision of and with the participation of the CEO and CFO, has designed internal controls over financial reporting, as defined in MI 52-109. The purpose of internal controls over financial reporting is to provide reasonable assurance regarding the reliability of the Fund's financial reporting, in accordance with GAAP, focusing in particular on controls over information contained in the audited annual and unaudited interim consolidated financial statements. The internal controls are not expected to prevent and detect all misstatements due to error or fraud.

There were no changes made in the Fund's internal controls over financial reporting during the quarter ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Fund's internal controls over financial reporting.

MACQUARIE POWER & INFRASTRUCTURE INCOME FUND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited, $000s unless otherwise noted)	March 31, 2010	December 31, 2009
Current assets		
Cash and cash equivalents	73,358	53,121
Restricted cash (note 10)	4,607	2,304
Accounts receivable	15,749	16,128
Inventory	317	246
Prepaid expenses	2,750	3,525
Current portion of loans receivable	816	794
Current portion of swap contracts at fair value	1,879	1,026
Deferred charges	3,090	3,075
Cash in escrow related to GRS	2,355	3,186
	104,921	83,405
Loans receivable	5,893	6,105
Long-term investments (note 3)	55,333	54,186
Capital assets	391,414	396,172
Intangible assets	138,526	140,866
Embedded derivative asset	8,725	14,093
Swap contracts at fair value	1,934	1,383
Future income tax asset (note 6)	10,308	10,387
Total assets	717,054	706,597
Current liabilities		
Accounts payable and accrued liabilities (note 9)	14,872	15,425
Distributions payable	2,745	4,368
Loan payable (note 3)	49,200	-
Current portion of long-term debt (note 4)	3,162	3,117
Current portion of convertible debentures (note 5)	-	38,918
Current portion of capital lease obligations	114	119
Current portion of swap contracts at fair value	913	1,310
Accounts payable and accrued liabilities related to GRS	2,355	3,186
	73,361	66,443
Long-term debt (note 4)	188,756	189,286
Convertible debentures (note 5)	49,358	42,737
Levelization amounts	21,789	21,166
Capital lease obligations	219	248
Future income tax liability (note 6)	59,658	76,234
Embedded derivative liability	5,268	4,859
Swap contracts at fair value	1,353	1,284
Liability for asset retirement	3,215	3,171
Electricity supply and gas purchase contracts	7,752	8,154
Total liabilities	410,729	413,582
Unitholders' equity (note 7)	306,325	293,015
Total liabilities and Unitholders' equity	717,054	706,597

See accompanying notes to the consolidated financial statements.

MACQUARIE POWER & INFRASTRUCTURE INCOME FUND
CONSOLIDATED STATEMENT OF UNITHOLDERS' EQUITY

(Unaudited, $000s unless otherwise noted)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Unitholders' capital		
Opening balance	466,662	466,697
Trust units redeemed (note 7)	(3)	(3)
Ending balance	466,659	466,694
Class B exchangeable units	35,500	35,500
Equity portion of convertible debentures (note 5)	5,463	-
Accumulated other comprehensive income (loss)		
Opening balance	190	(292)
Equity share of other comprehensive income (loss) of Leisureworld (note 3)	(190)	47
Ending balance	-	(245)
Cumulative earnings (deficit)		
Opening balance	(157)	(11,416)
Net income for the period	21,012	2,097
Ending balance	20,855	(9,319)
Total accumulated comprehensive income (loss)	20,855	(9,564)
Cumulative distributions		
Opening balance	(213,916)	(161,502)
Distributions declared to Unitholders for the period	(8,236)	(13,104)
Ending balance	(222,152)	(174,606)
Total Unitholders' equity	306,325	318,024

See accompanying notes to the consolidated financial statements.

MACQUARIE POWER & INFRASTRUCTURE INCOME FUND

CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited, $000s except for trust units and per trust unit amounts)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Revenue	44,152	40,255
Costs and expenses		
Operating expenses	24,235	24,062
Administrative expenses	3,204	2,887
Depreciation and amortization	7,116	7,175
	34,555	34,124
	9,597	6,131
Unrealized gain on swap contracts	1,732	1,823
Unrealized gain (loss) on embedded derivative instruments	(5,777)	1,010
Net interest expense	(4,511)	(3,267)
Equity accounted income (loss) from long-term investments (note 3)	3,468	(526)
Foreign exchange gain (loss)	6	(7)
Income before income taxes	4,515	5,164
Income tax recovery (expense)		
Current	-	-
Future	16,497	(3,067)
Total income tax recovery (expense) (note 6)	16,497	(3,067)
Net income	21,012	2,097
Basic net income per Unit (note 7)	0.421	0.042
Diluted net income per unit (note 7)	0.381	0.042
Basic weighted average number of trust units and Class B exchangeable units outstanding (“Unit”) (note 7)	49,915	49,921
Diluted weighted average number of trust units and Class B exchangeable units outstanding (note 7)	58,070	49,921

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited, $000s unless otherwise noted)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Net income	21,012	2,097
Equity share of other comprehensive income (loss) of Leisureworld (note 3)	(190)	47
Total comprehensive income	20,822	2,144

See accompanying notes to the consolidated financial statements.

MACQUARIE POWER & INFRASTRUCTURE INCOME FUND
CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited, $000s unless otherwise noted)	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Cash flows from operating activities:		
Net income	21,012	2,097
Add back:		
Depreciation and amortization	7,116	7,175
Unrealized gain on swap contracts	(1,732)	(1,823)
Unrealized (gain) loss on embedded derivative instruments	5,777	(1,010)
Equity accounted (income) loss from long-term investments (note 3)	(3,468)	526
Future income tax expense (recovery) (note 6)	(16,497)	3,067
Unpaid interest on levelization amounts	325	374
Amortization of deferred financing costs	461	67
Accretion of asset retirement obligations	44	25
Non-cash changes in working capital		
Decrease in accounts receivable	379	3,727
Increase in inventory	(71)	(34)
Decrease (increase) in prepaid expenses	775	(306)
Decrease (increase) in deferred charges	(15)	16
Decrease in accounts payable and accrued liabilities	(553)	(592)
Total cash flows from operating activities	13,553	13,309
Cash flows from investing activities:		
Purchase of short-term investments	-	(44)
Investment in Leisureworld (note 3)	-	(6,750)
Transaction costs paid (note 3)	-	(46)
Receipt of loans receivable	190	171
Distributions received from long-term investments (note 3)	2,131	2,588
Investment in capital assets	(420)	(211)
Total cash flows from investing activities	1,901	(4,292)
Cash flows from financing activities:		
Repayment of long-term debt	(763)	(720)
Proceeds from issuance (repayment) of convertible debentures (note 5)	(31,418)	-
Proceeds from loan payable (note 3)	49,200	-
Financing fees paid on debt issuance	(335)	-
Redemption of units (note 7)	(3)	(3)
Repayment of capital lease obligations	(34)	(46)
Proceeds from levelization amounts	298	457
Increase in restricted cash	(2,303)	(2,304)
Distributions paid to Unitholders	(9,859)	(13,104)
Total cash flows from financing activities	4,783	(15,720)
Increase (decrease) in cash and cash equivalents	20,237	(6,703)
Cash and cash equivalents, beginning of period	53,121	46,817
Cash and cash equivalents, end of period [i]	73,358	40,114
Supplemental information:		
Interest paid	2,811	2,509
Taxes paid	-	-

(i) At March 31, 2010, cash and cash equivalents consisted of cash of $38,066 (Q1 2009 - $40,114) and cash equivalents of $35,292 (Q1 2009 – $nil).

See accompanying notes to the consolidated financial statements.

1. ORGANIZATION

Macquarie Power & Infrastructure Income Fund (the "Fund") is an unincorporated open-ended trust established on March 15, 2004, under the laws of the Province of Ontario. The Fund began its operations on April 30, 2004 and indirectly acquired a 100% interest in Cardinal Power of Canada, L.P. ("Cardinal"). On October 18, 2005, the Fund acquired an indirect 45% interest in Macquarie Long Term Care LP ("MLTCLP"), which was the sole owner of Leisureworld Senior Care LP ("LSCLP" or "Leisureworld"), a long-term care ("LTC") provider in Ontario. On June 27, 2007, the Fund acquired a 100% interest in Clean Power Income Fund ("CPIF"), an open-ended investment trust that had indirect investments in power infrastructure assets employing technologies in wind, hydro and biomass. The Fund indirectly owns the CPIF investments through a 100% interest in Clean Power Operating Trust ("CPOT"), which includes an indirect 31.3% interest in one of the two classes of preferred shares of Chapais Électrique Limitée ("Chapais") and a subordinated debt interest in Chapais Énergie, Société en Commandité ("CHESEC"), a subsidiary of Chapais.

On March 23, 2010, MLTCLP divested of its equity interest in Leisureworld through an initial public offering ("IPO") of Leisureworld Senior Care Corporation ("LSCC"). Operating results of Leisureworld has been consolidated with MLTCLP up to March 22, 2010. The Fund accounts for its investment in MLTCLP using the equity method.

Macquarie Power Management Ltd. ("MPML" or the "Manager") is an indirect wholly-owned subsidiary of Macquarie Group Limited ("MGL"), an Australian public company listed on the Australian Securities Exchange. MPML provides administrative services to the Fund and Macquarie Power & Infrastructure Income Trust ("Trust") in accordance with an administration agreement, and management services to Cardinal, MPT LTC Holding LP ("LTC Holding LP") and CPOT in accordance with management agreements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by the Fund.

Basis of Presentation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods described in the audited consolidated financial statements for the year ended December 31, 2009, except as described below. Under GAAP, additional disclosures are required in annual financial statements; therefore, these unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial position, results of operations and cash flows of the Fund as at and for the quarter ended March 31, 2010 have been included.

The seasonality of wind speed and density, water flows, major maintenance cycle and pricing provisions within the power purchase agreements ("PPA") with the Ontario Electricity Financial Corporation ("OEFC") may result in fluctuations in revenue and net income during the year. The Fund maintains reserve accounts and free cash in order to offset the impact of seasonality and other factors, such as unplanned outages, that can affect electricity production.

New Pronouncements

Section 3855, Financial Instruments – Recognition and Measurement
On April 29, 2009, the CICA amended this section to add more guidance on the application of the effective interest method to previously impaired financial assets and embedded prepayment options. The amendments are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 with early adoption permitted. The amendments are not expected to have a significant impact on the Fund's accounting of its financial instruments.

Section 1582, Business Combinations
The CICA has issued accounting standard Section 1582, Business Combinations ("Section 1582"), to replace the former Section 1581, Business Combinations. The objective of Section 1582 is to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements. Section 1582 is effective for business combinations for which the acquisition date is on or after

($000s except for Trust Units and per Trust Unit amounts)

the beginning of the first annual reporting period commencing on or after January 1, 2011. The Fund is currently evaluating the impact of this standard on its consolidated financial statements and will begin application of this standard effective January 1, 2011.

Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interest
The CICA has issued two accounting standards: Section 1601, Consolidated Financial Statements ("Section 1601"), and Section 1602, Non-controlling Interest ("Section 1602"), to replace the former Section 1600, Consolidated Financial Statements, and establish a new section for accounting for non-controlling interest in a subsidiary subsequent to a business combination. Sections 1601 and 1602 revise and enhance the standards for the preparation of consolidated financial statements subsequent to a business combination. Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011. The Fund is currently evaluating the impact of these standards on its consolidated financial statements and will begin application of these standards effective January 1, 2011.

3. LONG-TERM INVESTMENTS

Long-term investments consist of the Fund's equity investments in MLTCLP and Chapais. The changes in these investments during the quarter were as follows:

	Quarter ended March 31, 2010	Year ended December 31, 2009
MLTCLP		
Opening balance	54,186	55,416
Equity accounted income	3,468	1,842
Equity share of other comprehensive gain (loss)	(190)	482
Investment in Leisureworld	-	6,750
Transaction costs paid	-	46
Distributions received	(2,131)	(10,350)
Ending balance	55,333	54,186
Chapais (i)		
Opening balance	-	-
Equity accounted income	-	-
Ending balance	-	-
Total long-term investment	55,333	54,186
Loan Payable	(49,200)	-
Net investment	6,133	54,186

(i) The Fund does not record any income on its equity interest in Chapais as the investment has been fully impaired and management does not expect to recover any income from the investment.

On March 23, 2010, MLTCLP divested of its equity interest in Leisureworld through an IPO of LSCC. Net proceeds to MLTCLP were $122,426 comprised of $112,840 in cash and a $9,586 promissory note receivable. On April 23, 2010, LSCC repaid the remaining balance of the promissory note with the issuance of 958,649 common shares to MLTCLP (see note 11). These shares are part of holdback arrangements under the acquisition agreement between MLTCLP and LSCC. MLTCLP is required to retain 10% of net proceeds as a holdback amount, covering MLTCLP's indemnification obligations under the agreement, until March 23, 2011.

The Fund's share of the initial net cash proceeds was $49,200, which was received from MLTCLP in exchange for a non interest bearing loan, payable on demand. Management expects the loan to be settled by way of a distribution from MLTCLP in 2011. The Fund's remaining net investment of $6,133 primarily represents the Fund's share of the holdback plus previously capitalized costs from the investment. Other than the holdback amount described above, there are no other significant assets and liabilities attributable to the Fund's investment in MLTCLP and its economic interest in MLTCLP has not been reduced as a result of the transaction.

The Fund's pro rata share of equity accounted income of MLTCLP for the quarter ended March 31, 2010 included Leisureworld net income for the period up to and including March 22, 2010 as well as a gain on sale of investment, combined with other income at MLTCLP level.

($000s except for Trust Units and per Trust Unit amounts)

The following is a breakdown of the net income of MLTCLP for the quarter ended March 31, 2010:

Net income of Leisureworld between January 1 to March 22, 2010	346
Net proceeds from IPO	112,840
Shares to be issued by LSCC	9,586
Total proceeds from the sale of Leisureworld	122,426
Book value of Leisureworld as at March 22, 2010	115,399
Gain on sale of investment	7,027
Unrealized loss on fair value movement of promissory note receivable	(144)
Selling costs	(206)
Derecognition of cumulative OCI	684
Total net income of MLTCLP	7,707
The Fund's pro rata share of equity accounted income	3,468

4. LONG-TERM DEBT

	Interest Rate	Maturity	March 31, 2010	December 31, 2009
Credit facility (i)	2.92%	June 29, 2012	85,000	85,000
Erie Shores project debt (ii)				
Tranche A	5.96%	April 1, 2026	64,046	64,629
Tranche B	5.28%	April 1, 2016	5,371	5,551
Tranche C	5.05%	April 1, 2011	40,000	40,000
			109,417	110,180
			194,417	195,180
Less: Deferred financing fees			(2,499)	(2,777)
Total debt, net of deferred financing fees			191,918	192,403
Less: Current portion of long-term debt			(3,162)	(3,117)
Total long-term debt			188,756	189,286

(i) As at March 31, 2010, the Fund has a combined credit facility under CPOT and Cardinal in the amount of $182,500, consisting of: (a) a $141,875 term facility ("Term"); and (b) a $40,625 revolving facility ("Revolver"), of which $85,000 has been advanced on the Term and $nil was advanced on the Revolver. There are three letters of credit authorized under the Revolver totalling $2,533 for Erie Shores and a $10,000 unsecured guarantee provided to the lenders under the Tranche C loan to Erie Shores. Advances under the credit facility are made in the form of a series of bankers' acceptances ("BA") and prime rate loans. Interest paid on BAs is based on the then current BA rate plus an applicable margin ("stamping fee") based on the ratio of consolidated total debt to consolidated earnings before interest, taxes, depreciation and amortization and unrealized gains and losses ("EBITDA"). Collateral for the facility is provided by first ranking security interest covering the assets of CPOT, Cardinal and certain direct subsidiaries, collectively the "restricted group". The restricted group is subject to certain non-financial and financial covenants including limits on the consolidated total debt/consolidated EBITDA ratio and interest coverage ratio.

(ii) The Fund has a loan of $109,417 non-recourse project financing for Erie Shores Wind Farm LP ("Erie Shores"), consisting of: (a) a $64,046 fully amortizing loan ("Tranche A"); (b) a $5,371 fully amortizing loan ("Tranche B"); and (c) a $40,000 interest only loan ("Tranche C"). This financing was borrowed by Erie Shores and is secured only by assets of Erie Shores. CPOT has an unsecured guarantee in the amount of $10,000 to the lenders under the Tranche C loan. Interest on the facility is fixed as presented above.

As at March 31, 2010, Cardinal and CPOT have various interest rate swap contracts to mitigate interest rate risk on a notional amount of $85,000 on their combined credit facility. Under each agreement, Cardinal and CPOT will pay a fixed rate in return for a floating rate equal to the then current three-month BA rate. The terms of the swap contracts are as follows:

Maturity Dates	Notional Amount	Swap Fixed Rate	Stamping Fee (i)	Effective Interest Rate
June 29, 2012	11,700	3.12%	2.50%	5.62%
June 29, 2012	5,300	3.13%	2.50%	5.63%
June 29, 2012	18,000	3.13%	2.50%	5.63%
June 29, 2012	10,000	2.28%	2.50%	4.78%
June 28, 2010 (ii)	40,000	3.07%	2.50%	5.57%
	85,000			

(i) The stamping fee represents the current applicable margin that is paid on advances from the joint credit facility at Cardinal and CPOT.
(ii) The Fund has a forward start swap to hedge the interest on a notional $40,000 from June 28, 2010 to June 29, 2012 at a fixed rate of 2.14%.

($000s except for Trust Units and per Trust Unit amounts)

The following table summarizes total principal payments required under each of the Fund's facilities in the next five years and thereafter:

Year of Repayment	Credit Facility	Erie Shores Project Debt	Total
2010	-	2,354	2,354
2011	-	43,302	43,302
2012	85,000	3,497	88,497
2013	-	3,705	3,705
2014	-	3,925	3,925
Thereafter	-	52,634	52,634
	85,000	109,417	194,417

5. CONVERTIBLE DEBENTURES

As at March 31, 2010, the Fund has $57,500 of convertible unsecured subordinated debentures with a maturity date of December 31, 2016 ("2016 Debentures"). This consists of $50,000 of debentures that were issued in December 2009 and an additional issue of $7,500 principal amount following the exercise of an over-allotment option by the underwriters in January 2010, bringing the aggregate gross proceeds of the offering to $57,500. Total transaction costs incurred in connection with the issuance in December 2009 and subsequent over-allotment issue in January 2010 were $2,880. The 2016 Debentures bear an interest rate of 6.50% per annum payable semi-annually in arrears on June 30 and December 31 of each year commencing on June 30, 2010. They are convertible into trust units of the Fund at the option of the holder at a conversion price of $7.00 per trust unit. Gross proceeds from the offering were used to redeem the Fund's existing 6.75% convertible debentures ("2010 Debentures") on January 11, 2010 in the principal amount of $38,918 plus accrued interest. Total interest expense on the Fund's 2016 and 2010 Debentures for the quarter ended March 31, 2010 was $1,204 (Q1 2009 - $648).

As at March 31, 2010, the carrying value of the liability and equity component of the 2016 Debentures were as follows:

		March 31, 2010	December 31, 2009
Consolidated statement of financial position	Liability component	49,358	42,737
Consolidated statement of unitholders' equity	Equity component (i)	5,463	4,736
Total carrying value		54,821	47,473

(i) The carrying value of the conversion option of the 2016 Debentures reflected the fair value at issuance net of its pro rata share of transaction costs.

6. FUTURE INCOME TAXES

On June 22, 2007, the government's tax proposals pertaining to taxation of distributions paid by income trusts and changes to the personal tax treatment of trust distributions were passed into law. Starting in 2011, the taxable portion of distributions will be subject to income tax by the Fund while taxable Canadian Unitholders will receive the favourable tax treatment on distributions currently applicable to qualifying dividends. For the quarter ended March 31, 2010, the Fund recognized a future income tax recovery of $16,497 (Q1 2009 - expense of $3,067). The future tax recovery primarily reflected the removal of future income tax assets and liabilities relating to Leisureworld following the divestment of the investment on March 23, 2010.

($000s except for Trust Units and per Trust Unit amounts)

The tax effect of temporary differences is as follows:

Future income tax asset	March 31, 2010	December 31, 2009
Capital loss carry-forwards	14,255	13,958
Loan premium and deferred financing costs	802	685
Non-capital loss carry-forwards	8,110	8,318
Debt retirement	2,540	2,540
Levelization amounts	4,047	4,047
Deferred gains	-	174
Asset retirement obligations	804	793
Capital assets	822	833
Intangible assets	998	1,054
Financial instruments	295	261
Total	32,673	32,663
Less: Valuation allowance (i)	(22,365)	(22,276)
Future income tax asset	10,308	10,387

(i) The Fund records a valuation allowance to the extent the future income tax asset exceeds the amount that is more likely than not to be realized.

Future income tax liability	March 31, 2010	December 31, 2009
Capital assets	(26,251)	(40,227)
Intangible assets	(32,476)	(34,242)
Equity investment in Chapais	(278)	(163)
Loan premium and deferred financing costs	(173)	(183)
Financial instruments	(480)	(1,419)
Future income tax liability	(59,658)	(76,234)

As at March 31, 2010, certain entities consolidated into the Fund had accumulated aggregate non-capital and capital losses of approximately $25,210 and $113,013 (December 31, 2009 - $25,823 non-capital losses and $110,637 capital losses), respectively that may be used to reduce taxable income in the future. The non-capital losses include $20,079 (December 31, 2009 - $20,692) deductible under U.S. tax.

These tax loss carry-forwards expire as follows:

$5,131 non-capital losses	2025 - 2029 deductible under Canadian tax
$20,079 non-capital losses	2023 - 2027 deductible under U.S. tax
$113,013 capital losses	no expiry date

The provision for income taxes on the consolidated statement of operations reflects an effective tax rate that differs from the statutory rate for the following reasons:

	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Income before income taxes	4,515	5,164
Income tax payable at 46.41%	2,095	2,397
Income tax related to Leisureworld divestment	(10,722)	-
Income distributed to Unitholders	(2,095)	(2,397)
Impact of tax post-2010	(5,840)	506
Impact of tax rate movements	-	2,463
Other	65	98
Total income tax (recovery) expense	(16,497)	3,067

7. UNITS ISSUED BY THE FUND

An unlimited number of units may be issued by the Fund pursuant to its trust indenture. Each unit is transferable and represents a Unitholder's proportionate undivided beneficial ownership interest in any distributions from the Fund including distributions of net income, net realized capital gains or other amounts. Each unit also entitles the Unitholder to a share in the net assets of the Fund in the event of termination or wind-up. All units have equal rights and privileges. The units are not subject to future calls or assessments and entitle the Unitholder to one vote for each unit held at all meetings of Unitholders.

($000s except for Trust Units and per Trust Unit amounts)

Units do not have conversion, retraction or pre-emptive rights, and are redeemable at any time on demand by Unitholders at an amount equal to the lesser of:

(i) 90% of the daily weighted average price per unit during the 10 business days prior to and including the redemption date; and

(ii) 100% of the closing price of the units on the redemption date.

The total amount payable in cash by the Fund in respect of such units and all other units tendered for redemption in the same calendar month shall not exceed $50 (provided that such limitation may be waived at the discretion of the Trustees of the Fund). During the quarter ended March 31, 2010, 558 units (Q1 2009 - 800 units) were redeemed for a total cost of $3 (Q1 2009 - $3). In total, 46,664,979 units remain outstanding as at March 31, 2010 (December 31, 2009 - 46,665,537 units). In addition, LTC Holding LP had 3,249,390 Class B exchangeable units outstanding as at March 31, 2010 (December 31, 2009 - 3,249,390 units). Each exchangeable unit is exchangeable into one unit of the Fund. The Class B exchangeable units are eligible to receive distributions under the same terms and conditions as units of the Fund.

The holders of the Class B exchangeable units cannot acquire any additional units of the Fund (other than pursuant to the exchange of the Class B exchangeable units or pursuant to a distribution reinvestment plan) without the consent of the Fund until the 10th anniversary of the Acquisition Closing Date of October 18, 2005. Each Class B exchangeable unit will convert into units of the Fund on the 10th anniversary of the Acquisition Closing Date unless converted earlier at the option of the Unitholders. The Class B exchangeable Unitholders cannot sell more than 5% of the aggregate outstanding trust units in any four-month period and are not eligible to vote with any units they receive on exchange of their Class B exchangeable units until they, together, hold 1% or less of the aggregate outstanding units.

Basic net income per unit

The basic net income per unit is computed by dividing net income by the weighted average number of trust units outstanding during the quarter. The net income and weighted average number of trust units used in the calculation of basic net income per unit are as follows:

	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Net income	21,012	2,097
Weighted average number of trust units and Class B exchangeable units outstanding	49,915	49,921
Basic net income per unit	0.421	0.042

Diluted net income per unit

The diluted net income per unit includes the impact of the Fund's 2016 Debentures. The net income and weighted average number of trust units used in the calculation of diluted net income per unit are as follows:

	Quarter ended March 31, 2010	Quarter ended March 31, 2009(i)
Net income	21,012	2,097
Interest expense savings on the 2016 Debentures	1,132	-
Net income used in calculation of diluted net income per unit	22,144	2,097

	Quarter ended March 31, 2010	Quarter ended March 31, 2009(i)
Weighted average number of trust units and Class B exchangeable units outstanding	49,915	49,921
Weighted average additional trust units outstanding if the 2016 Debentures were converted	8,155	-
Diluted weighted average number of trust units and Class B exchangeable units outstanding	58,070	49,921
Diluted net income per unit	0.381	0.042

(i) The Fund's convertible debentures were anti-dilutive for the quarter ended March 31, 2009.

($000s except for Trust Units and per Trust Unit amounts)

8. SEGMENTED INFORMATION

The Fund's presentation of reportable segments is based on how management has organized the business for operating and capital allocation decisions and assessing performance. Each reportable segment has similar economic characteristics based on the nature of the products or services, type of customers, method of distributing their products or services and regulatory environment. The performance of these segments is evaluated by the Manager primarily on revenue, net income and operating cash flows.

The Fund operates in one geographic segment, Canada, and has two reportable segments:

(i) Power infrastructure, which consists of the Fund's investments in gas cogeneration, wind, hydro and biomass power assets; and

(ii) Social infrastructure, which consisted of the Fund's 45% indirect ownership of Leisureworld.

	Quarter ended March 31, 2010				Quarter ended March 31, 2009			
	Power	Social (i)	Fund	Total	Power	Social (i)	Fund	Total
Revenue	44,152	-	-	44,152	40,255	-	-	40,255
Net income (loss)	4,846	3,239	12,927	21,012	8,455	(706)	(5,652)	2,097
Total assets	594,507	55,566	66,981	717,054	659,468	59,145	10,073	728,686
Additions to capital assets	420	-	-	420	211	-	-	211
Depreciation and amortization of capital assets	5,173	-	5	5,178	5,232	-	5	5,237
Net interest expense	3,309	-	1,202	4,511	2,625	-	642	3,267
Future income tax recovery (expense)	118	-	16,379	16,497	57	-	(3,124)	(3,067)
Current income tax recovery (expense)	-	-	-	-	-	-	-	-

(i) Following the divestment of Leisureworld on March 23, 2010, the Fund will only have one operating segment.

9. RELATED PARTY TRANSACTIONS

MPML provides management services to Cardinal, LTC Holding LP and CPOT under management agreements that expire on April 30, 2024. MPML also provides the Fund and the Trust with certain administrative and support services under administrative agreements. Annual management and administrative fees charged are adjusted annually by the consumer price index. MPML also receives reimbursement for reasonable costs and expenses incurred in carrying out such services as approved by the independent Trustees.

On an annual basis, MPML earns an incentive fee equal to 25% of the amount by which the distributable cash per unit exceeds $0.95, multiplied by the weighted average number of units of the Fund outstanding for the relevant fiscal year or part thereof.

The following table summarizes total amounts recorded with respect to services provided by MPML:

	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Management fees	448	440
Administrative fees	28	27
Cost reimbursement (i)	775	729
Incentive fees	954	1,033
	2,205	2,229

(i) $83 (Q1 2009 - $22) of cost reimbursement for the quarter ended March 31, 2010 has been capitalized as deferred charges and deferred financing fees.

As at March 31, 2010, $1,759 (December 31, 2009 – $1,573) of amounts payable to MPML was included in accounts payable and accrued liabilities on the consolidated statement of financial position.

With respect to the Fund's exercise of the over-allotment option on the convertible debentures in January 2010, an underwriter fee of $37 was paid to a subsidiary of MGL, as a member of the syndicate. These costs have been capitalized as deferred financing fees and netted against the equity and liability portion of the convertible debentures in the consolidated statement of financial position as at March 31, 2010.

As part of the Leisureworld IPO, subsidiaries of MGL earned underwriting and selling concession fees of $2,100, as a member of the underwriting syndicate. These fees were paid by LSCC from the IPO proceeds.

The Fund has gas swap agreements with an affiliate of MGL to hedge against fluctuations in the price of excess gas sold under the gas mitigation clause of Cardinal's gas purchase contract for the seven-month period from April to October for each of the years from 2010 to 2011. The gas swap contracts require Cardinal to make payments to an affiliate of MGL based on 436,814 MMBtu of gas at the then market rate of natural gas in exchange for receiving payments based on 436,814 MMBtu of gas at a fixed price per MMBtu.

All related party transactions were carried out under normal arm's length commercial terms and have been measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. CAPITAL DISCLOSURE

The Fund defines its capital as its long-term debt, convertible debentures, levelization amounts, unitholders' equity and cash and cash equivalents.

The Fund's objectives when managing capital are to: (i) maintain a capital structure that provides financing options to the Fund when a financing or a refinancing need arises to ensure access to capital, on commercially reasonable terms, without exceeding its debt capacity; (ii) maintain financial flexibility in order to preserve its ability to meet financial obligations, including debt servicing payments and distribution payments; and (iii) deploy capital to provide an appropriate investment return to its Unitholders.

The Fund's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions. In order to maintain or adjust its capital structure, the Fund may issue additional units, issue additional debt, issue debt to replace existing debt with similar or different characteristics, and adjust the amount of distributions paid to Unitholders. The Fund's financing and refinancing decisions are made on a specific transaction basis and depend on such things as the Fund's needs and economic conditions at the time of the transaction.

The Board of Trustees of the Fund reviews the level of distributions paid to Unitholders on a quarterly basis. Effective January 2010, distribution to Unitholders decreased from $1.05/unit on an annualized basis to $0.66/unit. Over time, this decrease will provide the Fund with more flexibility and better position the Fund to pursue future growth opportunities.

As at March 31, 2010, the Fund was in compliance with all financial and non-financial covenants on its credit facility. Collateral for the facility is provided by a first ranking hypothec covering the assets of CPOT, Cardinal and certain direct subsidiaries, collectively the "restricted group". As at March 31, 2010, the carrying value of the assets of the restricted group exceeded total amounts drawn on the facility. The Erie Shores project debt is secured only by the assets of Erie Shores, with no recourse on the Fund's other assets. As at March 31, 2010, the carrying value of the assets of Erie Shores exceeded the total amount of project debt outstanding. Under the agreement, Erie Shores is subject to certain financial and non-financial covenants including a debt service coverage ratio defined as operating income to debt service. As at March 31, 2010, the debt service coverage ratio was at a level that would require funding of an amount equal to the next six-month's principal and interest payments in the debt service reserve account, which will be $4,607. The Fund has recorded this amount as restricted cash on the consolidated statement of financial position as at March 31, 2010. There were no changes to the Fund's approach to capital management during the quarter.

11. SUBSEQUENT EVENTS

As part of the Leisureworld IPO on March 23, 2010, the underwriters were granted an over-allotment option, exercisable in whole or in part for a period of 30 days from the IPO, to purchase up to an additional 958,649 common shares of LSCC. If exercised, LSCC would use the net proceeds from the purchase to repay the promissory note issued by LSCC to MLTCLP on the closing date of its IPO. Since this option was not exercised as at April 23, 2010, LSCC issued 958,649 common shares to MLTCLP in satisfaction of its remaining obligations under the promissory note. As a result, the Fund beneficially owns 431,392 shares or approximately 2.2% of the outstanding common shares of LSCC through its interest in MLTCLP.

ADDITIONAL INFORMATION

Please refer to the SEDAR website (www.sedar.com) for additional information about the Fund, including the Fund's annual information form, dated March 25, 2010.

INVESTOR INFORMATION

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EXCHANGE LISTING:

Macquarie Power & Infrastructure Income Fund's units and convertible debentures are listed on the Toronto Stock Exchange and trade under the symbols MPT.UN and MPT.DB.A, respectively.

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