

TSX/MEDIA RELEASE

Capstone Infrastructure Corporation Announces First Quarter 2016 Results

May 11, 2016 - TORONTO, ON - Capstone Infrastructure Corporation (TSX:CSE.PR.A) today announced results for the 2016 fiscal year first quarter ended March 31. The Corporation's Management's Discussion and Analysis and unaudited consolidated financial statements are available at www.capstoneinfrastructure.com and on SEDAR at www.sedar.com. All amounts are in Canadian dollars.

Financial Review

In millions of Canadian dollars or on a per share basis unless otherwise noted	Quarter Ended March 31		Variance (%)
	Q1 2016	Q1 2015	
Revenue	88.5	90.2	(2.0)
Net Income	2.5	5.4	(54.8)
Adjusted EBITDA^{1,2}	29.9	29.5	1.3
AFFO^{1,3}	2.3	6.5	(65.1)
AFFO per share^{1,3}	0.023	0.067	(65.7)
Dividends per share	nil	0.075	(100.0)
Payout ratio¹	n.m.f.	113%	n.m.f.

1 "Adjusted EBITDA", "Adjusted Funds from Operations", and "Payout Ratio" are non-GAAP financial measures and do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). As a result, these measures may not be comparable to similar measures presented by other issuers. Definitions of each measure are provided on page 7 of Management's Discussion and Analysis with reconciliation to IFRS measures provided on page 8.

2 Adjusted EBITDA for investments in subsidiaries with non-controlling interests are included at Capstone's proportionate ownership interest.

3 For businesses that are not wholly owned, the cash generated by the business is only available to Capstone through periodic dividends. For these businesses, AFFO is equal to distributions received.

Operational and Strategic Highlights

Capstone completed a strategic review in the first quarter of 2016 and announced an Arrangement Agreement with iCON Infrastructure Partners III on January 20, 2016 that provided for the acquisition of all issued and outstanding common shares of Capstone and Class B exchangeable units of Capstone's subsidiary MPT LTC Holding LP for \$4.90 cash per share or unit, as applicable. The transaction was subsequently approved at special meetings of securityholders held on March 10 and March 17, 2016. The Supreme Court of British Columbia issued a final order approving the plan of arrangement on March 21, 2016. The transaction closed on April 29, 2016, as more fully discussed in the Subsequent Events section, below.

During the first quarter of the year, the Company also progressed its wind development projects and completed financing changes at corporate and within the power segment. The 10-megawatt Grey Highlands ZEP wind project achieved commercial operation on February 26, 2016. On March 18, 2016, Capstone reached financial close on an \$83 million financing, which is non-recourse to Capstone, for the Cardinal gas cogeneration plant. The proceeds were used to increase the financial flexibility of Capstone by repaying the drawn portion of the corporate credit facility, as well as funding Cardinal's ongoing reserve requirements. On March 24, 2016, Capstone entered into a \$55.1 million credit agreement for the construction of the Grey Highlands Clean wind project. The construction term of the facility is expected to mature in the fourth quarter of 2016. Upon maturity, the facility will convert to a term loan, which matures no later than 2021.

First Quarter Financial Highlights

During the first quarter of 2016, revenue decreased by \$1.8 million or 2.0%, reflecting a decrease at Bristol Water, primarily because of lower regulated water tariffs in effect since April 1, 2015, partially offset by favourable currency translation. Higher revenue from the power segment also partially offset the

decrease, attributable to increased production at the operating wind and hydro facilities, as well as contributions from new projects that commenced commercial operations after the first quarter of last year.

Expenses decreased by \$4.9 million, or 10.0%, primarily because of lower operating expenses at Bristol Water, which were related to the recovery of past service costs on closing the defined benefit pension plan and the absence of one-time costs incurred in 2015 for restructuring and participating in the CMA review. Corporate costs were also higher, including increased administrative expenses and project development costs related to the iCON transaction, offset by lower acquisition and due diligence expenses.

Adjusted Earnings before Interest, Taxation, Depreciation and Amortization (EBITDA) in the quarter increased by 1.3%, or \$0.4 million, reflecting strength in the power segment with higher revenue from operating wind and hydro facilities and new wind facilities that commenced operations after March 31, 2015. Bristol Water contributed positively with lower operating expenses and foreign currency appreciation, offset by lower tariffs. First quarter Adjusted Funds from Operations (AFFO) was \$4.2 million, or 65.1%, lower in 2016, primarily due to a dividend deferral from Bristol Water, and the higher expenses related to the iCON transaction as described above.

Financial Position

As at March 31, 2016, the Corporation had unrestricted cash and cash equivalents of \$68.9 million, including \$32.1 million from the power segment and \$23.9 million from Bristol Water, with the balance at the corporate level. Bristol Water also has \$130.6 million of credit available to support its capital investment program. The Corporation has \$17.9 million in total cash and cash equivalents available for general corporate purposes. As at March 31, 2016, the Corporation's debt-to-capitalization ratio was 66.8% on a fair value basis.

Subsequent Events

Acquisition of Capstone by iCON Infrastructure

On April 29, 2016, Capstone completed the previously announced plan of arrangement under which a subsidiary of a fund advised by London, UK-based iCON Infrastructure LLP ("iCON") acquired all issued and outstanding common shares of Capstone and Class B exchangeable units of Capstone's subsidiary MPT LTC Holding LP for \$4.90 cash per share or unit, as applicable. In addition, Capstone's convertible debentures were redeemed or converted to common shares and acquired as part of the transaction in accordance with the arrangement agreement.

In addition, concurrent with the acquisition, Capstone Power Corp. reached financial close on credit facilities totalling approximately \$125,000, which was used to replace Capstone's existing credit facility and repay the outstanding convertible debentures. At the same time, Capstone issued \$316,225 of demand promissory notes to the purchaser.

Contingent asset

On April 19, 2016, the Court of Appeal for Ontario dismissed an appeal by the Ontario Electricity Financial Corporation ("OEFC") of a March 12, 2015 decision of the Ontario Superior Court of Justice, as disclosed in the Annual Information Form dated March 29, 2016. The Corporation estimates that the Court's decision would result in a net receipt of approximately \$25,000 representing retroactive adjustments for revenue claimed from OEFC. OEFC has 60 days from the date of the decision to seek leave to appeal the decision to the Supreme Court of Canada.

Capstone does not recognize contingent assets such as this claim until it is virtually certain the asset is recoverable.

Dividend Declarations

The Board of Directors today declared a quarterly dividend on the Corporation's Cumulative Five-Year Rate Reset Preferred Shares, Series A (the "Preferred Shares") of \$0.3125 per Preferred Share to be paid on or about July 29, 2016 to shareholders of record at the close of business on July 15, 2016. The

dividend on the Preferred Shares covers the period from May 1, 2016 to July 31, 2016. Following July 31, 2016, the dividend rate will be reset for the following five years at a rate equal to the then current five-year Government of Canada bond yield plus 2.71%.

The dividends paid by the Corporation on its Preferred Shares are designated "eligible" dividends for the purposes of the Income Tax Act (Canada). An enhanced dividend tax credit applies to eligible dividends paid to Canadian residents.

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 482 megawatts. Please visit www.capstoneinfrastructure.com for more information.

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.

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