

SCHEDULE “A”

MACQUARIE POWER & INFRASTRUCTURE INCOME FUND

AUDIT COMMITTEE CHARTER

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

PURPOSE

The Audit Committee (the “Committee”) is a standing committee appointed by the Board to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting including responsibility to:

- i) oversee the work of the Fund’s external auditors engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Fund;
- ii) oversee the integrity of the Fund’s financial statements and financial reporting process, including the audit process and the Fund’s internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- iii) oversee the qualifications and independence of the external auditors;
- iv) oversee the work of the Fund’s financial management and external auditors in these areas; and
- v) provide an open avenue of communication between the external auditors, the Board and Macquarie Power & Infrastructure Income Group, including the Board of Trustees of the Trust and management of the Manager, thus enabling information and points of view to be freely exchanged.

In addition, the Committee will review and/or approve any other matter specifically delegated to the Committee by the Board.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (i) to plan or conduct audits, (ii) to determine that the Fund’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles or (iii) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee and its Chair are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the fund and are specifically not accountable or responsible for the day to day operation or performance of such activities.

Management is responsible for the preparation, presentation and integrity of the Fund’s financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. The external auditors are responsible for planning and carrying out an audit of the Fund’s annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles.

PROCEDURES, POWERS AND DUTIES

In addition to the procedures and powers set out in the resolution of the Board establishing this Committee, the Committee shall have the following procedures, powers and duties:

2. General

- (a) *Composition* – The Committee shall be composed of a minimum of three members. Each member of the Committee shall be an “independent” trustee as defined in the Declaration of Trust of the Fund and none of the members shall have participated in the preparation of the financial statements of the Fund at any time over the past three years; provided that the fact that a trustee is also a trustee of the Trust or a director of the General Partner will not disqualify the trustee from being a member of the Committee so long as the trustee would otherwise be eligible to be a member of the Committee.

All members of the Committee must be “financially literate” (as that term is defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange on which the Fund’s securities are listed for trading or if it is not so defined as that term is interpreted by the Board in its business judgement) or must become financially literate within a reasonable period of time after their appointment to the Committee.

- (b) *Appointment and Replacement of Committee Members* - Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a trustee. The Board may fill vacancies on the Committee by appointing another trustee to the Committee. The Board shall fill any vacancy if the membership of the Committee is less than three trustees. Whenever there is a vacancy on a Committee, the remaining members may exercise all its power as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until the next annual meeting of unitholders after his or her appointment or until his or her successor shall be duly appointed and qualified.
- (c) *Committee Chair* - The Chair of the Committee shall be designated by the full Board. The Chair of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments and reporting to the Board.
- (d) *Conflicts of Interest* - If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, that member shall be responsible for alerting the Committee Chair. If the Committee Chair faces a potential or actual conflict of interest, the Committee Chair shall advise the Chair of the Board. If the Committee Chair, or the Chair of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee the member’s interest and shall not participate in consideration of the matter and shall not vote on the matter.
- (e) *Compensation of Committee Members* - The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine. No member of the Committee shall receive from the Fund any compensation other than the fees to which he or she is entitled as a trustee, a member of a committee of the Board, a member of the Board of Trustees of the Trust or a committee thereof, or a member of the Board of Directors of the General Partner.
- (f) *Separate Executive Meetings* - The Committee shall meet periodically with the Chief Financial Officer, the head of the internal audit function (if other than the Chief Financial Officer) and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the

Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without Management present.

(g) *Meetings of the Committee -*

Procedures for Meetings - Subject to any applicable statutory or regulatory requirements and the Declaration of Trust of the Fund, the time at which and place where the meetings of a Committee shall be held and the calling of Committee meetings and the procedure in all things at such meetings shall be determined by the Committee.

Calling of Meetings – The Committee shall meet as often as it deems appropriate to discharge its responsibilities. Notice of the time and place of every meeting shall be given in writing, by any means of transmitted or recorded communication, including facsimile, telex, telegram or other electronic means that produces a written copy, to each member of a Committee at least 24 hours prior to the time fixed for such meeting. However, a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. Whenever practicable, the agenda for the meeting and the meeting materials shall be provided to members before each Committee meeting in sufficient time to provide adequate opportunity for their review.

Quorum – A majority of members constitute a quorum for the transaction of Committee business.

Chair of Meetings - If the Chair of a Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting.

Secretary of Meeting - The Chair of the Committee shall designate a person who need not be a member of the Committee to act as secretary or, if the Chair of the Committee fails to designate such a person, the Corporate Secretary of the Manager shall be secretary of the Committee. The agenda of each Committee meeting will be prepared by the secretary of the Committee and, whenever reasonably practicable, circulated to each member prior to each meeting.

Minutes – The secretary of the Committee shall prepare and maintain minutes of the proceedings of the Committee. Minutes shall be kept in minute books provided for that purpose. The minutes of Committee meetings shall accurately record the discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members.

(h) *Professional Assistance* - The Committee may require the external auditors and internal auditors to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may reasonably determine to be necessary to carry out the Committee's duties at the Fund's expense in accordance with the procedures for retaining professional advisors as set out in the Fund's Corporate Governance Guidelines.

(i) *Reliance* - Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside Macquarie Power & Infrastructure Income Group from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by Management and the external auditors as to any information technology, internal audit and other

non-audit services provided by the external auditors to the Fund and Macquarie Power & Infrastructure Income Group.

(j) *Reporting to the Board* - The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

(k) *Powers of the Committee* -

Access – The Committee is entitled to full access to all books, records, facilities, and personnel of the Fund and Macquarie Power & Infrastructure Income Group, as related to the investment activities and affairs of the Fund. The Committee may require such officers, trustees and employees of the Fund and Macquarie Power & Infrastructure Income Group and others as it may see fit from time to time to provide any information about the Fund and Macquarie Power & Infrastructure Income Group it may deem appropriate and to attend and assist at meetings of the Committee.

Delegation - The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

Adoption of Policies and Procedures - The Committee may adopt policies and procedures for carrying out its responsibilities.

AUDIT RESPONSIBILITIES OF THE COMMITTEE

Selection and Oversight of the External Auditors and Independence Requirements

3. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the unitholders of the Fund and shall report directly to the Committee and the Committee shall so instruct the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Fund to be proposed in the Fund's proxy circular for unitholder approval and shall have authority to terminate the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board. The Board is responsible for selecting the external auditor to be proposed in the Fund's proxy circular for unitholder approval and appointment.
4. The Committee shall approve in advance the terms of engagement and the compensation to be paid by the Fund to the external auditors with respect to the conduct of the annual audit.
5. The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:
 - (a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;
 - (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Fund and Macquarie Power & Infrastructure Income Group, on the one hand, and the external auditors and their affiliates on the other hand, and that it has remained independent for the full-year;
 - (c) require that (i) both the lead audit partner and the partner responsible for performing a second review respecting the audit be rotated at least every five years and be subject to a five year time

out and (ii) all other partners on the audit engagement team who provide more than 10 hours of audit, review or attest services with respect to the Fund's consolidated financial statements or who serve as the lead partner in connection with any audit or review related to financial statements of a subsidiary whose assets or revenues constitute at least 20% of the consolidated assets or revenues of the Fund be rotated at least every seven years and be subject to a two year time out;

- (d) require that the audit partners and any audit firm employee on the audit of the Macquarie Power & Infrastructure Income Group are prohibited from being an officer of the Macquarie Power & Infrastructure Income Group;
 - (e) require that immediate family members of an audit partner or any audit firm employee on the audit of the Macquarie Power & Infrastructure Income Group are prohibited from being a director or in a senior audit facing role at the Macquarie Power & Infrastructure Income Group until lapse of a "cooling off" period of at least five years and, after the five years "cooling off" period, can have no continuing financial relationship with the audit firm. The five year "cooling off" period is measured from the time that the former audit firm partner or employee ceases to be on the engagement team of the Macquarie Power & Infrastructure Income Group;
 - (f) require that the audit firm engagement team in any given year cannot include a person who had been a former officer of the Macquarie Power & Infrastructure Income Group during that year; and
 - (g) require that officers of the Macquarie Power & Infrastructure Income Group are prohibited from receiving any remuneration from the audit firm;
 - (h) require that members of the audit team and firm are prohibited from having a business relationship with the Macquarie Power & Infrastructure Income Group or any officer of the Macquarie Power & Infrastructure Income Group unless the relationship is clearly insignificant to both parties;
 - (i) require that the audit firm, its partners, its employees on the audit of the Macquarie Power & Infrastructure Income Group and the immediate family members are prohibited from having loans or guarantees with the Macquarie Power & Infrastructure Income Group;
 - (j) require that the audit firm is prohibited from having a financial interest in any entity with an controlling interest in the Macquarie Power & Infrastructure Income Group;
 - (k) consider whether there should be a regular rotation of the external audit firm itself; and
 - (l) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies.
6. The Committee shall prohibit the external auditor and its subsidiaries from providing certain non-audit services to the Fund. This is to ensure the auditor does not assume the role of management, become an advocate for their own client, or audit their own professional expertise. All non-audit services to be provided to the Fund or any of its affiliates by the external auditors or any of their affiliates shall be subject to pre-approval by the Committee. The Committee may approve policies and procedures for the pre-approval of non-audit services to be rendered by the external auditors, which policies and procedures (i) shall include reasonable detail with respect to the services covered, (ii) shall require that the Committee be informed of each non-audit service and (iii) shall not include delegation of the Committee's responsibilities to Management.
7. The auditor will not normally provide the following services:
- (a) Bookkeeping or other services relating to the accounting records or financial statements of the Macquarie Power & Infrastructure Income Group;

- (b) Appraisal or valuation and fairness opinions;
- (c) Taxation planning and consulting services;
- (d) Financial information or information technology systems design and implementation;
- (e) Internal audit outsourcing services;
- (f) Management functions, including temporary staff assignments or human resource services, including recruitment of senior management;
- (g) Legal or litigation support services;
- (h) Broker or dealer, investment adviser or investment banking;
- (i) Actuarial services.

Under this policy, any fee arrangement between the Macquarie Power & Infrastructure Income Group and the auditor must not contain any contingent or success fees element.

8. The Committee shall establish and monitor clear policies for the hiring by Macquarie Power & Infrastructure Income Group of partners, employees and former partners and employees of the external auditors.
9. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require. Such reports shall include:
 - (a) a description of the external auditors' internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues; and
 - (b) a report describing (i) all critical accounting policies and practices used in the preparation of the Fund's financial statements, (ii) all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors (iii) other material written communication between the external auditors and Management, such as any management letter or schedule of unadjusted differences; and (iv) disagreements between Management and/or the internal auditors and the external auditors regarding financial reporting.
10. The Committee is responsible for resolving disagreements between Management and the external auditors regarding financial reporting.

Oversight of Internal Audit Function

11. The Committee shall determine the appropriate internal audit function for the Fund and oversee its processes, reports and the terms of compensation for any individuals engaged in such function, if any.

Oversight and Monitoring of Audits

12. The Committee shall review with the external auditors and Management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon Management, any internal audit and general audit approach and scope of proposed audits of the financial statements of the Fund, the overall audit plans, the responsibilities of Management and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits.
13. The Committee shall meet periodically with the internal finance management staff to discuss the progress of their activities and any significant findings stemming from any internal audits and any difficulties or disputes that arise with Management and the adequacy of Management's responses in correcting audit-related deficiencies.
14. The Committee shall discuss with the external auditors any difficulties or disputes that arise with Management or any internal auditors during the course of the audit and the adequacy of Management's responses in correcting audit-related deficiencies.
15. The Committee shall review with Management the results and scope of any internal and all external audits.
16. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

17. The Committee shall, as it deems necessary, oversee, review and discuss with Management, the external auditors and any internal auditors:
 - (a) the quality, appropriateness and acceptability of the Fund's accounting principles and practices used in its financial reporting, changes in the Fund's accounting principles or practices and the application of particular accounting principles and disclosure practices by Management to new transactions or events;
 - (b) all significant financial reporting issues and judgments made in connection with the preparation of the Fund's financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any "second opinions" sought by Management from an independent auditor with respect to the accounting treatment of a particular item;
 - (c) disagreements between Management and the external auditors or any internal auditors regarding the application of any accounting principles or practices;
 - (d) any material change to the Fund's auditing and accounting principles and practices as recommended by Management, the external auditors or any internal auditors or which may result from proposed changes to applicable generally accepted accounting principles;
 - (e) the effect of regulatory and accounting initiatives on the Fund's financial statements and other financial disclosures;
 - (f) any reserves, accruals, provisions, estimates or management programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Fund;
 - (g) the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of Macquarie

Power & Infrastructure Income Group and their impact on the reported financial results of the Fund;

- (h) any legal matter, claim or contingency that could have a significant impact on the financial statements, the Fund's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Fund's financial statements;
 - (i) the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Fund's operations;
 - (j) the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles; and
 - (k) Management's determination of goodwill impairment, if any, as required by applicable accounting standards.
18. The Committee will review and resolve disagreements between Management and the external auditors regarding financial reporting or the application of any accounting principles or practices.

Oversight and Monitoring of Internal Controls

19. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with Management and the external auditors:
- (a) the adequacy and effectiveness of the Fund's internal accounting and financial controls (including accounting and operational risk management controls) based on recommendations of Management and the external auditors for the improvement of accounting practices and internal controls;
 - (b) any material weaknesses in the internal control environment, including with respect to computerized information system controls and security; and
 - (c) Management's compliance with the Fund's processes, procedures and internal controls.

Communications with Others

20. The Committee shall establish and monitor procedures for the receipt and treatment of complaints received by the Fund regarding accounting, internal accounting controls or audit matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with Management, the Board of Trustees of the Trust and senior finance officers of Macquarie Power & Infrastructure Income Group responsible for the internal audit function, these procedures and any significant complaints received.

Oversight and Monitoring of the Fund's Financial Disclosures

21. The Committee shall:
- (a) review with the external auditors and Management and recommend to the Board for approval the audited financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements, the Fund's annual report, the financial information of the Fund contained in any prospectus or information circular or other disclosure documents or regulatory filings of the Fund; and
 - (b) review with the external auditors and Management and approve each set of interim financial statements and the notes and Management's Discussion and Analysis accompanying such

financial statements and any other disclosure documents or regulatory filings of the Fund containing or accompanying financial information of the Fund.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

22. Prior to their distribution and filing, the Committee shall review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies. The Chair of the Committee may perform this review function, on behalf of the Committee, as is required. Such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and the Committee need not discuss in advance each instance in which the Fund gives earning guidance if it has reviewed and approved the Fund's policies and procedures with respect to such matters.
23. The Committee shall meet with Management to review and assess the process and systems in place for the review of public disclosure documents that contain audited and unaudited financial information and their effectiveness.
24. As part of the process by which the Committee shall satisfy itself as to the reliability of public disclosure documents that contain audited and unaudited financial information, the Committee shall require each of the Chief Executive Officer and the Chief Financial Officer of the Manager to provide a certificate addressed to the Committee certifying in respect of each annual and quarterly report the matters such officers are required to certify in connection with the filing of such reports under applicable securities laws.
25. The Committee shall review the disclosure with respect to its pre-approval of audit and non-audit services provided by the external auditors.

Oversight of Finance Matters

26. The Committee shall receive and review:
 - (a) periodic reports on compliance with requirements regarding statutory deductions and remittances, the nature and extent of any non-compliance together with the reasons therefor and Management's plan and timetable to correct any deficiencies;
 - (b) material policies and practices of Macquarie Power & Infrastructure Income Group respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of Macquarie Power & Infrastructure Income Group; and
 - (c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.
27. The Committee shall meet periodically with Management to review and discuss the Fund's major financial risk exposures and the policy steps Management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.
28. The Committee shall meet periodically with the Corporate Secretary of the Manager to review issues arising out of compliance activities, as well as assess contingent legal and regulatory risks.
29. The Committee shall receive and review the financial statements and other financial information of members of Macquarie Power & Infrastructure Income Group and any auditor recommendations concerning such entities as they relate to the assets of the Fund.

Committee Reporting

30. As required by applicable laws or regulations or stock exchange requirements, the Committee shall review and approve the information required to be reported to unitholders and others in its Annual Information Form, and for such purposes, each member of the Committee shall provide information respecting that member's education and experience that relate to his or her responsibilities as a Committee member.

Board, Committee and Breach Reporting

31. To assist the Committee in monitoring and reviewing (at least annually) the effectiveness of the operational risk management framework and compliance with key risk management policies, the Corporate Secretary will provide the following items to the Committee for its review:
- (a) Results of the Operational Risk Self Assessment ("ORSA") process via the ORSA matrix, including a summary of improvement actions completed and actions to be completed
 - (b) A summary of policies and procedures established during the period
 - (c) Results of due diligence carried out on external service providers, if any
 - (d) Current Business Continuity Plan for the operations

As necessary:

- (e) Any significant changes to the ORSA matrix, including external factors to be considered (such as major regulatory or industry developments)
- (f) Results of internal audit reviews or other independent reviews
- (g) Any significant operational risk incidents relating to the Fund, not already reported to the Board.

Additional Responsibilities

32. Each new member of the Committee shall receive such training as may be approved by the Chair of the Committee. Training should cover the requirements and obligations of audit committees, issues of accounting principles, auditing standards, risk management and ethical compliance. Each Committee member should attend refresher training annually.
33. The Committee should request and review a report from the Corporate Secretary of the Manager at least twice each year as to compliance with the Fund's prohibitions against any related party transactions between trustees, directors or employees and their families and the Fund or any of the Macquarie Power & Infrastructure Income Group entities.
34. The Committee shall review on an annual basis, insurance programs and policies relating to the Fund and its investments.
35. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

THE CHARTER

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually.

The Committee shall ensure that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual proxy circular or annual report of the Fund.