

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 - Name and Address of Company

Capstone Infrastructure Corporation (the "Company")

Item 2 - Date of Material Change

April 29, 2016

Item 3 - News Release

A news release was issued by the Company on April 29, 2016 through the facilities of Marketwired and was filed on the System for Electronic Document Analysis and Retrieval ("SEDAR"). A copy of the press release is attached as Schedule "A" and is available under the Company's profile on SEDAR at www.sedar.com.

Item 4 - Summary of Material Change

On April 29, 2016, the Company announced the completion of its previously announced plan of arrangement (the "Arrangement") pursuant to which, among other things, Irving Infrastructure Corp. ("Irving"), a subsidiary of iCON Infrastructure Partners III, L.P., a fund advised by London, UK-based iCON Infrastructure LLP ("iCON"), acquired all of the issued and outstanding common shares ("Common Shares") of the Company and Class B exchangeable limited partnership units ("Class B Units") of the Company's subsidiary, MPT LTC Holding LP, for \$4.90 in cash per share or unit, as applicable.

In addition, as part of the Arrangement, the Company's 6.50% convertible unsecured subordinated debentures due December 31, 2016 ("2016 Debentures") were redeemed and the 6.75% extendible convertible unsecured subordinated debentures due December 31, 2017 of Capstone Power Corp. ("CPC"), a subsidiary of the Company ("2017 Debentures" and, together with the 2016 Debentures, the "Debentures"), were exchanged for Common Shares and cash in accordance with their terms, with such Common Shares then being acquired by Irving for \$4.90 in cash per share.

The Company's Cumulative Five-Year Rate Reset Preferred Shares, Series A ("Preferred Shares") were not subject to the Arrangement and, accordingly, remain outstanding on their terms following completion of the Arrangement and continue to trade on the Toronto Stock Exchange (the "TSX") under the symbol CSE.PR.A.

The Company also announced the resignations of V. James Sardo, Goran Mornhed, Jerry Patava and François R. Roy from the Board of Directors of the Company (the "Board") following the completion of the Arrangement. Adèle Malo, Paul Malan, Gary Eade and Enis Moran have been appointed to the Board.

Item 5 - Full Description of Material Change

Completion of Arrangement

On April 29, 2016, the Company announced the completion of the previously announced Arrangement pursuant to which, among other things, Irving, a subsidiary of iCON Infrastructure Partners III, L.P., a fund advised by London, UK-based iCON, acquired all of the issued and outstanding Common Shares of the Company and Class B Units of the Company's subsidiary, MPT LTC Holding LP, which were exchangeable for Common Shares on a one-for-one basis, for \$4.90 in cash per share or unit, as applicable.

In addition, as part of the Arrangement, (i) the 2016 Debentures, which were convertible into Common Shares, were redeemed for 101% of their principal amount, plus accrued and unpaid interest thereon up to and including April 29, 2016 and (ii) the 2017 Debentures, which were exchangeable for Common Shares, were exchanged for Common Shares (based on an exchange price of \$4.5362 per Common Share) and cash (\$0.76923 per \$1,000 of principal amount plus accrued and unpaid interest on the 2017 Debentures up to and including April 29, 2016) in accordance with the cash change of control provisions of the debenture indenture governing the 2017 Debentures, with such Common Shares issued in exchange subsequently being acquired by Irving at a price of \$4.90 in cash per share.

Also as part of the Arrangement, the Company undertook a reorganization of capital such that Irving exchanged all of the Common Shares for the same number of Class A shares of the Corporation (the "Class A Shares") and other consideration. As a result, there are no longer any outstanding Common Shares or Debentures and Irving is the sole holder of the Class A Shares.

The Common Shares and Debentures were delisted from the TSX effective as of the close of trading on May 4, 2016.

The Arrangement did not change the terms of the Preferred Shares and holders of Preferred Shares continue to be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board, payable quarterly in an amount of \$0.3125 per share (subject to the reset of the dividend rate for the five-year period commencing on July 31, 2016 and subsequent five-year periods in accordance with the terms of the Preferred Shares). The Preferred Shares are listed on the TSX under the symbol CSE.PR.A.

For more information, a detailed description of the Arrangement was included in the joint management information circular prepared by the Corporation and CPC dated February 9, 2016, which has been filed under the Company's profile on SEDAR at www.sedar.com.

Changes to Board of Directors

Upon completion of the Arrangement, V. James Sardo, Goran Mornhed, Jerry Patava and François R. Roy tendered their resignations from the Board. Four new directors have been appointed to the Board:

Adèle Malo B.A., LL.B., LL.M, ICD.D

Ms. Malo has an ICD.D designation and has extensive corporate and governance experience in the energy, foodservice, services and utility sectors. She currently serves on the board of directors of Ontario's Electrical Safety Authority (ESA), Scientist in School (SiS) and Plug'n'Drive. She was previously Executive Vice President of Government & Regulatory Affairs, Real Estate and External Communications and General Counsel for Direct Energy until her retirement in December 2012. Direct Energy is the North American subsidiary of Centrica PLC, delivering energy and services to millions of North American commercial and residential consumers. Prior to that she held senior positions with Ontario Power Generation, Union Gas, Oshawa Group Ltd., and Tim Horton's. Ms. Malo began her career as an associate lawyer in the tax department of Osler, Hoskin & Harcourt LLP.

Paul Malan

Mr. Malan is Senior Partner of iCON. He has a long track record of successful execution and management of infrastructure investments, including all investments undertaken by the iCON team. Paul founded the iCON team in 2004, prior to which he spent 10 years in various roles at Macquarie Bank in London and Australia. Mr. Malan is Chairman of iCON's Investment Committee.

Gary Eade

Mr. Eade joined iCON in 2013 and focuses on investments in the energy sector. He has two decades of experience working in the conventional and renewable power generation sectors. He started his career in General Electric where he spent 13 years in the GE Energy division in multiple management roles, before moving to GE Energy Financial service. Following General Electric, Mr. Eade worked for Deutsche Bank as a technical director in the principal investment team and as Head of Energy for EEA Fund management.

Enis Moran

Mr. Moran has been a member of the iCON team since 2008 and has almost ten years of principal investment experience. During this time, he has worked on investments, debt financing, asset management and exits across a range of infrastructure sectors. While focusing primarily on operating power and utilities companies, he is also experienced in development and construction stage projects. Prior to joining the iCON team, Mr. Moran was with Deutsche Bank's asset-backed credit team in New York.

Item 6 - Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 - Omitted Information

None.

Item 8 – Executive Officer

For further information, please contact Ms. Aileen Gien, General Counsel and Corporate Secretary, 416-649-1300.

Item 9 - Date of Report

May 6, 2016



Capstone Infrastructure Plan of Arrangement with iCON Infrastructure Reaches Successful Completion

April 29, 2016 – TORONTO – Capstone Infrastructure Corporation ("Capstone" or the "Corporation") (TSX:CSE)(TSX:CSE.DB.A)(TSX:CSE.PR.A)(TSX:CPW.DB) announced the successful completion today of the transactions contemplated by the Corporation's previously announced Plan of Arrangement under which, among other things, Irving Infrastructure Corp., a subsidiary of iCON Infrastructure Partners III, L.P. ("iCON III"), a fund advised by London, UK-based iCON Infrastructure LLP ("iCON Infrastructure"), acquired all of the issued and outstanding common shares ("Common Shares") of Capstone and Class B exchangeable units ("Class B Units") of Capstone's subsidiary MPT LTC Holding LP for \$4.90 cash per share or unit, as applicable.

"We are very pleased that this transaction has successfully closed and that we have crystalized the value of our portfolio for our investors. We look forward to the next stage in the evolution of Capstone as we grow with iCON Infrastructure," said Michael Bernstein, President and CEO of Capstone. "We appreciate the efforts of our teams at head office and the assets, our legal and financial advisors, and the guidance of our Board of Directors, all of whom worked hard to bring this transaction to a successful conclusion."

"With the completion of this transaction, iCON has gained an excellent portfolio of well-managed assets and a talented team of professionals," said Paul Malan, Senior Partner of iCON Infrastructure. "We also have an expanded foothold in North America, which we view as strategically important to our future growth."

The depositary for the transaction will make payments to registered holders of Common Shares, Class B Units, 6.75% extendible convertible unsecured subordinated debentures of Capstone Power Corp. due December 31, 2017 and 6.50% convertible unsecured subordinated debentures of Capstone due December 31, 2016 (collectively, the "Debentures") who have validly deposited their security certificates and a duly completed letter of transmittal within three business days.

The cash to be paid to beneficial securityholders is expected to be credited to the beneficial shareholder's broker, trustee, financial institution, dealer, bank, trust company, custodian, nominee or other intermediary account through the procedures in place for such purposes between CDS and such intermediaries. Beneficial shareholders should contact their intermediary if they have any questions regarding this process.

The Common Shares, Class B Units and Debentures will be delisted from the Toronto Stock Exchange and cease trading as soon as practicable. The Corporation's Cumulative Five-Year Rate Reset Preferred Shares, Series A will remain outstanding in accordance with their terms and continue to trade on the TSX under the symbol CSE.PR.A.

RBC Capital Markets and TD Securities acted as financial advisors to Capstone, with Blake, Cassels & Graydon LLP acting as legal counsel. CIBC World Markets and Scotia Capital acted as financial advisors to iCON III, with Osler, Hoskin & Harcourt LLP acting as legal counsel.

Changes to Board of Directors

Capstone also announced the resignations of V. James Sardo, François R. Roy, Goran Mornhed and Jerry Patava from the Board of Directors following the close of the transaction. Four new directors have been appointed to the Board:

Adèle Malo B.A., LL.B., LL.M, ICD.D

Ms. Malo has an ICD.D designation and has extensive corporate and governance experience in the energy, foodservice, services and utility sectors. She currently serves on the Board of directors of Ontario's Electrical Safety Authority (ESA), Scientist in School (SiS) and Plug'n'Drive. She was previously

Executive Vice President of Government & Regulatory Affairs, Real Estate and External Communications and General Counsel for Direct Energy until her retirement in December 2012. Direct Energy is the North American subsidiary of Centrica PLC, delivering energy and services to millions of North American commercial and residential consumers. Prior to that she held senior positions with Ontario Power Generation, Union Gas, Oshawa Group Ltd., and Tim Horton's. Ms. Malo began her career as an associate lawyer in the tax department of Osler, Hoskin & Harcourt.

Paul Malan

Mr. Malan is Senior Partner of iCON Infrastructure LLP. He has a long track record of successful execution and management of infrastructure investments, including all investments undertaken by the iCON Team. Paul founded the iCON Team in 2004, prior to which he spent 10 years in various roles at Macquarie Bank in London and Australia. Mr. Malan is Chairman of iCON's Investment Committee.

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Mr. Eade joined iCON Infrastructure in 2013 and focuses on investments in the energy sector. He has two decades of experience working in the conventional and renewable power generation sectors. He started his career in General Electric where he spent 13 years in the GE Energy division in multiple management roles, before moving to GE Energy Financial service. Following General Electric, Mr. Eade worked for Deutsche Bank as a technical director in the principal investment team and as Head of Energy for EEA Fund management.

Enis Moran

Mr. Moran has been a member of the iCON Infrastructure team since 2008 and has almost ten years of principal investment experience. During this time, he has worked on investments, debt financing, asset management and exits across a range of infrastructure sectors. While focusing primarily on operating power and utilities companies, he is also experienced in development and construction stage projects. Prior to joining the iCON team, Mr. Moran was with Deutsche Bank's asset-backed credit team in New York.

About Capstone Infrastructure Corporation

Capstone's mission is to provide investors with an attractive total return from responsibly managed long-term investments in core infrastructure in Canada and internationally. The company's strategy is to develop, acquire and manage a portfolio of high quality utilities, power and transportation businesses, and public-private partnerships that operate in a regulated or contractually-defined environment and generate stable cash flow. Capstone currently has investments in utilities businesses in Europe and owns, operates and develops thermal and renewable power generation facilities in Canada with a total installed capacity of net 473 megawatts. Please visit www.capstoneinfrastructure.com for more information.

About iCON Infrastructure

iCON Infrastructure is an independent investment firm focused on investments in infrastructure businesses across Europe and North America with over EUR1 billion under management. In April 2015, iCON closed its most recent infrastructure investment fund iCON III, with commitments of over EUR800 million from a diversified group of leading institutional investors from Europe, North America, the Middle East and Asia. iCON Infrastructure's other funds manage a diversified portfolio of investments in the energy, regulated utilities and transportation sectors across Europe and North America. Further information in relation to iCON Infrastructure and its investments is available at www.iconinfrastructure.com.

Notice to Readers

Certain of the statements contained within this document are forward-looking and reflect management's expectations regarding the future growth, results of operations, performance and business of Capstone Infrastructure Corporation (the "Corporation") based on information currently available to the Corporation. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements use forward-looking words, such as "anticipate", "continue", "could", "expect", "may", "will", "intend", "estimate", "plan", "believe" or other similar words. These statements are subject to known and unknown risks and uncertainties that may cause actual results or events to differ materially from those expressed or implied by such statements and, accordingly, should not be read as guarantees of future performance or results. The forward-

looking statements within this document are based on information currently available and what the Corporation currently believes are reasonable assumptions, including the material assumptions set out in the management's discussion and analysis of the results of operations and the financial condition of the Corporation ("MD&A") for the year ended December 31, 2015 under the heading "Results of Operations", as updated in subsequently filed MD&A of the Corporation (such documents are available under the Corporation's SEDAR profile at www.sedar.com).

Other potential material factors or assumptions that were applied in formulating the forward-looking statements contained herein include or relate to the following: that the business and economic conditions affecting the Corporation's operations will continue substantially in their current state, including, with respect to industry conditions, general levels of economic activity, regulations, weather, taxes and interest rates; that the preferred shares will remain outstanding and that dividends will continue to be paid on the preferred shares, that there will be no further material delays in the Corporation's wind development projects achieving commercial operation; that the Corporation's power infrastructure facilities will experience normal wind, hydrological and solar irradiation conditions, and ambient temperature and humidity levels; that there will be no material changes to the Corporation's facilities, equipment or contractual arrangements; that there will be no material changes in the legislative, regulatory and operating framework for the Corporation's businesses; that there will be no material delays in obtaining required approvals for the Corporation's power infrastructure facilities, or Värmevärden; that there will be no material changes in rate orders or rate structures for Bristol Water; that there will be no material changes in environmental regulations for the power infrastructure facilities, Värmevärden or Bristol Water; that there will be no significant event occurring outside the ordinary course of the Corporation's businesses; the refinancing on similar terms of the Corporation's and its subsidiaries' various outstanding credit facilities and debt instruments which mature during the period in which the forward-looking statements relate; market prices for electricity in Ontario and the amount of hours that Cardinal is dispatched; the price that Whitecourt will receive for its electricity production considering the market price for electricity in Alberta, the impact of renewable energy credits, and Whitecourt's agreement with Millar Western, which includes sharing mechanisms regarding the price received for electricity sold by the facility; the re-contracting of the power purchase agreement ("PPA") for Sechelt; that there will be no material change from the expected amount and timing of capital expenditures by Bristol Water; that there will be no material changes to the Swedish krona to Canadian dollar and UK pound sterling to Canadian dollar exchange rates; and that Bristol Water will operate and perform in a manner consistent with the regulatory assumptions underlying the Competition and Market Authority's ("CMA") final determination, including, among others: real and inflationary changes in Bristol Water's revenue, Bristol Water's expenses changing in line with inflation and efficiency measures, and capital investment, leakage, customer service standards and asset serviceability targets being achieved.

Although the Corporation believes that it has a reasonable basis for the expectations reflected in these forward-looking statements, actual results may differ from those suggested by the forward-looking statements for various reasons, including: risks related to the Corporation's securities (dividends on common shares and preferred shares are not guaranteed; volatile market price for the Corporation's securities; shareholder dilution; and convertible debentures credit risk, subordination and absence of covenant protection); risks related to the Corporation and its businesses (availability of debt and equity financing; default under credit agreements and debt instruments; geographic concentration; foreign currency exchange rates; acquisitions, development and integration; environmental, health and safety; changes in legislation and administrative policy; and reliance on key personnel); risks related to the Corporation's power infrastructure facilities (market price for electricity; power purchase agreements; completion of the Corporation's wind development projects; operational performance; contract performance and reliance on suppliers; land tenure and related rights; environmental; and regulatory environment); risks related to Värmevärden (operational performance; fuel costs and availability; industrial and residential contracts; environmental; regulatory environment; and labour relations); and risks related to Bristol Water (Ofwat price determinations; failure to deliver capital investment programs; economic conditions; operational performance; outcome incentives; failure to deliver water leakage target; SIM and the serviceability assessment; pension plan obligations; regulatory environment; competition; seasonality and climate change; and labour relations). For a comprehensive description of these risk factors, please refer to the "Risk Factors" section of the Corporation's Annual Information Form dated March 29, 2016, as supplemented by disclosure of risk factors contained in any subsequent annual information form, material change reports (except confidential material change reports), business acquisition reports, interim financial statements, interim managements' discussion and analysis and information circulars filed by the Corporation with the securities commissions or similar authorities in Canada (which are available under the Corporation's SEDAR profile at www.sedar.com).

The assumptions, risks and uncertainties described above are not exhaustive and other events and risk factors could cause actual results to differ materially from the results and events discussed in the forward-looking statements. The forward-looking statements within this document reflect current expectations of the Corporation as at the date of this document and speak only as at the date of this document. Except as may be required by applicable law, the Corporation does not undertake any obligation to publicly update or revise any forward-looking statements.

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

Contact:

Capstone Infrastructure Corporation
Aaron Boles
Senior Vice President, Communications
(416) 649-1325
aboles@capstoneinfra.com

iCON Infrastructure
Paul Malan
Senior Partner
Tel: +44 20 7292 9670
Email: paul.malan@iconinfrastructure.com