



MACQUARIE

MACQUARIE POWER INCOME FUND

**NOTICE OF
ANNUAL MEETING OF UNITHOLDERS
TO BE HELD ON
APRIL 14, 2005**

AND

INFORMATION CIRCULAR



MACQUARIE POWER INCOME FUND

Notice of Annual Meeting of Unitholders to be held on April 14, 2005

Notice is hereby given that the annual meeting of the holders of units (“Unitholders”) of Macquarie Power Income Fund (the “Fund”) will be held at the TSX Conference Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario on April 14, 2005 at 11:00 a.m. (Toronto time) for the following purposes:

- (a) to receive the Fund’s Annual Report, which contains the Fund’s audited consolidated financial statements as at and for the financial year ended December 31, 2004 and the auditors’ report thereon, a copy of which is enclosed herewith;
- (b) to appoint trustees of the Fund (the “Trustees”);
- (c) to re-appoint PricewaterhouseCoopers LLP as auditors of the Fund with remuneration to be fixed by the Trustees; and
- (d) to transact such other business as may properly come before the meeting or any adjournment thereof.

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

Unitholders are invited to attend the meeting. Registered Unitholders who are unable to attend the meeting in person are requested to complete, date and sign the enclosed form of proxy and either send it to Computershare Trust Company of Canada, at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department or use one of the other methods of delivery described in the form of proxy. Non-registered Unitholders who receive these materials through their broker or other intermediary should complete and send the form of proxy in accordance with the instructions provided by their broker or intermediary. To be effective, a proxy must be received for verification by 11:00 a.m. (Toronto time) on April 12, 2005, or in the case of any adjournment of the meeting, not less than 48 hours prior to the time of such meeting.

DATED the 4th day of March, 2005.

By Order of the Trustees



(Signed) Derek Brown,
as Trustee and not in his personal capacity



MACQUARIE POWER INCOME FUND

Information Circular for the Annual Meeting of Unitholders to be held on April 14, 2005

THE FUND

Macquarie Power Income Fund (the "Fund") is an unincorporated, open-ended, limited purpose trust established by a declaration of trust (the "Fund Declaration of Trust") on March 15, 2004 under the laws of the Province of Ontario. The Fund indirectly owns an interest in a 156 megawatt power generating facility located in Cardinal, Ontario (the "Facility") through its ownership of Macquarie Power Income Trust ("MPT"), which in turn (i) holds a direct limited partnership interest in Cardinal Power of Canada, L.P. ("Cardinal LP"); and (ii) owns 100% of the voting equity of Cardinal Power Inc. (the "General Partner"), the general partner of Cardinal LP.

The Fund and MPT are administered by Macquarie Power Management Ltd. (the "Manager") through an administration agreement (the "Administration Agreement"). The Manager also provides certain management services to Cardinal LP for the Facility through a management agreement (the "Management Agreement"). The Manager is a wholly-owned indirect subsidiary of Macquarie Bank Limited, an Australian public company listed on the Australian Stock Exchange.

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

Investments in the Fund are not deposits with or other liabilities of Macquarie Bank Limited, or any entity in the Macquarie group and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither the Manager, nor any member of the Macquarie group, guarantees the performance of the Fund, the repayment of capital or the payment of a particular rate of return on the Units.

PROXIES

Solicitation of Proxies

The information contained in this information circular (the "Circular") is furnished in connection with the solicitation of proxies by or on behalf of the trustees of the Fund (the "Trustees") to be used at the annual meeting (the "Meeting") of holders of Units ("Unitholders") to be held at the TSX Conference Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario on April 14, 2005 at 11:00 a.m. (Toronto time) or at any adjournment thereof. It is expected that the solicitation will be made primarily by mail. However, proxies may also be solicited by personal interview, telephone or by other means of communication on behalf of the Trustees by directors, officers and employees of the Manager without special compensation, or by the Fund's transfer agent, Computershare Trust Company of Canada, at nominal cost. The total cost of solicitation will be borne by the Fund. The information contained in this Circular is given as at March 4, 2005, except where otherwise noted.

Appointment of Proxyholder

The persons named in the enclosed form of proxy are Trustees. **Each Unitholder has the right to appoint as proxyholder a person (who need not be a Unitholder) other than the persons named in the enclosed form of**

proxy to attend and act on the Unitholder's behalf at the Meeting or at any adjournment thereof. Such right may be exercised by inserting the name of the person in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy.

Registered Unitholders who are unable to attend the Meeting in person should complete, date and sign the enclosed form of proxy and either send it to Computershare Trust Company of Canada, at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department or use one of the other methods of delivery described in the form of proxy. Non-registered Unitholders who receive these materials through their broker or other intermediary should complete and send the form of proxy in accordance with the instructions provided by their broker or other intermediary. To be effective, a proxy must be received for verification by 11:00 a.m. (Toronto time) on April 12, 2005, or in the case of any adjournment of the Meeting, not less than 48 hours prior to the time of such meeting.

Revocation of Proxy

A Unitholder who has given a proxy may revoke it by depositing an instrument in writing signed by the Unitholder or by the Unitholder's attorney, who is authorized in writing, at the office of Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department at any time up to and including the last business day preceding the day of the Meeting, or in the case of any adjournment of the Meeting, the last business day preceding the day of the adjournment, or with the Chair of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment thereof. A Unitholder may also revoke a proxy in any other manner permitted by law.

Voting of Proxies

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

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

Beneficial Unitholders

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

Intermediaries are required under applicable securities legislation to seek voting instructions from beneficial securityholders in advance of a meeting of securityholders. Every intermediary has its own mailing

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

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

VOTING OF UNITS AND PRINCIPAL HOLDERS THEREOF

Outstanding Units

The Fund Declaration of Trust provides for the issuance of an unlimited number of Units. All Units are of the same class with equal rights and privileges. Each Unit confers the right to one vote at any meeting of Unitholders.

As at February 25, 2005, the Fund had 21,168,997 Units outstanding, each carrying the right to one vote per Unit. A simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, will constitute approval of the matters that are to be submitted to a vote at the Meeting.

Record Date

February 25, 2005 has been fixed as the record date for the Meeting. Any Unitholder of record at the close of business on the record date is entitled to vote the Units registered in such Unitholder’s name at that date on each matter to be acted upon at the Meeting.

Quorum

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

Principal Unitholders

The only registered Unitholder is CDS & Co. To the knowledge of the Trustees and the Manager, as at March 4, 2005, no person beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the voting rights attached to the outstanding Units.

MATTERS TO BE ACTED UPON AT THE MEETING

Financial Statements

The consolidated financial statements of the Fund for the year ended December 31, 2004, together with the report of the auditors thereon, are contained in the 2004 Annual Report of the Fund mailed to Unitholders together with this Circular and will be presented at the Meeting.

Appointment of Trustees

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

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

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

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

The following table sets forth information with respect to each person proposed to be nominated for appointment as a Trustee, including the number of Units beneficially owned, directly or indirectly, or over which control or direction was exercised, by such person or the person's associates or affiliates as at March 4, 2005. The information as to Units beneficially owned or over which control or direction is exercised by each nominee has been furnished by that nominee individually.

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

Notes:

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

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

Derek Brown is a retired Professor of Finance (adjunct) at the University of Toronto, prior to which he was a Vice President and Director of RBC Dominion Securities Inc. From 1997 to 2003, Mr. Brown was a Commissioner of the Ontario Securities Commission. Mr. Brown sits on the boards of SNP Split Corp., Sixty Split Corp., Malibu Engineering and Software Inc., is proposed for election to the board of DALSA Corporation and is an independent public trustee of the Nova Scotia Association of Health Organizations Pension Plan.

Patrick J. Lavelle is the Chairman and Chief Executive Officer of Patrick J. Lavelle and Associates, a strategic management consulting firm which he established in 1991. Until March 2002, Mr. Lavelle was also Chairman and Chief Executive Officer of Unique Broadband Systems Inc. He has also held the position of Chairman of Export Development Canada (1998-2001) and served a three-year term as Chairman of the Board of the Business Development Bank of Canada. Mr. Lavelle is a director of Algoma Steel Inc., Tahera Diamond Corporation and Canadian Bank Note Company, Limited. Mr. Lavelle ceased to be a director of Proprietary Industries Inc. (“Proprietary”) on February 17, 2005. Prior to Mr. Lavelle being appointed a director of Proprietary, the Alberta Securities Commission (“ASC”) issued a cease trade order in connection with allegations that Proprietary’s financial statements for the 1998-2001 fiscal years were not accounted for in accordance with accounting principles generally accepted in Canada. The ASC has since approved a settlement agreement with Proprietary and the relevant securities authorities approved the lifting of the cease trade orders previously applicable to Proprietary’s shares. Mr. Lavelle is Chairman of the Bay of Spirits Gallery and a member of the Advisory Board of the International MBA program at York University. Mr. Lavelle is also the Chairman of Union Energy Income Trust and Westport Innovations Ltd.

François R. Roy was Chief Financial Officer of Telemedia Corporation between March 2000 and May 2003. From July 1998 to March 2000, he was Executive Vice President and Chief Financial Officer of Quebecor Inc. Since June 2003, Mr. Roy has been offering consulting services. Mr. Roy sits on the boards of MDC Corporation Inc. and AFT Technologies Income Trust and is a member of the advisory board of Dessau-Soprin.

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

<u>Nominee Name and Place of Residence</u>	<u>Present Principal Occupation</u>	<u>Date of Initial Appointment</u>	<u>Securities Beneficially Owned or over which Control or Direction is Exercised</u>
Gregory J. Smith Ontario, Canada	Investment Manager	March 15, 2004	0

Gregory J. Smith joined Macquarie North America Ltd. in October 2003 as head of the Infrastructure and Specialized Funds division for Canada. From June 2001 to May 2003, Mr. Smith was Managing Director of RBC Capital Partners — Mezzanine Fund. From June 1997 to June 2001, he was Managing Director in corporate finance for Deloitte & Touche. Prior to this, Mr. Smith was the Chief Financial Officer for Saskatchewan Government Growth Fund Management Corporation. Mr. Smith is a director of the Manager, Macquarie North America Ltd., Macquarie Canadian Infrastructure Management Limited (the general partner of Macquarie Essential Assets Partnership), 407 International Inc. and AltaLink Management Ltd. Mr. Smith is also a director of Macquarie Infrastructure Fund Advisor, LLC.

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

Brown, Lavelle and Roy are appointed as Trustees, they will also be appointed as MPT Trustees, together with Mr. Smith.

MPT owns 100% of the voting equity of the General Partner. The General Partner has five directors (“GP Directors”), a majority of whom must be “independent” (as such term is defined under section 1.4 of Multilateral Instrument 52-110 — Audit Committees). The term of office of each GP Director expires at each annual meeting, unless a GP Director resigns, is removed or is disqualified. Pursuant to the terms of a unanimous shareholders agreement between MPT and the Manager (which owns one Class B non-voting, non-participating, redeemable share of the General Partner), during the term of the Management Agreement, three of the GP Directors will be appointed by MPT and two will be appointed by the Manager. Accordingly, if Messrs. Brown, Lavelle and Roy are appointed as Trustees, they will also be elected as GP Directors, together with Mr. Smith and Robert Rollinson, who is the Manager’s other appointee to the board of the General Partner.

Re-appointment of Auditors

Pursuant to the Fund Declaration of Trust, PricewaterhouseCoopers LLP were appointed as the auditors of the Fund on March 15, 2004 to hold office until the first annual meeting of Unitholders. The aggregate fees paid to PricewaterhouseCoopers LLP from March 15, 2004 to December 31, 2004 are as follows:

	<u>March 15, 2004 - December 31, 2004</u>
Audit Fees.....	0
Audit-Related Fees ⁽¹⁾	\$45,278
Tax Fees ⁽²⁾	\$1,017
All Other fees ⁽³⁾	<u>\$683,775</u>
Total	\$730,070

Notes:

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

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

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

COMPENSATION OF TRUSTEES

Each Trustee who is not employed by the Manager or any of its affiliates is entitled to an aggregate remuneration equal to \$20,000 per year and \$1,000 per board or committee meeting attended in person and \$500 per board meeting attended by teleconference. The Independent Trustees are reimbursed for their expenses. During 2004, the Fund paid the Trustees a total of \$68,240 on account of retainer and meeting attendance fees and \$6,021 on account of reimbursement for out-of-pocket expenses incurred by them in connection with their attendance at meetings.

INDEBTEDNESS OF TRUSTEES

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

INSURANCE COVERAGE AND INDEMNIFICATION

The Fund has obtained a policy of insurance for its directors and officers and those of its subsidiaries. The aggregate limit of liability applicable to all insured directors and officers under the policy is \$25 million inclusive of defence costs. Under the policy, Cardinal LP has reimbursement coverage to the extent that it has indemnified the directors and officers in excess of the deductible. The policy includes securities claims coverage for the Fund, insuring against any legal obligation to pay on account of any securities claims brought against it. This policy of insurance also applies to Trustees and provides reimbursement coverage to the Fund, in excess of the deductible, to the extent that Trustees shall be entitled to indemnification by the Fund pursuant to the Fund Declaration of Trust. The aggregate limit of liability under the policy is shared between the respective directors and officers of Cardinal LP, the General Partner, the Fund and the Trustees such that the limit of liability is not exclusive to Cardinal LP, the General Partner, the Fund or their respective directors, officers and trustees.

The Fund Declaration of Trust, the MPT Declaration of Trust and the by-laws of Cardinal LP also provide for the indemnification of their respective trustees, directors and officers from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties or office, subject to certain usual limitations.

MANAGEMENT OF THE FUND

Executive Remuneration

Effective April 30, 2004, the following two individuals were appointed by the Trustees and the MPT Trustees, respectively, to serve as officers of the Fund and MPT: Robert Rollinson, President and Chief Executive Officer of the Fund and MPT, and Germain Lecours, Vice President and Chief Financial Officer of the Fund and MPT. Effective March 1, 2005 Germain Lecours was replaced by Harry Atterton, as Vice President and Chief Financial Officer of the Fund and MPT. Effective March 1, 2005, Noreen Flaherty was appointed as Corporate Secretary and General Counsel of the Fund and MPT by the Trustees and the MPT Trustees, respectively. Such individuals do not receive any remuneration from the Fund or MPT for acting in their capacity as officers of the Fund or MPT and they serve in such capacity on an "as needed", part-time basis. Such persons are employed and remunerated by Macquarie North America Ltd., an affiliate of the Manager, and also serve as officers of the Manager.

Administration Agreement

The Manager, the Fund and MPT entered into the Administration Agreement pursuant to which, and subject to the supervision of the Trustees and the MPT Trustees, the Manager has been appointed as administrative agent of the Fund and MPT. The Manager manages the day-to-day operations of the Fund and MPT, including providing administration services necessary to: (i) assist the Fund in complying with its continuous disclosure obligations under applicable securities legislation; (ii) provide investor relations services; (iii) provide or cause to be provided to Unitholders and holders of MPT Units ("MPT Unitholders") all information to which they are entitled under the Fund Declaration of Trust and the MPT Declaration of Trust; (iv) monitor compliance of the Fund and MPT with applicable tax laws; (v) organize meetings of Unitholders and distribute required materials, including notices of meetings and information circulars, in respect of all such meetings; (vi) provide for the calculation of distributions to Unitholders and to MPT Unitholders; (vii) attend to all administrative and other matters arising in connection with any redemptions of Units and MPT Units; (viii) monitor compliance with the Fund's limitations on non-resident ownership; (ix) assist in and supervise the analysis of potential acquisitions and dispositions in Canada and the U.S. and elsewhere as agreed by the Manager and carry out or supervise the making of such acquisitions,

dispositions or investments; (x) assist in connection with any financings; (xi) assist with respect to treasury, legal and compliance, financing and risk assessment and such other services as the Fund and MPT may reasonably require from time to time; (xii) assist with the preparation, planning and coordination of meetings of the Trustees and the MPT Trustees; and (xiii) retain accountants, lawyers, consultants, investment bankers and such other professional advisers as the Manager considers necessary or desirable to advise in connection with the administration of the Fund and MPT and to assist in complying with applicable laws.

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

In consideration for providing the services under the Administration Agreement, the Manager receives (i) an annual management fee from the Fund equal to \$100,000, subject to adjustment for inflation; and (ii) payments representing cost reimbursement (except for compensation payable by the Manager to the persons whose services may be supplied to act as the President and Chief Executive Officer and the Vice-President, Chief Financial Officer and Secretary of the Fund and MPT). The allocation of such charges are subject to the approval of the Trustees or the MPT Trustees independent of the Manager, as applicable, either by way of their approval of the annual budgets of the Fund or MPT, as applicable, or by way of a specific authorization. In the event that MPT or the Fund were to directly acquire assets other than through Cardinal LP or another entity for which the Manager is directly appointed manager in accordance with the Administration Agreement, the annual fee will be increased by an amount agreed to by MPT or the Fund and the Manager, as approved by the Trustees or the MPT Trustees independent of the Manager taking into consideration the increased service levels required and the resource requirements imposed as a result of or created by such acquisition. The Manager earned aggregate fees under the Administration Agreement in the amount of \$67,351 for the period from April 30, 2004 to December 31, 2004. In addition, the Manager was reimbursed \$189,199 in costs incurred on behalf of the Fund for the same period pursuant to the Administration Agreement. All cost recovery was on an "as incurred" basis without any margin or profit component.

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

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

approval of a majority of the Trustees or the MPT Trustees independent of the Manager, as applicable, the Manager, on behalf of the Fund or MPT, may not acquire a Future Facility or dispose of MPT's interests in Cardinal LP or any other investments the effect of which is to dispose of the Facility, a Future LP Facility (as defined below) or a Future Facility.

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

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

Management Agreement

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

In connection with such Management Services, the Manager has supplied the services of persons to serve as the President and Chief Executive Officer and the Vice-President, Chief Financial Officer and Secretary of the General Partner.

In consideration for providing the Management Services, the Manager receives: (i) an annual management fee from Cardinal LP equal to \$575,000, subject to adjustment for inflation and future acquisitions; (ii) payments

representing cost reimbursement (which excludes the compensation payable by the Manager to the persons whose services are supplied to the General Partner to act as the General Partner's President and Chief Executive Officer and the Vice-President, Chief Financial Officer and Secretary); and (iii) an incentive fee based on distributable cash per Unit. Until such time as the Fund or MPT holds investments in other entities from which the Manager receives a portion of the incentive fee, Cardinal LP is responsible for paying 100% of any incentive fee obligations. The Manager earned aggregate fees under the Management Agreement in the amount of \$387,269 and incentive fees of \$203,752 for the period from April 30, 2004 to December 31, 2004. The Manager was not reimbursed for any costs incurred in connection with providing the Management Services for the same period pursuant to the Management Agreement.

The Management Agreement has an initial 20-year term and will be automatically renewed for additional five-year terms unless terminated in accordance with its terms. Cardinal LP may terminate the Management Agreement earlier in circumstances of (i) insolvency or receivership of the Manager; (ii) fraud, wilful default or gross negligence committed by the Manager; (iii) default by the Manager in the performance of a material obligation under the Management Agreement, if such default is not caused by an event of force majeure, subject to certain cure periods; or (iv) upon the occurrence of certain events such that a subsidiary of the Fund no longer operates the Facility and the Facility then represents all or substantially all of the assets of Cardinal LP. The Manager may terminate the Management Agreement (i) immediately in the event of (1) the insolvency or receivership of Cardinal LP, or (2) a default by Cardinal LP in the performance of a material obligation under the Management Agreement (other than as a result of the occurrence of a force majeure event), subject to certain cure periods; and (ii) at will upon 90 days' prior written notice to Cardinal LP. Cardinal LP may terminate the Management Agreement upon 90 days' prior written notice should the Manager cease to be a directly or indirectly wholly-owned subsidiary of at least one of Macquarie Bank Limited, Macquarie North America Ltd., Macquarie North America Holdings Ltd. or Macquarie Canada Holdings Ltd. at any time during the term of the Management Agreement without the prior written consent of Cardinal LP, which consent shall not be unreasonably withheld.

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

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

The Manager, its affiliates and any person who is serving or shall have served as a director, officer, employee, subcontractor or agent of the Manager shall be indemnified and saved harmless by Cardinal LP, the Fund and MPT from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement and counsel and accountants' fees) of whatsoever kind or nature incurred by, borne by or asserted against the Manager, its affiliates and any person who is serving or shall

have served as a director, officer, employee, subcontractor or agent of the Manager, in any way arising from or related in any manner to the Management Agreement, unless such claims arise from the fraud, wilful default or gross negligence of the Manager, its affiliates or any person who is serving or shall have served as a director, officer, employee, subcontractor or agent of the Manager. The Manager and its affiliates may rely on information provided by the General Partner unless it has actual notice that such information is inaccurate.

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

The Manager

The Manager's principal and registered office is at 121 King Street West, 8th Floor, Toronto, Ontario, M5H 3T9.

As at March 4, 2005, the following individuals are the directors and senior officers of the Manager:

<u>Name and Place of Residence</u>	<u>Office with the Manager</u>	<u>Principal Occupation</u>
Gregory J. Smith Ontario, Canada	Director	Investment Manager
Gregory Osborne Sydney, Australia	Director	Investment Manager
Robert Rollinson Ontario, Canada	Director and President and Chief Executive Officer	President and Chief Executive Officer, Manager
Harry Atterton Ontario, Canada	Vice President and Chief Financial Officer	Vice-President and Chief Financial Officer, Manager
Peter Clermont Ontario, Canada	Controller	Controller, Manager
Noreen Flaherty Ontario, Canada	Secretary and General Counsel	General Counsel, Macquarie North America Ltd.

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

GOVERNANCE PRACTICES

The Units are listed on the Toronto Stock Exchange under the trading symbol MPT.UN. The TSX requires that each listed entity disclose on an annual basis its approach to corporate governance, with reference to guidelines for effective corporate governance published by the TSX. The Fund's Corporate Governance Statement is included in the Fund's Annual Report, a copy of which is enclosed herewith.

ADDITIONAL INFORMATION

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

Upon written request, a copy of the Fund's audited consolidated financial statements contained in the Fund's 2004 Annual Report for the period ended December 31, 2004, together with the auditor's report thereon, as filed with the applicable regulatory authorities, will be provided to any person. Any request for any such documents should be made to the Manager at 121 King Street West, 8th Floor, Toronto, Ontario, M5H 3T9 (telephone: (416) 594 0200). The Fund may require the payment of a reasonable charge when a request is made by someone who is not a Unitholder of the Fund.

* * * * *

TRUSTEES' APPROVAL

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

DATED the 4th day of March, 2005.

By Order of the Trustees



(Signed) Derek Brown,
as Trustee and not in his personal capacity



Security Class

Holder Account Number

Fold

Form of Proxy - Annual General Meeting to be held on April 14, 2005 (the "Meeting")

This Form of Proxy is solicited by and on behalf of the trustees of Macquarie Power Income Fund (the "Trustees").

Notes to proxy

1. Every holder of units of Macquarie Power Income Fund ("Unitholder") has the right to appoint some person of their choice other than the persons whose names are printed in this proxy, who need not be a Unitholder, to attend and act on their behalf at the Meeting. If you wish to appoint a person other than the persons whose names are printed herein, please insert the name of your chosen proxyholder in the space provided (see reverse).
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc.), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated. Unitholders should refer to the accompanying information circular of the Fund dated March 4, 2005 for further information regarding completion and use of this proxy and other information pertaining to the Meeting. Non-registered Unitholders should, in particular, review the section entitled "PROXIES - Beneficial Unitholders" in such circular and carefully follow the instructions of their intermediaries.
3. This proxy should be signed in the exact manner as the name appears on the proxy.
4. If this proxy is not dated in the space provided, it will be deemed to bear the date on which it is mailed on behalf of the Trustees to the Unitholder.
5. The securities represented by this proxy will be voted or withheld from voting, in accordance with the instructions of the holder, on any ballot that may be called for and, if the holder has specified a choice with respect to any matter to be acted on, the securities will be voted accordingly. If this proxy is completed and submitted in favour of the individuals designated by the Trustees in the preprinted portion of this proxy on the reverse side hereof, the securities represented by this proxy will be voted or withheld from voting as directed by the Unitholder, however, if such a direction is not made in respect of any matter, this proxy will be voted in favour of such matter.
6. This proxy confers discretionary authority in respect of amendments or variations to matters identified in the notice of meeting or other matters that may properly come before the Meeting.
7. To be valid proxies submitted must be received by 11:00 am, Eastern Time, on April 12, 2005 or, if the Meeting is adjourned, 48 hours before any reconvened meeting.

Fold

VOTE USING THE TELEPHONE OR INTERNET 24 HOURS A DAY 7 DAYS A WEEK!

Voting by mail may be the only method for securities held in the name of a corporation or securities being voted on behalf of another individual.

Voting by mail or by Internet, are the only methods by which a holder may appoint a person as proxyholder other than the nominees designated by the Trustees who are named on the reverse of this proxy. Instead of mailing this proxy, you may choose one of the two voting methods outlined below to vote this proxy. Please have this proxy in hand when you call.



To Vote Using the Telephone (Only Available Within Canada and U.S.)

- Call the toll free number listed BELOW from a touch tone telephone. There is NO CHARGE for this call.
- To be valid proxy instructions must be received by 11:00 am, Eastern Time, April 12, 2005.



To Vote Using the Internet

- Go to the following web site:
www.computershare.com/ca/proxy/macquarie
- To be valid proxy instructions must be received by 11:00 am, Eastern Time, April 12, 2005.

ACCESS NUMBER 12345

If you vote by telephone or the Internet, DO NOT mail back this proxy.



Appointment of Proxyholder

The undersigned holder of units ("Units") of Macquarie Power Income Fund (the "Fund") hereby appoints, Derek Brown, or failing him, Gregory J. Smith, each being a trustee of the Fund,

OR

Print the name of the person you are appointing if this person is someone other than either of the two individuals named opposite.

as my/our proxyholder with full power of substitution and to attend, vote the Units represented by this proxy in accordance with the following direction (or if no directions have been given, as the proxyholder sees fit) with respect to the below-listed matters and to vote at the discretion of the proxyholder on any amendment or variations to such matters and on all other matters that may properly come before the Annual General Meeting of MACQUARIE POWER INCOME FUND to be held on April 14, 2005 at 11:00 am (Toronto time) and at any adjournment thereof and to otherwise act for and on behalf of the undersigned at such meeting.

1. Election of Trustees as outlined in the information circular of the Fund dated March 4, 2005.

FOR all nominees:

▷

WITHHOLD vote for all nominees:

▷

Fold

2. Appointment of Auditors

The re-appointment of PricewaterhouseCoopers LLP, Chartered Accountants as auditors of the Fund

For ▷

Withhold ▷

Fold

Authorized Signature(s) - Sign Here - This section must be completed for your instructions to be executed.

I/We authorize you to act in accordance with my/our instructions set out above. I/We hereby revoke any proxy previously given with respect to the Meeting.

Signature(s)

Date

Financial Statements Request

In accordance with securities regulations, securityholders may elect annually to receive financial statements, if they so request. If you wish to receive such mailings, please mark your selection.

Interim Financial Reports

Mark this box if you would like to receive interim financial reports by mail.

Annual Reports

Mark this box if you DO NOT want to receive the Annual Report by mail.

If you do not mark the box, or do not return this PROXY, then it will be assumed you do NOT want to receive financial statements.

