



# Macquarie Power & Infrastructure Income Fund

## Investor eNewsletter

July 2010

Macquarie Power & Infrastructure Income Fund's bi-monthly investor newsletter brings you updates about MPT's assets and activities as well as our views on news and market developments. To subscribe, email us at [mpt@macquarie.com](mailto:mpt@macquarie.com).

### Quick Facts

#### Ticker Symbols

MPT.UN; MPT.DB.A

#### Trust Units Outstanding

49,914,369\*

#### Recent Trading Price

\$6.90 (as at June 30, 2010)

#### 52-week High/Low

\$7.34 - \$4.50

#### Average Monthly Volume

~2 million units

#### Number of Unitholders

~19,500

\* As at March 31, 2010, including 3,249,390 Class B Exchangeable Units

### Feedback

We encourage readers to share their feedback and ideas for future eNewsletters or our investor relations website. Let us know what you think by emailing us at [mpt@macquarie.com](mailto:mpt@macquarie.com).

### Website

Visit MPT's website at <http://www.macquarie.com/mpt> to read more about our portfolio of assets and to access investor relations information.

### Disclaimer

Certain of the statements contained in this Investor eNewsletter 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 Investor eNewsletter 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 Canadian Securities Administrators' System for Electronic Document Analysis and Review ("SEDAR") at [www.sedar.com](http://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; 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 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](http://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 Investor eNewsletter and speak only as at the date of this Investor eNewsletter. The Fund does not undertake any obligation to publicly update or revise any forward-looking statements except as may be required by applicable law.

This Investor eNewsletter is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in the Fund, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult our investment adviser if necessary.

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.

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## MPT acquires Amherstburg Solar Park

*MPT's Amherstburg Solar Park will be built and operated by SunPower Corp, which has proven its crystalline solar PV technology around the world in projects such as the 10 MW Bavaria Solarpark, above. Photo courtesy of SunPower.*

On June 23, 2010, MPT acquired a 20-megawatt solar photovoltaic (PV) power project in Ontario, to be designed, built and operated on MPT's behalf by U.S.-based [SunPower](#), a world leader in solar power with a 10-year track record of establishing successful commercial-scale facilities in Spain, Portugal, Germany, Italy and the United States.

With this transaction, MPT strengthens its presence across the renewable energy spectrum in solar, wind, hydro and biomass power generation. When completed in June 2011, the Amherstburg Solar Park will be one of the largest solar power facilities in Canada. It is expected to produce about 37,600 megawatt hours (MWh) of electricity annually, which is enough to power approximately 4,000 homes.

"The Amherstburg Solar Park is an excellent addition to MPT's existing portfolio of low-risk, stable power infrastructure assets. It also offers important environmental and local economic benefits while supporting the Province of Ontario's green energy mandate," said Michael Bernstein, the Fund's President and Chief Executive Officer. "With this transaction, we are taking an important step in the execution of our growth strategy --- and putting some of the proceeds from the sale of Leisureworld to work."

The Amherstburg Solar Park features a strong contractual framework that minimizes risk and enhances the reliability of cash flow. All of the electricity generated by the facility will be sold at a guaranteed price of \$420 per MWh to the Ontario Power Authority for 20 years. The facility will be constructed under a fixed-price engineering, procurement and construction contract, which effectively transfers all of the risks usually associated with construction --- such as delays or availability of parts --- to SunPower. SunPower will operate and maintain the facility under a 20-year contract. Finally, for the first two years of operations, SunPower guarantees the facility's performance at 100% of expected output on a weather-adjusted basis.

SunPower currently has more than 300 MW of solar PV plants operating globally. The Amherstburg Solar Park will use SunPower's high efficiency solar panels, which generate up to 50% more electricity than conventional solar panels and up to four times as much power as thin-film solar technology. The facility will also use the SunPower® Tracker T20 system, which follows the sun during the day thereby increasing daily energy production by up to 30% more than fixed-tilt installations.

Michael Smerdon, the Fund's Chief Financial Officer, noted that the Amherstburg Solar Park will contribute to MPT's long-term cash flow stability. "We expect the facility to contribute approximately \$3.5 million to our distributable cash in the first 12 months of operations. Moreover, we expect to earn a return on this investment within the 10% to 14% post-tax, levered range that we typically target for contracted infrastructure assets."

To learn more about this acquisition, read our [news release](#) or listen to the archive of our [webcast](#).

### Did you know?

Solar power is a 100% renewable energy source without noise pollution or harmful emissions. Electricity generated by the Amherstburg Solar Park each year is expected to offset the equivalent amount of greenhouse gases from approximately 5,000 passenger vehicles.



## Celebrating Global Wind Day at Erie Shores Wind Farm

*Global Wind Day is an annual international campaign that promotes awareness about wind energy.*

On June 15, 2010, the Canadian Wind Energy Association (CanWEA) hosted a tour of MPT's Erie Shores Wind Farm to demonstrate how wind turbines work and the economic opportunities they create for the communities that host them.

Located near Port Burwell, Ontario, Erie Shores Wind Farm stretches across the north shore of Lake Erie between Copenhagen and Clear Creek. In operation since the summer of 2006, Erie Shores generates enough clean electricity every year to power approximately 25,000 households.

The tour included journalists, local businesspeople and municipal officials, a landowner who hosts seven of Erie Shores' turbines, and representatives from CanWEA. Site manager Dennis Haggerty led the group on a tour of the facility, including a glimpse inside a turbine.

Wind power is viewed by governments as a way to meet increasing energy demand while reducing greenhouse gases. At the same time, wind power facilities can help to stimulate rural and industrial economic development by providing a new source of income for landowners where there is a good wind resource and a new source of tax revenue for municipalities, which supports the provision of vital community services.

Lynn Acre, mayor of Bayham, talked about what her municipality had gained from Erie Shores Wind Farm.

"We sought this opportunity to bring positive change to our region, and have benefited from job creation and increased tax revenues, new tourism, and our local farmers now have another source of income," she said.

Landowner Ken Wall, who owns Sandy Shores Farm, told the *London Free Press* that "...wind power has been nothing but positive, we are thrilled to be part of this."

CanWEA President Robert Hornung said that with its unparalleled wind resource, large hydroelectric capacity, strong manufacturing base and linkages to the U.S. market, Canada "has an incredible opportunity to maximize the economic, industrial development and environmental benefits associated with wind energy."

"There is much to celebrate on Global Wind Day," said Mr. Hornung. "Wind energy is now being produced in every province and we expect wind energy's rapid growth in Canada to continue with production quadrupling in the next five years."

### Did you know?

According to CanWEA, there is currently 3,426 MW of electricity is generated by wind in Canada, which is enough to power more than one million homes.



## Future plans for Cardinal Power

*Cardinal Power, a natural gas cogeneration facility, is seeking to renew its power purchase agreement.*

Dennis Dmytrow, general manager of Cardinal Power, addressed attendees at the annual COGENCanada conference on June 3, 2010 in Toronto, explaining how existing gas cogeneration non-utility generators (NUGs) such as Cardinal Power are good for Ontario's future. COGENCanada is a not-for-profit association dedicated to promoting cogeneration and sustainable industrial development.

While Cardinal Power's current power purchase agreement (PPA) ends in 2014, the facility has been working for months to make a strong case for PPA renewal to policymakers, soliciting the support of local stakeholders through a letter-writing campaign and widely promoting Cardinal Power's contribution to Ontario's economy, communities, industry, environment and energy supply.

"This facility has a long economic life and a vital role to play in Ontario," Mr. Dmytrow said. "We have the strong support of our community and our industrial partner and a plan for the future of Cardinal Power."

Cardinal Power commenced operations in 1994 and is one of the largest cogeneration facilities in Ontario. It is also the newest power generation facility on the 115 kV grid in Eastern Ontario and plays an important role in maintaining the grid's stability and cost effectiveness. The support that Cardinal Power provides to the grid gives Hydro One flexibility should an emergency occur or if it needs to conduct service on a line. Cardinal Power also delivers reliable steam, compressed air and electricity to Casco Inc., the facility's industrial host and one of Canada's principal producers and suppliers of corn-based food ingredients and industrial products. Together, Cardinal Power and Casco employ 230 employees, pay significant property taxes and play an active role in the community of Edwardsburgh/Cardinal. In addition, gas cogeneration is environmentally sound, resulting in virtually no atmospheric emissions of sulphur dioxide and far lower emissions of other greenhouse gases than the combustion of other fossil fuels.

"With a new power purchase contract, Cardinal Power can be reconfigured to operate as a peaking facility, which means it would only run when the province needs the electricity, thereby helping the government to meet its energy challenges and objectives," said Mr. Dmytrow. "It would help to reduce surplus baseload electricity generation, which is expensive for ratepayers, while supporting the addition of more renewable sources of electricity to the grid, which requires the reliability and flexibility that gas cogeneration can provide."

This reconfiguration could include an expansion to the facility to improve its operating flexibility while continuing to support Casco's baseload energy needs. Another benefit of an expansion, Mr. Dmytrow added, is that it could further reduce Cardinal's environmental footprint by substantially reducing already relatively low nitrous oxide and carbon dioxide emissions by 50% and 60%, respectively.

"We expect the Ministry of Energy and Infrastructure to provide a directive to the Ontario Power Authority this year to begin negotiating new contracts for Ontario's NUGs," said Mr. Dmytrow. "With a new contract, we can make these changes to our facility earlier than 2014. That would save the government and Ontario ratepayers millions of dollars and preserve and extend Cardinal Power's important economic, social and industrial contribution to this province."

### Did you know?

By reconfiguring its operations, Cardinal Power estimates it could help to reduce surplus baseload generation during off-peak hours by potentially 698,000 MWh each year.





## Management provides update on growth strategy at AGM

MPT had a challenging year in 2009 but the Fund is well positioned in 2010 to advance its growth strategy and other priorities, President and Chief Executive Officer Michael Bernstein told fellow investors at MPT's annual general meeting on June 29, 2010 at One King West Hotel.

With a relatively conservative capital structure and strong cash resources, MPT has access to approximately \$120 million in capital available for growth following the acquisition of the Amherstburg Solar Park, announced on June 23rd.

Michael Smerdon, Chief Financial Officer, outlined the Fund's growth strategy, which includes: a focus on regulated or contractually defined core infrastructure businesses; an emphasis on operating assets with the flexibility to pursue select development projects; a preference for wholly-owned businesses with a willingness to consider a minority position where the appropriate governance exists; and a focus on Canada but with the scope to consider international opportunities in OECD countries.

Importantly, the Fund's mandate is to be a diversified infrastructure company.

"While our portfolio currently consists of power assets, we believe that diversifying across the core infrastructure spectrum will lead to more and better opportunities," said Mr. Smerdon. "That includes categories where there is less competition than we are currently seeing in the power arena."

The Amherstburg Solar Park is just one of several prospective transactions examined by the MPT team over the past year.

"We have looked at 63 opportunities for MPT in the past year, most of which have been in the last six months. We actively evaluated nearly 40 of these deals, located in Canada, the United States and internationally and including hydro, wind, solar, gas cogeneration, biomass and geothermal power generation facilities as well as an airport, toll roads and public-private partnership (P3) projects," Mr. Smerdon told the audience. "Twenty-three of these opportunities advanced to our shortlist, and now that we've closed the Amherstburg Solar Park transaction, we are continuing to pursue 13. So while we are active, we are being extremely disciplined."

MPT's focus on core infrastructure creates a distinct opportunity for investors who are looking to diversify their portfolios, said Mr. Bernstein.

"Infrastructure businesses typically offer long-term cash flow, a low risk of capital loss and an attractive, risk-adjusted rate of return," he said. "That makes infrastructure a traditionally defensive sector with little correlation to what's happening in the broader market. MPT provides individual and institutional investors with a way to participate in this unique asset class."

MPT expects to build on the success of the Amherstburg Solar Park acquisition in 2010 and beyond, said Mr. Bernstein.

"With the number of deals we are currently looking at, I expect that MPT's value and market capitalization will grow significantly over the next 12 to 24 months."

To listen to the 2010 annual general meeting presentation, visit our [website](#).

### Did you know?

MPT expects its distribution level of 66 cents per unit per year to be sustainable through 2014 based on the Fund's current portfolio.