



# Investor Conference Call

Proposed Acquisition of  
Countryside Power Income Fund

June 20, 2007

# Advisory on Forward-looking & Non-GAAP Information



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# Today's Announcement



- ❖ Entered into a Support Agreement with Countryside Power Income Fund (“Countryside”) to acquire all outstanding units for \$9.60 / unit
  - ❖ All-cash Consideration
  - ❖ Unanimous Countryside Board support
  
- ❖ Equity purchase price of \$199.8 million
  - ❖ Fort Chicago will also make an offer to purchase Countryside’s exchangeable debentures at 101% face value
  
- ❖ Countryside assets include:
  - ❖ 2 gas-fired cogeneration facilities in California
  - ❖ 2 district energy facilities in Ontario and PEI
  - ❖ Gas-fired cogeneration facility under construction in Ontario (COD–2008)
  - ❖ Several other near-term growth opportunities
  
- ❖ Meaningful accretion to distributable cash flow per unit

# Acquisition Highlights



## Investment in Low Risk Assets

- ❖ Long-term contracted cash flows
- ❖ California PPAs extend to 2016/2018 with options to renew for an additional 10 years
- ❖ District energy are utility-like assets with nearly 100% contract renewal
- ❖ Enhances cash flow diversification and reduces cash flow volatility

## Expands Power Platform

- ❖ Meaningful platform to expand power portfolio
- ❖ Adds operational expertise in power generation
- ❖ Participate in ongoing consolidation of the power sector

## Established Growth Opportunities

- ❖ Growth-oriented assets with significant expansion opportunities
- ❖ Located in power constrained California and Ontario markets
- ❖ Growth projects underway or under consideration

## Financially Attractive

- ❖ Acquired at approximately 10.0x 2007E EBITDA (including synergies)
- ❖ Accretive to distributable cash per unit
- ❖ Significant operating synergies and tax benefits

# Ripon Facility Overview



## Ripon Facility

- ❖ Located in the San Francisco / Sacramento load pocket
- ❖ 49 MW natural gas cogeneration QF
- ❖ GE LM-5000 combustion turbine – COD 1988
- ❖ PPA with PG&E (BBB+/Baa1) until 2018
- ❖ Steam sales contract until 2018
- ❖ Fuel supply from Sempra Energy
- ❖ O&M agreement with NAES
- ❖ ~\$9 million in EBITDA

# San Gabriel Facility Overview



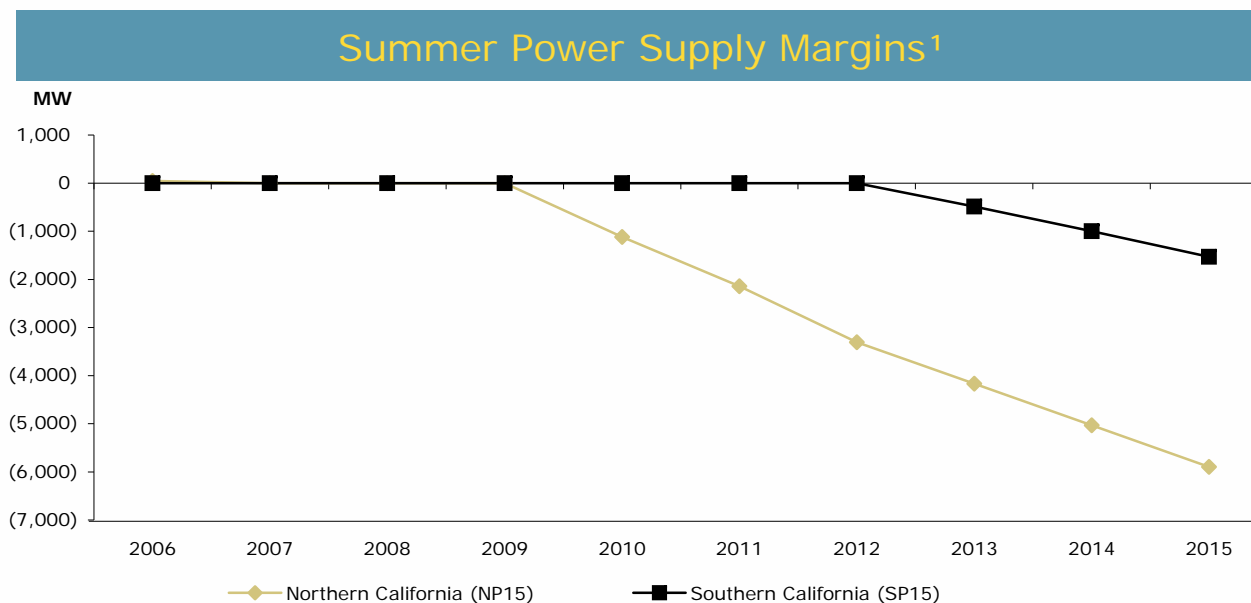
## San Gabriel Facility

- ❖ Located in Los Angeles load pocket
- ❖ 44 MW natural gas cogeneration QF
- ❖ GE LM-5000 combustion turbine – COD 1986
- ❖ PPA with SCE (BBB+/A3) until 2016
- ❖ Steam sales contract until 2016<sup>1</sup>
- ❖ Fuel supply from Sempra Energy
- ❖ O&M agreement with NAES
- ❖ ~\$6 million EBITDA

# California Market Fundamentals



- ❖ Amongst the three most attractive power markets in the U.S.
  - ❖ Power constrained market – negative supply margin as early as 2009
  - ❖ Forward power market predicting rising market heat rates
- ❖ Electricity demand expected to grow at 1.9% / annum over 2006-2015 period
- ❖ Ripon & San Gabriel facilities well positioned to capitalize on energy demand in San Francisco / Sacramento and Los Angeles load pockets



<sup>1</sup> Source: Western Energy Coordinating Council, 2006 Power Supply Assessment.

# QF Contracts - Overview



- ❖ Facilities earn revenue from four sources
  - 1) Capacity payments
  - 2) Energy payments
  - 3) Steam payments
  - 4) Optionality revenue related to gas sales
- ❖ Majority of EBITDA generated by capacity payments
  - ❖ Energy, steam and gas revenues cover the majority of the cost of gas and O&M costs
- ❖ Opportunity to earn bonus capacity payments if available for more than 85% of peak hours
- ❖ ~80% of capacity payments earned in super-peak hours during the summer months
  - ❖ Remaining 20% earned during peak hours throughout the rest of the year
- ❖ Proposed SRAC<sup>1</sup> methodology offers a new 10 year capacity contract upon expiry of existing PPAs

# District Energy Facilities Overview



## Charlottetown, PEI

<b>COD / Last Upgrade</b>	1993 / 2003
<b>Products / Services</b>	Steam and hot water
<b>Capacity</b>	276 Mlb/hr of steam
<b># of Customers</b>	101
<b>Customer Types</b>	Govt., Institutional, Multi-family Residential, Commercial
<b>Fuel Type</b>	Biomass, Municipal Waste, Oil
<b>Distribution</b>	17 km hot water, 1 km steam
<b>Annual EBITDA</b>	~\$5 million

## London, Ontario

<b>COD / Last Upgrade</b>	1994
<b>Products / Services</b>	Steam and chilled water
<b>Capacity</b>	156 Mlb/hr - steam 2,850 tons of chilled water
<b># of Customers</b>	60
<b>Customer Types</b>	Govt., Institutional, Multi-family Residential, Commercial
<b>Fuel Type</b>	Natural Gas
<b>Distribution</b>	8 km steam, 2 km chilled water
<b>Annual EBITDA</b>	~\$1 million

# Significant Organic Growth Potential



- ❖ Each of the assets has embedded growth opportunities
  - ❖ Repowering opportunities at both facilities (LM-6000)
    - ❖ Improved efficiency (e.g. heat rate)
    - ❖ Higher capacity and energy output
  - ❖ 100 MW greenfield expansions (LMS-100)
    - ❖ Medium term opportunity
    - ❖ Infrastructure largely in place at both facilities

## California Facilities

## London Cogeneration

- ❖ 17 MW greenfield development
- ❖ Construction underway with COD expected in mid-2008
- ❖ 20-year PPA with the Ontario Power Authority
- ❖ Total capital cost of \$27 million

## District Energy

- ❖ Organic customer growth
- ❖ Steam capacity from London Cogeneration will provide capacity for accelerated customer additions

# Integration Strategy & Benefits



- ❖ Agreement to acquire Countryside follows extensive due diligence
  - ❖ Process initiated in early March
  - ❖ All areas reviewed
    - ❖ Legal, financial, tax, environmental, engineering/technical
  - ❖ External advisors engaged
    - ❖ Financial (CIBC World Markets), Legal & Tax (Torys & Bennett Jones), Engineering (Sterling Energy)
  
- ❖ Intend to retain key operational employees
  
- ❖ Transition services to be provided by the Manager
  
- ❖ ~\$3 million in annual operating synergies expected within 12 months
  - ❖ Net non-facility G&A of ~\$1 million
  - ❖ Additional tax benefits not included in total

# Attractive Acquisition Price, Financed with Existing Credit Facility



- ❖ Equity purchase price of ~\$200 million
- ❖ Net cash<sup>1</sup>, excluding exchangeable debentures, of ~\$44 million
- ❖ Exchangeable debentures of ~\$47 million
- ❖ Total enterprise value of ~\$203 million
- ❖ Purchase price implies an acquisition multiple of
  - ❖ TEV / 2007E EBITDA of ~10.0x (w/synergies)<sup>2</sup>
  - ❖ Does not incorporate growth opportunities or London cogen development
- ❖ Initial funding by way of existing \$300 million credit facility
  - ❖ Permanent financing will be consistent with Fort Chicago's current capital structure and supports its investment grade credit rating

<sup>1</sup> After termination costs payable to the Manager. Before other non-Manager transaction costs.

<sup>2</sup> To be realized within 12 months.

# Timetable / Approvals



- ❖ Offer by way of a takeover bid
  - ❖ Bid Circular & Trustees Circular mailed by July 5, 2007
  - ❖ Offer open for 35 days thereafter, unless extended to obtain regulatory approvals
  - ❖ Expected closing date in Q3 2007
  
- ❖ Customary regulatory approvals required
  
- ❖ No delays anticipated

# Summary



- ❖ Investment in low-risk, long-life assets with contracted cash flows
- ❖ Enhances cash flow diversification and reduces cash flow volatility
- ❖ Meaningful platform that significantly expands power portfolio and operational expertise
- ❖ Provides access to additional growth-oriented assets in the power constrained Ontario and California markets
- ❖ Financially attractive investment expected to generate ~\$20 million per year in EBITDA and meaningful accretion to distributable cash flow per unit