

Transcript of Macquarie Power & Infrastructure Income Fund (MPT.UN) Annual General Meeting April 9, 2008

Participants

Derek Brown, Chairman of the Board of Trustees
Gregory Smith, President and Chief Executive Officer

Presentation

Derek Brown – Chairman of the Board of Trustee

Good morning, ladies and gentlemen, and welcome to the 2008 Annual Meeting of the unitholders of Macquarie Power and Infrastructure Income Fund. My name is Derek Brown and I'm the Chairman of the Board of the Trustees of the Fund. I will act as Chairman for today's meeting.

Now, before we start the business of the meeting, I would like to take this opportunity to introduce and convey many thanks to the other members of the Board of Trustees of the Fund and the management of Macquarie Power Management Ltd, the manager of the Fund, who are present here today. I would ask each of them to stand as I introduce them. The Fund's Trustees, seated in the front row, are Patrick J. Lavelle, who is an independent Trustee and Chair of the Governance Committee, François Roy, who is an independent Trustee and Chair of the Audit Committee, and Stephen Mentzines, who is the Manager-appointed Trustee. You will meet Gregory Smith later on and I'll introduce him at the conclusion of my remarks.

Also present at the meeting today are representatives of Computershare Investor Services Inc. who will act as scrutineers of the meeting, and representatives of PricewaterhouseCoopers LLP, the Fund's auditors.

And now, I would like to begin the formal part of today's meeting. We have a number of matters of business to conduct today, including the appointment of the Fund's independent Trustees and the appointment of the Fund's auditors for the coming year. Once the formal business of the meeting is complete, Gregory Smith, the Fund's President and Chief Executive Officer, will make a presentation on the performance of the Fund for the past year. Following Greg's presentation there will be an opportunity to ask questions.

I now call the meeting to order and I will ask Stu Miller, the Fund's Vice President and General Counsel, to act as Secretary for the meeting.



With the consent of the meeting, I will appoint Jamie Bajcik and Graham Sheward of Computershare Investor Services Inc., the Fund's registrar and transfer agent, to act as scrutineers of the meeting.

The notice calling this annual meeting of unitholders together with the information circular describing the business of the meeting, the form of proxy or voting instruction form, and the annual report containing the financial statements of the Fund for the financial year ended December 31, 2007, and the auditors' report thereon, have been mailed by the Fund's registrar and transfer agent to each intermediary and each registered unitholder who was registered as of March 4, 2008, the record date of this meeting. Additional copies of these materials are also available at this meeting. Therefore, with the consent of the meeting, I will not read the notice of the meeting and I will ask the Secretary to append the notice and the confirmation of mailing to the minutes of this meeting.

The scrutineers have provided me with their preliminary report regarding unitholder attendance at the meeting. The scrutineers have advised me that in excess of two unitholders holding or representing approximately 12.6 million units of the Fund are in attendance in person or by proxy and that a quorum is present. Therefore, I declare that the annual meeting of unitholders is regularly called and properly constituted for the transaction of all business. Unless an objection is raised prior to the particular matter being voted upon, I will conduct votes on the matters to be voted on by a show of hands

The financial statements of the Fund for the period ended December 31, 2007, and the report of the auditors thereon were mailed to unitholders prior to the meeting. There are extra copies, as I mentioned, available here for anyone wishing to review them. I hereby place the financial statements and the auditors' report thereon before this meeting.

The number of Trustees of the Fund has been fixed at four and the number of Trustees to be appointed at this meeting is three. This meeting is now open for nominations for appointment to the Board of Trustees of Macquarie Power and Infrastructure Income Fund for the ensuing year. I will now ask Jack Bittan to make the nominations of those persons nominated for appointment as trustees as listed in the information circular accompanying the notice of meeting.

Jack Bittan

I nominate for appointment as Trustees of Macquarie Power & Infrastructure Income Fund, each person so specified in the information circular for this meeting, namely Derek Brown, Patrick Lavelle, and François Roy, to serve as Trustees and to hold office until the next annual meeting of unitholders or until his successor is appointed, unless such office is earlier vacated in accordance with the Fund's Declaration of Trust.



Derek Brown, Chairman of the Board of Trustee

Thank you, Jack. Are there any further nominations?

Since there are no further nominations, I declare the nominations closed.

We will now proceed with the appointment of the Trustees. Since the number of nominees is the same as the number of vacancies to be filled, it is proposed that a resolution be approved to appoint the persons named as nominees in the Fund's information circular relating to this annual meeting as Trustees of the Fund.

May I have a motion that each of the three persons nominated as Trustees of Macquarie Power and Infrastructure Income Fund, namely Patrick Lavelle, François Roy, and I be so appointed to hold office until the next annual meeting of unitholders or until a successor is appointed, unless such office is earlier vacated in accordance with the Fund's Declaration of Trust.

Jack Bittan

So moved.

Derek Brown, Chairman of the Board of Trustee

Thank you. Who will second the motion?

Greg Peterson

I second the motion.

Derek Brown, Chairman of the Board of Trustee

Thank you, Greg. I will now call for a vote on the motion. All in favor of this motion please signify by raising you hand.

Withheld, if any?

I declare the motion carried.

The next item of business relates to the reappointment of the auditors of the Fund and their remuneration. May I have a motion that PricewaterhouseCoopers LLP be reappointed as auditors of the Fund to hold office until the next annual meeting of unitholders or until a successor is appointed and that the Trustees of the Fund be authorized to fix the auditors remuneration?

Jack Bittan

So moved.

Derek Brown, Chairman of the Board of Trustee

Thank you, Jack. May I have the motion seconded?

Greg Peterson

I second the motion.

Derek Brown, Chairman of the Board of Trustee



Thank you, Greg. I will now call for a vote on the motion. All in favor please signify by raising your hand.

Withheld, if any?

I declare the motion carried.

Is there any other formal business that may properly be brought before this meeting?

I now call for a motion to conclude the formal portion of the annual meeting of the unitholders of the Fund.

Jack Bittan

So moved.

Derek Brown, Chairman of the Board of Trustee

Thank you, Jack. Who will second the motion?

Greg Peterson

I second the motion.

Derek Brown, Chairman of the Board of Trustee

Thank you, Greg. I will now call for a vote on the motion. All in favor please signify by raising your hand.

Against, if any?

I declare the formal business of this annual meeting of unitholders of the Fund terminated and I will now call on Gregory Smith, the Fund's President and Chief Executive Officer, to present highlights of the Fund's performance for the recently completed financial year.

Gregory Smith, President and Chief Executive Officer

Thank you, Derek, and good morning, everyone. I'm Gregory Smith. Thank you for joining us this morning. We appreciate your support and your attendance at today's AGM.

Before I begin, let me direct your attention to our disclaimer. I should also note that today's event is being webcast and will be archived on our website along with the transcript of today's discussion.

I'd like to start with a review of MPT's performance in 2007 as well as the merits of investing in infrastructure. I will then provide an overview of MPT's growth prospects and strategy heading into 2011. We'll then open the floor to questions.

Fiscal 2007 was our third consecutive year of predictable growth. Distributions to unitholders increased about 41% to \$1.03 per unit. This represents a payout ratio of 88%. Seventy percent of our distributions in the year were non-taxable as a return of capital.

Our distributions are underpinned by relatively low risk, stable assets that provide essential services. These assets generate steady cash flow that grows over time in line with inflation throughout the economic cycle.

The most significant achievement in 2007 was our acquisition of Clean Power Income Fund, which added renewable power assets to our portfolio. This transaction has benefited the Fund by:

- Extending the average life of our assets;
- Contributing stable, contractually defined revenue; and
- Diversifying our portfolio by geography, asset type and fuel source.

These three factors support the predictability of the Fund's long-term cash flow and distributions to unitholders.

In fact, in January 2008 we increased distributions by two cents on an annualized basis to \$1.05 per unit. This marks the third distribution increase since our inception in 2004. That represents compound annual growth in distributions of 2.8%.

Our portfolio currently includes power and social infrastructure assets, all of which operate in a regulated or contractual framework. Each asset is fundamentally strong and performed in line with expectations in 2007.

Our power generation assets are located in Ontario, British Columbia, Alberta and Quebec. They represent total capacity of approximately 350 MW. Each asset has a long-term power purchase agreement in place with a creditworthy customer.

During the year, we saw increased production and higher power rates at Cardinal as well as higher production at the hydro plants. Erie Shores completed its first full year of operations in line with expectations. Whitecourt performed reliably but with a slight decrease in production due to outages needed for repair work.

In the social infrastructure segment, we own a 45% interest in Leisureworld, a provider of long-term care with 26 homes in Ontario. Leisureworld is currently the third largest long-term care operator in the province, with about a 5.6% market share.

Long-term care is regulated and funded by the provincial government. These payments account for about 60% of Leisureworld's revenue.

Leisureworld also had a solid year in 2007. Revenue and income from operations both grew as a result of higher occupancy and greater use of preferred occupancy. Increased government funding was also an important factor.

We also ended 2007 with a strong financial position and considerable resources for future growth. Our debt to capitalization ratio at year end was about 38.8%. This is conservative relative to the low risk profile of our assets.

In addition, we have approximately \$100-million available under various credit facilities to pursue growth, which I'll say more on in a minute.

Importantly, the Fund has no refinancing requirements for 2008 or 2009. And at the individual asset level, we have very little short-term exposure for our debt facilities.



So I am very comfortable with the quality of our current portfolio and the stability of our financial position. I am also confident in our ability to grow and further diversify the Fund.

What really sets MPT apart from other income funds is our focus on essential infrastructure assets. Our portfolio features specific cash flow characteristics that appeal to investors seeking to diversify their portfolios.

The opportunity to invest in infrastructure has previously been the domain of large institutional and pension fund investors. That includes Canada Pension Plan, Ontario Teachers', and OMERS, among others.

Since the start of the decade, these funds have allocated a growing portion of their portfolios --- up to 20% in the case of OMERS --- for investments in infrastructure or "inflation-sensitive" assets, such as real-return bonds.

The long-term, stable cash flow of infrastructure assets is an ideal match for the long-dated liabilities of pension funds:

- First, infrastructure assets must meet an essential community need. These are long-life assets that provide a critical service. Our economy depends on electricity. Communities need access to proper health care.
- Second, infrastructure assets operate within a regulated or contractual framework. That means that revenue is stable and costs are predictable or controlled. It also means that other barriers to entry exist, such as planning restrictions or availability of land, or the high cost of new development. These features all help to mitigate economic risk.
- And third, the assets we own all enjoy consistent, inelastic demand. That reduces volatility for investors. Demand for electricity is increasing in step with industrial and urban growth. Use of long-term care is dictated by a need for care that does not fluctuate with the economic cycle.

For all of these reasons, infrastructure assets do not typically correlate to equities or bonds. This makes infrastructure an important diversification tool --- for pension funds and for individual investors, too. Basically, MPT is providing investors with a yield-based return that is a spread over Government of Canada bonds.

Investors can also be confident in the expertise that MPT brings to the table. MPT is managed by a wholly owned subsidiary of Australia-based Macquarie Group Limited. Macquarie Group has an international record for financing and successfully managing infrastructure assets.

Macquarie's Capital Funds division now manages 116 assets in infrastructure and adjacent sectors globally. That represents about \$50 billion of equity under management. More than 630 employees manage these assets. Another 500 employees pursue new investment opportunities.

This gives MPT access to a robust pipeline of potential investments. It also gives us the expertise and resources to respond quickly to opportunities.

I believe that Macquarie Group gives MPT a significant competitive advantage. Take the case of Clean Power. We were able to tap the technical, market and regulatory

expertise of Macquarie Group's global renewables team to complete our analysis of operations and performance.

This expertise filters down to each individual asset. We work closely with the business managers on key value drivers. These include capital investments and business planning, risk management, tack-on acquisitions, financing and tax strategy, and development projects.

It is also important to note that MPT's Board is comprised of a majority of independent trustees with considerable business, finance and industry knowledge. So the Fund's strategy is aligned with unitholders' interests at all times.

With MPT, investors have an opportunity to invest in a relatively low-risk business that offers a combination of safety, income and growth.

Our objectives are to:

- Unlock the value in essential infrastructure assets;
- Work to optimize the performance of those assets; and to
- Reward investors with stable distributions with the opportunity for capital growth over time.

For 2008, we expect predictable performance from the portfolio as a whole. We anticipate achieving a payout ratio of approximately 95% to 100%. This level provides for the continuing stability of distributions. Approximately 60% of distributions in 2008 are expected to be non-taxable as a return of capital.

At Cardinal, we expect increases in power rates to be offset by increased gas transportation costs, which will result in somewhat lower cash flow for the year.

However, we'll benefit from a full year of results from our newly acquired assets.

We expect Erie Shores to deliver annual production of approximately 245,600 MWh, subject to wind speed and density. In addition, availability of 97% is guaranteed by General Electric, the turbine supplier, including revenue reimbursement if that threshold is not met.

We expect the hydro facilities to generate long-term average production of 166,360 MWh per year, which represents actual historical production at each of the plants. I should note that maintenance outages are built in to our long-term averages.

We expect Whitecourt to continue to operate reliably, due to the quality of the plant as well as the stability of its fuel supply. Whitecourt will undergo its major maintenance in May, which will require a 24-day outage.

I should note that maintenance at all of our plants is planned for and funded from reserves so there is no impact to distributable cash. In addition, maintenance is typically conducted during off-peak season, so as to minimize and manage any impact to revenue.

Across all of our plants, we will continue to look for ways to tweak operations. These initiatives include improving inventory management at Erie Shores to enhance



availability. We also expect to upgrade equipment at the hydro facilities to drive gains in efficiency and production.

For Leisureworld, we are focused on integrating the seven long-term care homes acquired in January 2008. At the same time, Leisureworld is working to secure Ministry approval for the Good Samaritan acquisition by the end of 2008. Maximizing occupancy is also a top priority. We expect Leisureworld to continue to pay stable distributions to the Fund in 2008.

MPT delivered on its objectives for 2007. And we are planning to extend our track record in 2008.

Our portfolio is diversified by fuel source, geography and asset type. For 2008, we estimate that:

- Cardinal will represent 49% of distributable cash,
- Erie Shores, 13%;
- The hydro facilities, 12%;
- Biomass, 10%; and
- Leisureworld, 16%.

This mix of assets supports the stability of distributions.

In addition, the quality and duration of our PPAs further contribute to the Fund's cash flow predictability. The average weighted remaining term of our PPAs is approximately 12 years, which is in line with others in the industry.

We also remain focused on growth opportunities. Our goal is to build a significant portfolio in North America that returns exceptional long-term value to unitholders.

As the Clean Power deal showed, the new tax policy for income funds has not changed the opportunities available to us --- or our ability to pursue them.

If anything, this policy is actually creating new opportunities for us. That's due to our "total return" approach to valuing potential acquisitions as well as the room in our current capital structure to accommodate growth.

Power remains an important emphasis in the portfolio. That could include more power generation facilities or regulated electricity transmission and local distribution companies. Both Canada and the United States are planning to replace or add significant electricity supply in the next 10 to 20 years. And new transmission investments are even more urgently required.

We are also looking at a number of opportunities in the renewable power space. That includes existing facilities as well as RFPs for hydro, wind or other renewables. Our focus is primarily on those jurisdictions where we are familiar with the regulatory regime and have solid relationships.

In our social infrastructure portfolio, we are continuing to track activity in the sector. We will pursue those tack-on acquisitions that can contribute to unitholder value.

MPT's mandate is not limited to just these two areas. We are also looking at new types of infrastructure assets that will:

- Extend the average life of our assets;
- Further increase the size and liquidity of our portfolio; and
- Deliver a sustainable increase in distributions per unit.

That includes through public-private partnerships. P3s have a limited risk profile, which makes them a potentially strong fit for MPT's portfolio. P3 projects include highways and bridges, water treatment systems, schools and hospitals, among others.

P3s are rapidly gaining traction in Canada as an effective, economical approach to reducing the infrastructure deficit. Government spending on maintenance and new infrastructure has not increased enough to offset the impact of economic and population growth. In most cases, government funds are used to address urgent needs rather than to build for the future.

It is widely accepted that the infrastructure gap ranges between \$50 billion and \$125 billion. This is six to 10 times the level of all government infrastructure budgets combined.

In our experience, there is a sophisticated market for the sponsorship and funding of infrastructure assets. And investor appetite is growing for all types of infrastructure investments. That includes everything from greenfield to brownfield projects and across sectors. Investors are seeking to benefit from the attractive returns and low volatility that infrastructure assets provide.

MPT's business fundamentals are strong and we have a high-quality portfolio that supports increasing returns to unitholders --- today and post-2011.

We are continuing to evaluate how MPT will operate under new federal tax policy for income trusts. There are a number of options available to us. I think the important point to make is that we will continue to exist as a publicly-traded vehicle.

It is possible that trusts will continue post-2011 to be valuable investments for investors seeking yield. There is no question that the tax imposed at the trust level will reduce pre-tax income levels for investors. But that reduction will be offset by distributions that take the form of tax-advantaged dividend income.

At the same time, the government has stated that income trusts that convert to corporate structures will not be penalized. Many trusts that generate strong cash flow --- such as MPT --- will have the fundamentals to support an attractive yield as a corporation.

These are just two options and there are many other possibilities. Again, our relationship with Macquarie Group gives us a strong advantage. A number of Macquarie-managed infrastructure funds are publicly listed globally. For example, some take the form of a stapled security, which delivers tax efficiencies. And within Macquarie we have access to significant tax expertise.

Our primary focus is on selecting the go forward strategy that will deliver the best value for our unitholders.

In the meantime, MPT offers an attractive yield relative to other investment opportunities. We have every confidence that our portfolio will continue to perform strongly, regardless of the tax environment in which we operate.

To summarize, MPT offers investors an opportunity to benefit from the stable, strong cash flow generated by essential infrastructure assets.

Our portfolio offers a combination of safety, income and growth in line with inflation as well as the potential for capital appreciation over time.

The diversity of our portfolio as well as the regulated or contractual nature of our cash flow underpins our low risk profile throughout the economic and market cycles.

And finally, we have significant financial strength and flexibility to further increase the size and value of our portfolio.

With the Fund's proven expertise and ability to tap the global resources of the Macquarie group, we are well positioned to be a leading infrastructure investment vehicle in Canada.

We appreciate your continuing support and would now be pleased to take your questions.

Audience Question

Leisureworld doesn't appear to fit any of the tests of the infrastructure assets that you listed. There are no barriers to entry, there is massive competition coming into the marketplace. Can you talk a little bit about why you feel that it fits the portfolio?

Gregory Smith, President and Chief Executive Officer

Sure. Leisureworld is a very strong investment for MPT and it fits the basket of infrastructure assets that we broadly refer to as social infrastructure. Under the private-public partnership model you'll see long-term care, you'll see schools, hospitals, and other civil engineering projects being undertaken by various governments globally. But more recently in the Canadian context, with a strong lead by the British Columbia government, which has really become a showpiece and a market leader in the Canadian contacts for private-public partnerships.

The difference between Leisureworld and the provision of long-term care as a regulated asset where there are strong barrier to entry exists must be distinguished between with what I'll call retirement homes but some of the other types of facilities...

Audience Question

Could you put your mic a little closer?

Gregory Smith, President and Chief Executive Officer

Sorry....and some of the other facilities that exist within some of the other senior care operators that are publicly traded that you may be familiar with. It's similar to how we define cash flows overall where we look for both the revenue stream and the cost stream to be predictable, controlled, and regulated by various governments, either under contract or by a regulatory authority. So, we are very interested in power plants, for example, but we like power plants that are contracted as opposed to power plants that can be built and subject to merchant risk or selling their power in the spot market. So just because you're a power plant, it does not necessarily mean that you meet our definition of infrastructure with the stability of the cash flow that we're looking for. Similarly, if you build a transmission line and it's a regulated transmission line, that would fit our definition but if you're a merchant transmission line and subject to trying to find customers in the volatility of the marketplace, you wouldn't fit our definition.

So, when we take a look at Leisureworld and the provision of long-term care, the supply of bed is actually licensed and controlled by the province of Ontario, and therefore, has a very high barrier to entry. You can't just open up a long-term care home; you have to apply and tender for licenses from the Ontario government. In addition, the funding model that comes from the government actually supplies the cost for nursing and program support. So, all the cost in terms of the provision of care are funded for and controlled by the government and we can't make a profit on that. You may a profit under the accommodation envelope which really pays for your debt in equity returns. So, it's like a return on equity, just like a regulated transmission line would be.

So that funding model is unique to Ontario. Long-term care in the U.S. is a different funding model. You won't see us going down there. So, it would not meet our definition of infrastructure and how we look at the critical service, the essential community need and the stability of the cash flow profile.

So, it's not just a long dated nature of the asset but it's actually the cash flow profile that exists underneath it and Leisureworld clearly meets that definition. It's been a very stable provider of cash flow for MPT. Thank you for your question.

Audience Question

I was reading in your annual financial report for Leisureworld that your expenses decreased by 1.5% from the prior year quarter due to a lower level of nursing and personal care hours being provided and I know that there's certainly public concern about the amount of nursing care, et cetera, provided in long-term care facilities. So, you also mentioned somewhere in here that you were working on upgrading your Class C facilities to Class A or something? It seems to me that it would be important to assure high quality care and in fact, elsewhere in here, you do mention that you are concerned with providing quality care and facilities, so how does that equate?

Gregory Smith, President and Chief Executive Officer

Sure. Let me try and divide the question probably into two parts and I'll talk about the Class C homes second and we'll look the quality of care that is provided. At Leisureworld --- and we support as shareholders of Leisureworld --- to not only meet but exceed the quality of care that's outlined by the Ministry of Health and Long-Term Care in the Province of Ontario.

David Cutler, who is CEO of Leisureworld, is actually the president of the Ontario Long-Term Care Association and is deeply involved in discussions with the government and lobbying the government to enhance the amount of funding that's available for care for residents of the long-term care homes in the Province of Ontario. And they've been somewhat successful in the last budget where they've increased the number of hours that were going to be provided for registered nurses and programs under the latest Ontario budget and will continue to work with the Ministry of Health and the Ontario government to increase funding for residents to enhance the quality of care that they're provided in the long-term care industry.

From an investment standpoint, I think it's important to note that what we do is we ensure that we're providing a level of care that's dictated and try to exceed that level of care that's funded by the Ministry of Health for long-term care.

So, under the funding formula, the government provides three separate envelopes of funding to long-term care homes. One envelope is for nursing services, the second envelope is for program support, and the third envelope is what I'll call a combination,

which is really the facility, the operating and maintenance, for example, the air conditioning and the boiler. You cannot make a profit on the nursing services and the program support so there is no operator in the Province of Ontario in the long-term care industry that actually looks at minimizing the quality of care to residents to make a profit. If we under-spend that envelope, we actually give the money back to the government, and so there's good goal alliance between ensuring that we enhance the quality of the care for our residents and how the actual funding formula works with the government.

So, I share your concern that we should continue to do more as an industry and continue to work with the government to ensure that we have the best quality care for our residents as possible.

On the second piece to it, the government announced in the summer of last year additional funding to what I'll call as the capital renewal program to convert C-class homes, which are homes that were built basically in the late '60s, to new facilities or renovate them or redevelop them to provide an enhanced level of care to what we'll call an A-class facility. The difference between a C-class facility and an A-class facility is really about the common area that's available as well as the size of what a ward is. So, in the homes that were built in the 1960s, you had basically four people to a room. In the new facilities, you have two people to a room. And so, I think it's a great initiative for the government to actually fund the construction and the redevelopment of C-class homes, which will have a big impact in improving the overall quality of care for our residents. And I'm a strong supporter of that initiative. All C-class homes are to be redeveloped over the next 10 years.

From an investor standpoint, from the MPT standpoint, the government provides that funding to us, and so, it will actually redevelop our portfolio and will have limited impact on our financial results. So, I think it's a good win for the residents and it's neutral to MPT's unitholders.

Audience Question

Well, thank you. I have one other question. I saw a program on T.V. last night about problems with the hydroelectric dams and fish spawning in the State of Washington on the Klamath River, I think it was, and I was just wondering about ecological effects of the hydroelectric projects that are held in our portfolio. Is this something that your management takes into consideration and tries to see that the ecological impact is minimized?

Gregory Smith, President and Chief Executive Officer

Yes, a very good question. Actually, if you could get a mic....Where is Rob? Rob, I am going to ask you to comment on the back end as you're familiar with the specific programs. But there are a number of things that are actually done within the hydro facilities and one of our hydro facilities actually won an award with respect to the salmon spawning channel that it developed to address those kind of ecological concerns in water management plants that are in place.

Rob Roberti, Vice President

Yes. The plant that Greg is talking about is the one in B.C., Sechelt. That one actually developed a spawning channel at the back end of the plant. It's managed by the local First Nation Band and it was an area that used to have salmon but the salmon disappeared. So the developers actually stocked the spawning channel and within five years they were getting over 2,000 salmon back the spawning channel so they've actually brought salmon back to that area.

The other [hydro facilities] are all run-of-river, they either have habitat built in underneath the tail race or there is a fish ladder where we can over-dam. So the fish have been taken then into serious consideration and there is probably a net positive effect for the fish habitat from some of our hydros.

Audience Question

Thank you very much.

Gregory Smith, President and Chief Executive Officer

That was Rob Roberti. He was the CFO of Clean Power Income Fund and we are pleased to have him join us as Vice President looking after the renewable generation portfolio at Macquarie Power & Infrastructure Income Fund. Thank you, Rob.

Audience Question

The homes at Leisureworld --- are they sprinkler'd and have smoke alarms? Do you know?

Gregory Smith, President and Chief Executive Officer

Yes. They are fully compliant with all the fire safety requirements in terms of alarms.

Audience Question

There are sprinkler'd, are they?

Gregory Smith, President and Chief Executive Officer

Yes, they have to be. They comply with all Ontario building codes. Thank you.

Audience Question

There was a very detailed study of Macquarie Group out of Australia recently which was critical of high fees and high salaries and overheads and excessive distributions. Do you think that's had any impact on the stock price here and is there a large Australian component in the ownership of this Fund?

Gregory Smith, President and Chief Executive Officer

I think you actually have a couple of questions there.

MPT is owned by a number of primarily retail owners. We have an institutional following as well. It's about 25% of our overall portfolio, so it's a combination of institutional and retail ownership.

I have followed some of the articles that have been written on the Macquarie model in terms of and how it operates and interacts with its funds business. MPT operates in the Canadian context and the Canadian environment and our management arrangements with the Macquarie Group are consistent with other income funds that exist in the marketplace, which basically consists of a base management fee. We do have some cost recovery but we don't earn a profit on that. It's just a flow through of costs, such as a computer for the utilization of the business. And then we have an incentive mechanism, which is based on outperforming the distributable cash threshold and that's directly in line with all of our peer groups within the power sector. So, I think, we are somewhat removed from some of the discussion around what's happening in Australia and other places and I haven't seen any impact on our unit price or our Fund overall.

I think the relationship with the Macquarie Group has been a very strong value add as I have said and referred to earlier in terms of giving us that expertise to go in-depth into the various industry sectors. Renewable power is an interesting one. There is a



difference between a hydro facility and a wind farm and you need to have the deep expertise in each of the areas in order to make sure that you're achieving the best value for unitholders and I think we've achieved some of that success over the past four years since our inception in 2004. Thank you.

Well, thank you again very much for your attendance this morning and your continued support of MPT. I'd encourage you to stay for some refreshments and say hello to some of the other members of the management team of Macquarie Power & Infrastructure Income Fund. Thank you very much.