CAPSTONE INFRASTRUCTURE CORPORATION

Financial Report for the Quarter Ended March 31, 2018

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LEGAL NOTICE

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 Capstone Infrastructure Corporation (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.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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 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, and include, among other things, statements found in "Results of Operations" and "Financial Position Review". 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, 2017 under the headings "Changes in the Business", "Results of Operations" and "Financial Position Review", 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 material delays in the Corporation's wind development projects achieving commercial operation; that the Corporation's power facilities will experience normal wind, hydrological and solar irradiation conditions, and ambient temperature and humidity levels; that there will be no further 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 facilities; that there will be no material changes in environmental regulations for the power facilities; 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; that the conversion rights pursuant to the convertible debenture issued in connection with the Ganaraska, Grey Highlands ZEP, Snowy Ridge and Settlers Landing wind facilities are exercised; market prices for electricity in Ontario and the amount of hours that the Cardinal Facility is dispatched; and the price that the Whitecourt Biomass Facility will receive for its electricity production considering the market price for electricity in Alberta, and the Whitecourt Biomass Facility's agreement with Millar Western, which includes sharing mechanisms regarding the price received for electricity sold by the facility.

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 (controlling shareholder, dividends on common shares and preferred shares are not guaranteed; and volatile market price for the Corporation's securities); 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); and risks related to the Corporation's power 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).

For a comprehensive description of these risk factors, please refer to the "Risk Factors" section of the Corporation's Annual Information Form dated March 21, 2018, 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 management's 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Management's discussion and analysis ("MD&A") summarizes Capstone Infrastructure Corporation's (the "Corporation" or "Capstone") consolidated operating results and cash flows for the three months ended March 31, 2018 with the comparative prior period and the Corporation's financial position as at March 31, 2017 and December 31, 2017.

This MD&A should be read in conjunction with the accompanying unaudited interim consolidated financial statements of the Corporation and notes thereto as at, and for the three months ended March 31, 2018, and the financial statements and MD&A for the year ended December 31, 2017. Additional information about the Corporation can be found in its other public filings, specifically the Corporation's Annual Information Form dated March 21, 2018 and its MD&A and audited annual financial statements for the year ended December 31, 2017. These filings are available under the Corporation's profile on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.

This MD&A is dated May 10, 2018, the date on which this MD&A was approved by the Corporation's Board of Directors.

BASIS OF PRESENTATION

Financial information in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS") and amounts are in Canadian thousands of dollars or thousands of share amounts unless otherwise indicated.

Discontinued Operations

On March 3, 2017, Capstone sold its interest in Värmevärden, resulting in the *utilities - district heating* segment being presented as a discontinued operation in the statements of income and cash flows for the three months ended March 31, 2017.

Business Acquisition

On December 31, 2017, Capstone acquired the remaining interests in the Glen Dhu and Fitzpatrick wind facilities, resulting in the consolidation of these entities' balances and results for the three months ended March 31, 2018 with those of Capstone's other subsidiaries.

Foreign Currency Translation and Presentation

Amounts included in the consolidated financial statements of each entity in the Corporation are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Canadian dollars ("presentation currency"), which is Capstone's functional currency. During the three months ended March 31, 2017, Capstone used a rate of 0.1484 to translate amounts in Swedish Krona relating to the disposal its interest in Värmevärden. Since the disposal Capstone holds limited amounts of foreign currency.

ADDITIONAL GAAP PERFORMANCE MEASURES DEFINITIONS

While the accompanying consolidated financial statements have been prepared in accordance with IFRS, this MD&A also contains a performance measure not defined by IFRS. The additional GAAP performance measure does not have any standardized meaning prescribed by IFRS and is, therefore, unlikely to be comparable to similar measures presented by other issuers. The Corporation believes that this indicator is useful since it provides additional information about the Corporation's earnings performance and facilitates comparison of results over different periods. The additional GAAP measure used in this MD&A is defined below.

EBITDA

EBITDA is an additional GAAP financial measure defined as earnings (loss) before financing costs, income tax expense, depreciation and amortization. EBITDA includes earnings (loss) related to the non-controlling interest ("NCI"), impairment charges, interest income, and other gains and losses (net). EBITDA represents Capstone's capacity to generate income from operations before taking into account management's financing decisions and costs of consuming tangible capital assets and intangible assets, which vary according to their age, technology, and management's estimate of their useful life. EBITDA is presented on the consolidated statement of income.

CHANGES IN THE BUSINESS

In 2018, Capstone successfully executed a new long-term Electricity Purchase Agreement ("EPA") with BC Hydro for the Sechelt Creek facility which expires on March 1, 2058, subject to regulatory approval. The EPA is at a price lower than the original EPA, which expired on February 28, 2017.

Project Development

Capstone continues to pursue projects at all stages of development and is actively progressing a number of projects. As at March 31, 2018, Capstone's contracted development pipeline includes the Riverhurst wind project, a 10 MW facility located in Saskatchewan which is expected to reach commercial operation ("COD") in 2020.

RESULTS OF OPERATIONS

Overview

In 2018, Capstone's EBITDA and net income from continuing operations were both higher in the first quarter. Higher EBITDA from Capstone's continuing operations reflects:

- Higher power segment results, primarily due to new wind facilities added since January 1, 2017, consisting of Glen Dhu and Fitzpatrick, which were equity accounted investments prior to the acquisition of the remaining ownership interests on December 31, 2017, and Settlers Landing, which reached COD on April 5, 2017; partially offset by
- Lower contributions from Whitecourt as the fair value of the embedded derivative decreased and no government grants were received in the first quarter of 2018.

	Three months ended		
	Mar 31, 2018	Mar 31, 2017	Change
Revenue	48,870	43,133	5,737
Expenses	(14,008)	(14,773)	765
Other income and expenses	(3,527)	769	(4,296)
EBITDA	31,335	29,129	2,206
Interest expense	(9,689)	(8,644)	(1,045)
Depreciation and amortization	(19,020)	(15,369)	(3,651)
Income tax recovery (expense)	(417)	(18,699)	18,282
Net income (loss) from continuing operations	2,209	(13,583)	15,792
Net income (loss) from discontinued operations	—	129,317	(129,317)
Net income	2,209	115,734	(113,525)

The remaining material changes in net income were:

- Higher depreciation and amortization, primarily due to new wind facilities added since January 1, 2017, consisting of Glen Dhu and Settlers Landing;
- Lower income tax expense, primarily attributable to the sale of Värmevärden in 2017; and
- Lower net income from discontinued operations, primarily reflecting the 2017 gain on sale of Värmevärden.

Seasonality

Overall, the results for Capstone's power segment fluctuate during the year because of seasonal factors that affect the production of each facility. These factors include environmental factors such as water flows, solar irradiation, wind speeds and air density, ambient temperature and humidity, which affect the amount of electricity generated. In aggregate, these factors have historically resulted in higher electricity production during the first and fourth quarters.

Results by Segment

The MD&A discusses the results of Capstone's power segment in Canada, as well as corporate activities. The power segment facilities produce electricity from natural gas, wind, biomass, hydro and solar resources, and are located in Ontario, Nova Scotia, Alberta, British Columbia and Québec. This segment also includes power development activities.

Corporate activities primarily include growth initiatives, capital structure expenses not specifically attributed to the facilities and costs to manage, oversee and report on the facilities.

The *utilities - district heating* segment is presented as a discontinued operation resulting from Capstone's sale of the investment in 2017.

Revenue

Capstone's revenue is mainly driven by the generation and sale of electricity through long-term power contracts.

Revenue	Three months ended		
	Mar 31, 2018	Mar 31, 2017	Change
Wind [(1)]	35,909	26,664	9,245
Gas	5,091	4,781	310
Hydro	2,975	3,862	(887)
Solar	2,947	2,738	209
Biomass [(2)]	1,948	5,088	(3,140)
Total Revenue	48,870	43,133	5,737

(1) Wind revenue for 2017 excludes the results of Glen Dhu and Fitzpatrick wind facilities, which were equity accounted.
(2) Biomass revenue for 2017 includes $3,700 of grant funding received by Whitecourt.

Power generated (GWh)	Three months ended		
	Mar 31, 2018	Mar 31, 2017	Change
Wind [1]	321.9	236.2	85.7
Gas	—	—	—
Hydro	33.8	38.0	(4.2)
Solar	7.0	6.5	0.5
Biomass	50.8	49.4	1.4
Total Power	413.5	330.1	83.4

(1) Wind production for 2017 excludes the Glen Dhu and Fitzpatrick wind facilities.

Capstone's power segment earns revenue from:

- The wind facilities, which are located in Ontario, Nova Scotia and Québec, by producing and selling electricity in accordance with their PPAs with government agencies or regulated credit-worthy counterparties. On a megawatt ("MW") weighted-average-basis, the wind facilities have 14 years remaining on the current PPAs, with the earliest expiry in 2020.
- Cardinal, a natural gas peaking facility located in Ontario, from fixed payments for providing capacity and availability to the IESO with a 2034 power contract expiry and by supplying electricity to the Ontario grid when it is profitable to do so. In addition, Cardinal receives a fixed amount (subject to escalation) to provide operational and maintenance services to Ingredion's plant.
- Amherstburg Solar Park, a solar facility located in Ontario, and the four hydro facilities located in Ontario and British Columbia, by generating and selling electricity under long-term PPAs. On a MW weighted-average-basis, the hydro facilities have 28 years remaining on the current PPAs. The Amherstburg Solar Park PPA expires in 2031.
- Whitecourt, a biomass facility located in Alberta, by selling electricity at market rates to the Alberta Power Pool. This is supplemented by a revenue sharing agreement with its fuel supplier, Millar Western. In addition, Whitecourt earns a portion of its revenue from the sale of Emission Performance Credits ("EPC's"), which Whitecourt became eligible for on January 1, 2018. In 2017, the facility also received government grant funding.

The following table shows the significant changes in revenue from 2017:

Three months	Explanations
6,166	Higher revenue from the Glen Dhu wind facility, which was an equity accounted investment until December 31, 2017.
2,051	Higher revenue from the operating wind facilities (excluding new facilities) due to increased production, reflecting higher wind resource.
1,155	Higher revenue from Settlers Landing, which reached COD on April 5, 2017.
(3,700)	Lower revenue at Whitecourt attributable to the grant funding received in 2017.
(798)	Lower revenue from the hydro facilities, due to higher production from exceptional hydrological conditions in 2017.
863	Various other changes.
5,737	Change in revenue.

Expenses

Expenses consist of expenditures within the power segment relating to operating expenses and costs to develop new projects, as well as corporate business development and administrative expenses.

Expenses	Three months ended		
	Mar 31, 2018	Mar 31, 2017	Change
Wind	(5,287)	(4,327)	(960)
Gas	(2,659)	(2,573)	(86)
Hydro	(987)	(909)	(78)
Solar	(209)	(225)	16
Biomass	(2,650)	(2,650)	—
Power operating expenses	(11,792)	(10,684)	(1,108)
Power	(236)	(640)	404
Corporate	(105)	(175)	70
Project development costs	(341)	(815)	474
Administrative expenses	(1,875)	(3,274)	1,399
Total Expenses	(14,008)	(14,773)	765

Expenses for the operation and maintenance ("O&M") of the power facilities mainly consist of wages and benefits and payments to third party providers. The hydro facilities are operated and maintained under an O&M agreement. Capstone's wind facilities are operated by Capstone's workforce and maintained under service agreements, typically with the original equipment manufacturers, except for the Erie Shores wind facility, which has an internalized service function. In addition, Cardinal, Whitecourt and Amherstburg rely on the internal capabilities and experience of Capstone's workforce. The remaining significant costs include fuel, transportation, insurance, utilities, land leases, raw materials, chemicals, supplies and property taxes.

Project development costs consist of professional fees and other costs to pursue greenfield projects, as well as costs to explore and execute transactions. Administrative expenses comprise of staff costs, professional fees for legal, audit and tax, as well as certain office administration and premises costs.

The following table shows the significant changes in expenses from 2017:

Three months	Explanations
1,228	Lower staff costs within administrative expenses related to employee separation costs in 2017.
(1,075)	Higher expenses from the Glen Dhu wind facility, which was an equity accounted investment until December 31, 2017.
612	Various other changes.
765	Change in expenses.

FINANCIAL POSITION REVIEW

Overview

Capstone's working capital was $9,053 as at March 31, 2018, compared with $10,372 as at December 31, 2017. In addition, during the first quarter, Capstone repaid $15,915 on the CPC credit facilities, and decreased its letters of credit by $6,852, increasing the available capacity on the revolving credit facility to $74,040 as at March 31, 2018.

As at March 31, 2018, Capstone and its subsidiaries have complied with all debt covenants.

Liquidity

Working capital

As at	Mar 31, 2018	Dec 31, 2017
Power	7,083	2,409
Corporate	1,970	7,963
Working capital (equals current assets, less current liabilities)	9,053	10,372

Capstone's working capital was $1,319 lower than December 31, 2017 due to a $5,993 decrease at corporate, partially offset by an increase of $4,674 for the power segment. The corporate decrease primarily reflects contributions for the Whitecourt refurbishment. The power segment increase reflects $5,470 of lower accruals due to payments made upon completing the Whitecourt refurbishment and $1,653 due to the timing of debt payments across Capstone's power assets, which reduced the current portion of long-term debt. These were partially offset by a decrease in accounts receivable of $3,125 due to lower seasonal production across Capstone's power assets.

Cash and cash equivalents

As at	Mar 31, 2018	Dec 31, 2017
Power	54,124	53,826
Corporate	2,533	10,257
Unrestricted cash and cash equivalents	56,657	64,083

Unrestricted cash represents funds available for operating activities, capital expenditures and future acquisitions. The unrestricted cash and cash equivalents decrease of $7,426 consists of a $7,724 decrease at corporate, partially offset by an increase of $298 at the power segment. The decrease at corporate reflects contributions to Whitecourt to pay for the refurbishment and settling year-end liabilities. The increase in the power segment was due to increases in cash across power assets due to receipt of revenue from high production periods, offset by the repayment of $15,915 on the CPC credit facilities.

Cash at the power segment of $54,124 is only periodically accessible by corporate through distributions. The power segment's cash and cash equivalents are accessible through distributions under the terms of the CPC credit facilities, which allows for distributions, subject to certain conditions. In turn, CPC receives distributions from its subsidiary power assets, which are subject to the terms of their project-specific credit agreements.

Cash flow

Capstone's consolidated cash and cash equivalents decreased by $7,426 in 2018 compared with a decrease of $4,035 in 2017. The components of the change in cash, as presented in the consolidated statement of cash flows, from both continuing and discontinued operations, are summarized as follows:

Three months ended	Mar 31, 2018	Mar 31, 2017
Operating activities	26,921	18,893
Investing activities	(3,346)	(11,712)
Financing activities (excluding dividends to shareholders)	(30,388)	(10,603)
Dividends paid to shareholders	(613)	(613)
Change in cash and cash equivalents	(7,426)	(4,035)

Cash flow from operating activities was $8,028 higher in 2018 and $9,400 higher, excluding discontinued operations. The increase from continuing operations consists of $13,850 of higher power segment cash flows, partially offset by $4,450 of lower corporate cash flows. The increase in power segment cash flows reflects higher revenue from new wind facilities, consisting of Glen Dhu, which was an equity accounted investment during 2017, and Settlers Landing, which reached COD on April 5, 2017. The decrease in corporate cash flows is primarily attributable to changes in current liabilities.

Cash flows from discontinued operations consisted of the Värmevärden results prior to its sale in March 2017.

Cash flow used in investing activities was $8,366 lower in 2018 primarily due to $9,545 of lower cash used for the construction of projects under development and a lower increase in restricted cash than 2017 of $1,969 due to higher reserve requirements at the hydro power facilities in 2017. These variances were partially offset by $2,021 of higher cash used for funding capital assets additions, related to payments for the Whitecourt refurbishment.

Cash flow used in financing activities was $19,785 higher in 2018 and $122,413 lower, excluding discontinued operations. Cash used in the continuing operations were lower primarily due to a $131,968 return of capital to Irving Infrastructure Corp. ("Irving") in 2017 and a $10,370 cash repayment of the Irving promissory note in 2017. These were partially offset by lower proceeds from debt draws of $10,200, because there were no new debt draws in 2018, and higher debt payments of $9,292, primarily due to higher repayments of the CPC credit facilities in 2018.

Cash flows from discontinued operations in 2017 consisted of $142,198 of proceeds received on the sale of Värmevärden.

Long-term Debt

Capstone's long-term debt continuity for the three months ended was:

	Dec 31, 2017	Repayments	Other	Mar 31, 2018
Long-term debt [(1), (2), (3)]	833,690	(28,884)	—	804,806
Deferred financing fees	(15,148)	—	515	(14,633)
	818,542	(28,884)	515	790,173
Less: current portion of long-term debt	(86,208)	1,653	—	(84,555)
	732,334	(27,231)	515	705,618

(1) Repayments of $28,884 include a $15,915 repayment for the CPC credit facilities, as well as scheduled repayments.
(2) The power segment has a cumulative $35,269 utilized on its letter of credit facilities.
(3) On February 6, 2018, SkyGen, Skyway8 and their existing lenders extended the term loan maturity dates to August 2018.

As at March 31, 2018, Capstone's long-term debt consisted of $50,000 for the CPC credit facilities and $754,806 of project debt within the power segment. The current portion of long-term debt was $84,555, consisting of scheduled debt amortization, including payments for the CPC credit facilities of $5,000, and upcoming maturities for SkyGen and Skyway 8 of $19,910 and $18,163, respectively. Capstone expects to repay the scheduled amortization from income generated by the power assets and is evaluating options to refinance the project debt maturing in August 2018 for the SkyGen and Skyway 8 wind facilities.

In the first quarter of 2018, Capstone repaid $15,915 on the CPC credit facilities, and decreased its letters of credit by $6,852, increasing the available capacity on the revolving credit facility to $74,040.

CPC is subject to customary covenants, including specific limitations on leverage and interest coverage ratios. All of the power segment's project debt is non-recourse to Capstone, except for $6,160 of limited recourse guarantees provided to the lenders of the various wind projects.

Equity

Shareholders' equity comprised:

As at	Mar 31, 2018	Dec 31, 2017
Common shares	62,270	62,270
Preferred shares [(1)]	72,020	72,020
Share capital	134,290	134,290
Retained earnings	72,707	72,024
Equity attributable to Capstone shareholders	206,997	206,314
Non-controlling interests	54,640	55,249
Total shareholders' equity	261,637	261,563

(1) Capstone has 3,000 publicly listed Series A preferred shares on the Toronto Stock Exchange.

Contractual Obligations

Capstone enters into contractual commitments in the normal course of business, summarized as follows:

- Long-term debt, financial instruments and operating leases;
- Purchase obligations, including capital expenditure commitments, operations and management agreements; and
- Other commitments, including management services agreements, wood waste agreements and guarantees.

There have been no other significant changes to the specified contractual obligations that are outside the ordinary course of business. In addition, Capstone is not engaged in any off-balance sheet financing transactions.

Income Taxes

Deferred income tax assets and liabilities are recognized on Capstone's consolidated statement of financial position based on temporary differences between the accounting and tax bases of existing assets and liabilities. Deferred income tax assets and liabilities are calculated on a net basis where there is a legally enforceable right of offset within the same tax jurisdictions.

Capstone's deferred income tax liabilities primarily relate to the differences between the amortization of intangible and capital assets for tax and accounting purposes. In 2018, Capstone's net deferred income tax liability decreased by $15 primarily due to the decrease in the deferred income tax liability recognized on the Whitecourt derivative.

DERIVATIVE FINANCIAL INSTRUMENTS

To manage certain financial risks inherent in the business, Capstone enters into derivative contracts primarily to mitigate the economic impact of the fluctuations in interest rates. The fair values of these contracts, as well as the Whitecourt embedded derivative included in the consolidated statement of financial position, were:

As at	Mar 31, 2018	Dec 31, 2017
Derivative contract assets	15,933	21,364
Derivative contract liabilities	(1,974)	(2,144)
Net derivative contract assets (liabilities)	13,959	19,220

Net derivative contract assets decreased by $5,261 from December 31, 2017, due to losses of $3,847, and contractual settlement payments of $1,414 received from Millar Western.

The gains (losses) attributable to fair value changes of derivatives in the consolidated statements of income and comprehensive income comprised:

	Three months ended	
	Mar 31, 2018	Mar 31, 2017
Whitecourt embedded derivative	(4,556)	2,191
Interest rate swap contracts	709	(2,403)
Gain (losses) on derivatives	(3,847)	(212)

The loss on derivatives primarily reflects a lower embedded derivative asset at Whitecourt. The decrease in the embedded derivative relates to the introduction of EPC's, which Whitecourt became eligible for on January 1, 2018. This is partially offset by gains from the interest rate swap contracts due to higher long-term interest rates since December 31, 2017.

RISKS AND UNCERTAINTIES

Capstone is subject to a variety of risks and uncertainties. These risks and uncertainties could impact future operating results and financial condition, which could adversely affect Capstone's ability to pay preferred dividends.

For a comprehensive description of risks, please refer to the disclosure in the Corporation's MD&A for the year ended December 31, 2017 and the "Risk Factors" section of the Annual Information Form dated March 21, 2018 as supplemented by risk factors contained in any material change reports (except confidential material change reports), business acquisition reports, interim financial statements, interim MD&A and information circulars filed by the Corporation with securities commissions or similar authorities in Canada, which are available on the SEDAR website at www.sedar.com.

ENVIRONMENTAL, HEALTH AND SAFETY REGULATION

Capstone monitors developments with respect to environmental, health and safety regulation. Refer to the Corporation's prior environmental, health and safety regulation disclosure in its MD&A for the year ended December 31, 2017 and the "Environmental, Health and Safety Matters" section of the Corporation's Annual Information Form dated March 21, 2018, which are available on the SEDAR website at www.sedar.com.

SUMMARY OF QUARTERLY RESULTS

The following table provides a summary of the previous eight quarters of Capstone's financial performance.

	2018	2017				2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue (1), (2)	**48,870**	41,561	29,089	40,380	43,133	40,128	66,145	32,492
EBITDA (1), (2), (3)	**31,335**	28,529	22,221	30,176	29,129	36,622	54,608	8,180
Net income (loss) (4), (5), (6)	**1,314**	1,287	(2,125)	3,285	114,936	18,407	(9,488)	(18,170)
Preferred dividends	**613**	613	613	613	613	613	938	938

(1) Comparative figures for revenue and EBITDA have been adjusted to remove amounts from discontinued operations.
(2) Revenue for Q3 2016 includes proceeds awarded of $33,288 for retroactive adjustments from the OEFC for Cardinal and the Ontario hydro facilities. In addition, EBITDA for Q3 2016 includes $2,288 of interest income and $12,049 of associated operating expenses, which is a net $23,527 in EBTIDA.
(3) EBITDA for Q2 2016 includes $7,659 in expenses related to one-time costs associated with the iCON Infrastructure Partners III acquisition.
(4) Net income (loss) attributable to the common shareholders of Capstone, which excludes non-controlling interests.
(5) Results include continuing operations and discontinued operations for all periods.
(6) Net income (loss) includes a gain on the sale of Värmevärden of $128,087 in Q1 2017 and a loss on the sale of Bristol Water of $2,803 in Q4 2016.

ACCOUNTING POLICIES AND INTERNAL CONTROLS

Significant Changes in Accounting Standards

Capstone's accounting policies are consistent with those disclosed in the notes to the December 31, 2017 consolidated financial statements, except to adopt the new standards effective January 1, 2018 as follows:

- IFRS 9, *Financial Instruments*
- IFRS 15, *Revenue from Contracts with Customers*

Refer to note 2 "Summary of Significant Accounting Policies" to the March 31, 2018 interim consolidated financial statements for detail of the nature of these standards. The adoption of these accounting standards did not change any comparative figures presented in the interim consolidated financial statements.

Future Accounting Changes

The International Accounting Standards Board ("IASB") has not issued any significant accounting changes that impact the Corporation since the standards described in the most recent annual financial statements for the year ended December 31, 2017. Refer to note 2 of the interim consolidated financial statements for discussion of the implementation of the upcoming material change to standards: IFRS 16, "Leases". Capstone continues to monitor changes to IFRS, applicable IASB changes to standards, new interpretations and annual improvements.

Accounting Estimates

The interim consolidated financial statements are prepared in accordance with IFRS, which require the use of estimates and judgment in reporting assets, liabilities, revenues, expenses and contingencies.

Refer to note 2, "Summary of Significant Accounting Policies" in the most recent annual financial statements for the year ended December 31, 2017 for greater details of the areas of significance and the related critical estimates and judgments.

The following accounting estimates included in the preparation of the interim consolidated financial statements are based on significant estimates and judgments, which are summarized as follows:

Area of Significance	Critical Estimates and Judgments
Capital assets, projects under development and intangible assets:	
• Purchase price allocations.	• Initial fair value of net assets.
• Depreciation on capital assets.	• Estimated useful lives and residual value.
• Amortization on intangible assets.	• Estimated useful lives.
• Asset retirement obligations.	• Expected settlement date, amount and discount rate.
• Impairment assessments of capital assets, projects under development and intangible assets.	• Future cash flows and discount rate.
Deferred income taxes	• Timing of reversal of temporary differences, tax rates and current and future taxable income.
Financial instruments and fair value measurements	• Forward Alberta power pool prices, volatility, credit spreads, cost and inflation escalators, fuel supply volumes, electricity sales, carbon pricing and EPC generation.
Accounting for investments in non-wholly owned subsidiaries	• Determine how relevant activities are directed (either through voting rights or contracts); • Determine if Capstone has substantive or protective rights; and • Determine Capstone's ability to influence returns.

Management's estimates are based on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could materially differ from those estimates.

Internal Controls over Financial Reporting and Disclosure Controls and Procedures

Since December 31, 2017, no material changes have occurred in Capstone's policies and procedures and other processes that comprise its internal controls over financial reporting and disclosure controls and procedures.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	Notes	Mar 31, 2018	Dec 31, 2017
Current assets			
Cash and cash equivalents		56,657	64,083
Restricted cash		22,502	22,438
Accounts receivable		21,355	24,408
Other assets		4,769	4,778
Current portion of derivative contract assets	5	1,390	1,130
		106,673	116,837
Non-current assets			
Derivative contract assets	5	14,543	20,234
Capital assets		879,038	896,377
Projects under development		731	730
Intangible assets		165,352	167,732
Total assets		1,166,337	1,201,910
Current liabilities			
Accounts payable and other liabilities		13,065	20,257
Current portion of long-term debt	6	84,555	86,208
		97,620	106,465
Long-term liabilities			
Derivative contract liabilities	5	1,974	2,144
Deferred income tax liabilities		89,228	89,243
Long-term debt	6	705,618	732,334
Liability for asset retirement obligation		10,260	10,161
Total liabilities		904,700	940,347
Equity attributable to shareholders' of Capstone		206,997	206,314
Non-controlling interest		54,640	55,249
Total liabilities and shareholders' equity		1,166,337	1,201,910
Commitments and contingencies	12		

See accompanying notes to these consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Equity attributable to shareholders of Capstone		NCI (1)	Total Equity
		Share Capital	Retained Earnings		
Balance, December 31, 2016		112,453	2,800	61,417	176,670
Net income for the period		—	114,936	798	115,734
Conversion of promissory note (2)	4	86,332	—	—	86,332
Return of capital (2)	4	(86,332)	(45,636)	—	(131,968)
Dividends declared to preferred shareholders of Capstone (3)		—	(631)	—	(631)
Dividends declared to NCI	7	—	—	(653)	(653)
Convertible debenture advances, net (4)		—	—	(418)	(418)
Balance, March 31, 2017		112,453	71,469	61,144	245,066

	Notes	Equity attributable to shareholders of Capstone		NCI (1)	Total Equity
		Share Capital	Retained Earnings		
Balance, December 31, 2017		134,290	72,024	55,249	261,563
Net income for the period		—	1,314	895	2,209
Dividends declared to preferred shareholders of Capstone (3)	7	—	(631)	—	(631)
Dividends declared to NCI		—	—	(654)	(654)
Convertible debenture advances, net (4)		—	—	(850)	(850)
Balance, March 31, 2018		134,290	72,707	54,640	261,637

(1) Non-controlling interest (“NCI”).
(2) Refer to note 4 for changes related to the sale of Värmevärden.
(3) Dividends declared to preferred shareholders of Capstone include deferred income taxes of $18 (2017 - $18).
(4) Capital contributions, net of repayments are with One West Holdings Ltd. ("Concord"), the holder of the convertible debenture related to the Ganaraska and Grey Highlands ZEP ("GHG"), Snowy Ridge and Settlers Landing wind facilities. The convertible debenture provides Concord the option to become a 50% partner in these projects.

See accompanying notes to these consolidated financial statements

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Notes	Three months ended Mar 31, 2018	Mar 31, 2017
Revenue	8	48,870	43,133
Operating expenses	9	(11,792)	(10,684)
Administrative expenses	9	(1,875)	(3,274)
Project development costs	9	(341)	(815)
Equity accounted income (loss)		—	798
Interest income		262	141
Other gains and (losses), net	10	(3,789)	(170)
Earnings before interest expense, taxes, depreciation and amortization		31,335	29,129
Interest expense		(9,689)	(8,644)
Depreciation of capital assets		(16,640)	(12,975)
Amortization of intangible assets		(2,380)	(2,394)
Earnings before income taxes		2,626	5,116
Income tax recovery (expense)			
Current		—	(2,552)
Deferred		(417)	(16,147)
Total income tax recovery (expense)		(417)	(18,699)
Net income (loss) and total comprehensive income (loss) from continuing operations		2,209	(13,583)
Net income and total comprehensive income from discontinued operations, net of tax	4	—	129,317
Net income and total comprehensive income		2,209	115,734
Attributable to:			
Shareholders of Capstone		1,314	114,936
Non-controlling interest		895	798
		2,209	115,734

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

Three months ended	Note	Mar 31, 2018	Mar 31, 2017
Operating activities:			
Net income (loss) from continuing operations		2,209	(13,583)
Deferred income tax expense (recovery)		417	16,147
Depreciation and amortization		19,020	15,369
Non-cash other gains and losses (net)		5,203	2,106
Amortization of deferred financing costs and non-cash financing costs		615	166
Equity accounted income		—	(798)
Change in non-cash working capital		(543)	(1,886)
Cash flows from continuing operations		26,921	17,521
Cash flows from discontinued operations		—	1,372
Total cash flows from operating activities		26,921	18,893
Investing activities:			
Investment in capital assets		(3,282)	(1,261)
Decrease (increase) in restricted cash		(64)	(2,033)
Investment in projects under development		—	(9,545)
Distributions from equity accounted investments		—	1,127
Total cash flows used in investing activities		(3,346)	(11,712)
Financing activities:			
Repayment of long-term debt		(28,884)	(19,592)
Convertible debenture advances, net		(850)	(418)
Dividends paid to non-controlling interests		(654)	(653)
Dividends paid to preferred shareholders		(613)	(613)
Return of capital to Irving	4	—	(131,968)
Repayment of promissory note	4	—	(10,370)
Proceeds from issuance of long-term debt		—	10,200
Cash flows used in continuing operations		(31,001)	(153,414)
Cash flows from discontinued operations	4	—	142,198
Total cash flows used in financing activities		(31,001)	(11,216)
Increase (decrease) in cash and cash equivalents		(7,426)	(4,035)
Cash and cash equivalents, beginning of year		64,083	62,246
Cash and cash equivalents, end of period		56,657	58,211
Supplemental information:			
Interest paid		9,431	8,401
Taxes paid		251	562

See accompanying notes to these consolidated financial statements

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Capstone is incorporated and domiciled in Canada and located at 155 Wellington Street West, Suite 2930, Toronto, Ontario, M5V 3H1. Capstone Infrastructure Corporation and its subsidiaries (together the "Corporation" or "Capstone") mission is to provide investors with an attractive total return from responsibly managed long-term investments in power generation in North America. Capstone's strategy is to develop, acquire and manage a portfolio of high quality power assets. As at March 31, 2018, Capstone owns and operates an approximate net installed capacity of 541 megawatts across 23 facilities in Canada, including wind, hydro, solar, biomass, and natural gas power plants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to Capstone's accounting policies during the first three months of 2018, except as noted in the following section "Change in Accounting Standards".

Basis of Preparation

Statement of Compliance

The interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standard ("IAS") 34 Interim Financial Reporting ("IAS 34") on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the year ended December 31, 2017. In accordance with IAS 34, certain information and footnote disclosures included in the annual financial statements prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These unaudited interim consolidated financial statements should be read in conjunction with the audited 2017 annual consolidated financial statements.

These interim condensed consolidated financial statements were approved by the Board of Directors for issue on May 10, 2018.

All amounts are in Canadian thousands of dollars or thousands of share amounts unless otherwise indicated.

Discontinued Operations

On March 3, 2017, Capstone sold its interest in Värmevärden, resulting in the *utilities - district heating* segment being presented as a discontinued operation in the statements of income and cash flows for the three months ended March 31, 2017.

Basis of Measurement

The interim consolidated financial statements have been prepared on a going concern basis of accounting and primarily under the historical cost basis, except for the revaluation of certain financial instruments, which are measured at fair value.

Changes in Accounting Standards

Capstone has adopted the following new IFRS standards effective January 1, 2018. These changes are summarized as follows:

IFRS 9, *Financial Instruments*, replaces IAS 39, *Financial Instruments: Recognition and Measurement* as the recognition, classification and measurement of financial assets and liabilities; derecognition of financial instruments; impairment of financial assets and if elected, hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7, *Financial Instruments: Disclosures*.

Derivative contract assets and liabilities remain measured at fair value through profit and loss. All other financial assets and liabilities are measured at amortized cost. The adoption of IFRS 9 did not require any changes to existing recognition, classification, measurement and disclosure of Capstone's financial assets and liabilities.

IFRS 9 introduces the concept of expected credit losses for financial asset impairment assessment. Capstone does not expect this to affect any measurement of financial assets as its customer base is predominantly government entities with no expected credit losses.

IFRS 15, *Revenue from Contracts with Customers*, replaces IAS 11, *Construction Contracts* and IAS 18, *Revenue* and outlines a single comprehensive model to account for revenue arising from contracts with customers. In addition, IFRS 15 requires enhanced disclosure that will detail the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard provides a principles-based five-step model to be applied to all contracts with customers. The adoption of IFRS 15 did not require any changes to Capstone's revenue recognition approach and did not result in any measurement adjustments. Additional disclosure requirements are included in note 8.

The adoption of both these accounting standards did not change any comparative figures presented in the interim consolidated financial statements.

Future Accounting Changes

The IASB has not issued any significant new accounting standards that impact the Corporation since the standards described in the most recent annual financial statements for the year ended December 31, 2017.

Capstone is assessing the following material standard described in the annual financial statements:

Title of the New IFRS	Status of Capstone's adoption
IFRS 16, Leases Effective: Jan 1, 2019	Capstone has reviewed its contracts for leases to determine the impact that the adoption of IFRS 16 will have on its financial statements. Capstone will adopt IFRS 16 prospectively using the cumulative catch-up approach and expects there will be an equal lease asset and liability recognized on transition. Capstone continues to evaluate the measurement and disclosure impacts the adoption will have in the consolidated financial statements.

Capstone continues to monitor changes to IFRS, applicable IASB changes to standards, new interpretations and annual improvements.

3. SEASONALITY

The seasonality of environmental factors such as water flows, solar irradiation, wind speeds and air density, ambient temperature and humidity, which affect the amount of electricity generated, may result in fluctuations in power segment revenue and net income during the period.

4. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS

(A) Discontinued Operations - Sale of Värmevärden

On March 3, 2017, Capstone and its co-shareholder Macquarie European Infrastructure Fund 2 (“MEIF 2”) sold 100% of Värmevärden. Capstone received proceeds of $142,198, net of transaction costs, for its 33.3% indirect interest in Värmevärden and the related outstanding loans receivable.

On March 31, 2017, Irving Infrastructure Corp. ("Irving") converted its 552,700 SEK tranche of the promissory note into 76,876 Class A shares of the Corporation, with a carrying value of $86,332, and the $10,370 Canadian denominated tranche of the promissory note was repaid. As a result, no promissory note payable to Irving remains. Capstone then distributed $131,968 to Irving as a return of capital, which included a $45,636 reduction to retained earnings and $86,332 to the Class A shares. The impact of these transactions did not change the carrying value of the Class A shares.

Capstone's interim consolidated statements of income and cash flows for the three months ended March 31, 2017 include results for the discontinued operations of the *utilities - district heating* segment.

(B) Business Acquisition - Glen Dhu and Fitzpatrick Wind Facilities

In December 2017, through a series of transactions, Capstone acquired the remaining (approximately 50%) ownership interests in the Glen Dhu and Fitzpatrick wind facilities for $21,837, bringing Capstone's ownership interest to 100%. The acquisition of the remaining interest was initially completed by a subsidiary of iCON Infrastructure Partners III, LP ("iCON III"), who then contributed the acquired assets to Capstone on December 31, 2017 in return for an additional capital contribution, recorded as an increase in shareholders' equity.

Beginning December 31, 2017, the balances in Capstone's consolidated statement of financial position include amounts from Glen Dhu and Fitzpatrick; prior to this transaction these investments were equity accounted.

The transaction was accounted for as a step acquisition using the acquisition method of accounting. Under this method, total assets and liabilities are initially recognized at their fair values on the date of acquisition and the equity accounted investment is derecognized. The allocation of the purchase price is preliminary and may be revised up to 12 months after the acquisition date.

5. FINANCIAL INSTRUMENTS

(A) Classification by Level

The following table summarizes the Corporation's financial instruments that have been recorded at fair value:

Recurring measurements	Level 1 Quoted prices in active markets for identical assets	Level 2 Significant other observable inputs	Level 3 Significant unobservable inputs	Mar 31, 2018	Dec 31, 2017
Derivative contract assets:					
Whitecourt embedded derivative [(1)]	—	—	7,436	7,436	13,406
Interest rate swap contracts	—	8,497	—	8,497	7,958
Less: current portion	—	(1,390)	—	(1,390)	(1,130)
	—	7,107	7,436	14,543	20,234
Derivative contract liabilities:					
Interest rate swap contracts	—	1,974	—	1,974	2,144
	—	1,974	—	1,974	2,144

(1) Whitecourt's embedded derivative consists of a $11,585 fair value asset and $4,149 amortized contra-asset, set up on inception (2017 - $17,643 fair value asset, offset by the $4,237 of contra-asset). The decrease in the embedded derivative relates to the introduction of Emission Performance Credits ("EPC's"), which Whitecourt became eligible for on January 1, 2018.

Financial instruments not recorded at fair value

Accounts receivable, accounts payable and long-term debt are reported at carrying value on the statement of financial position. The fair values of these items approximate their carrying values with the exception of long-term debt, which has a fair value of $808,212 compared to a carrying value of $790,173.

(B) Fair Value Determination

The Corporation has determined the fair value of Level 2 and 3 financial instruments as follows:

Interest rate swap	• The interest rate swap contract's fair value fluctuates with changes in market interest rates. • A discounted cash flow valuation based on a forward interest rate curve was used to determine their fair value.
Whitecourt embedded derivative	• The determination of the fair value of the embedded derivative requires the use of option pricing models involving significant judgment based on management's estimates and assumptions, including estimates on the forward Alberta power pool prices, volatility, credit spreads, cost and inflation escalators, fuel supply volumes, electricity sales, carbon pricing and EPC generation.

Capstone, with the assistance of third-party experts, is responsible for performing the valuation of financial instruments, including Level 3 fair values. The valuation processes and results are reviewed and approved each reporting period. These critical estimates are discussed as part of the Audit Committee's quarterly review of the financial statements.

6. LONG-TERM DEBT

As at	Mar 31, 2018	Dec 31, 2017
CPC credit facilities	50,000	65,915
Project debt		
Wind - Operating [1], [2]	533,461	544,382
Solar	80,805	81,632
Hydro	77,154	77,502
Gas	63,386	64,259
Power [3]	804,806	833,690
Less: deferred financing costs	(14,633)	(15,148)
Long-term debt	790,173	818,542
Less: current portion	(84,555)	(86,208)
	705,618	732,334

(1) Wind - Operating project debt consists of Amherst, Erie Shores, GHG, Glace Bay, Glen Dhu, Goulais, Grey Highlands Clean, Saint-Philémon, Settlers Landing, SkyGen, Skyway8, and Snowy Ridge.
(2) On February 6, 2018, SkyGen, Skyway8 and their existing lenders extended the term loan maturity dates to August 2018.
(3) The power segment has a cumulative $35,269 utilized on its letter of credit facilities.

7. SHAREHOLDERS' EQUITY

The following table summarizes the Corporation's share capital:

As at	Mar 31, 2018	Dec 31, 2017
Common shares	62,270	62,270
Preferred shares	72,020	72,020
	134,290	134,290

Capstone maintains its preferred shares which declared dividends during the quarter as follows:

	Three months ended	
	Mar 31, 2018	Mar 31, 2017
Preferred shares declared [1]	631	631

(1) Includes $18 of deferred income taxes (2017 - $18).

8. REVENUE BY NATURE

Capstone's power segment revenue is generated through long-term power contracts which vary in nature as disaggregated below. The corporate activities do not generate revenue.

	Three months ended	
	Mar 31, 2018	Mar 31, 2017
Wind (1)	35,909	26,664
Gas (2)	5,091	4,781
Hydro	2,975	3,862
Solar	2,947	2,738
Biomass (3)	1,948	5,088
Total Revenue	48,870	43,133

(1) Wind revenue for 2017 excludes the results of Glen Dhu and Fitzpatrick wind facilities, which were equity accounted.
(2) Gas revenue at Cardinal consists of fixed payments for providing capacity and availability based on its PPA and other contracts; the remaining revenue is variable based on production.
(3) Biomass revenue for 2017 includes $3,700 of grant funding received by Whitecourt.

9. EXPENSES BY NATURE

	Three months ended Mar 31, 2018				Three months ended Mar 31, 2017			
	Operating	Admin.	Project Development Costs	Total	Operating	Admin.	Project Development Costs	Total
Wages and benefits	2,535	1,355	—	3,890	2,334	2,424	210	4,968
Maintenance & supplies	3,879	—	—	3,879	2,378	—	—	2,378
Property expenses (1)	2,309	112	13	2,434	1,778	118	—	1,896
Fuel and transportation	1,136	—	—	1,136	1,228	—	—	1,228
Professional fees (2)	359	71	311	741	1,021	263	453	1,737
Insurance	566	34	—	600	634	31	—	665
Power facility administration	483	—	—	483	758	—	—	758
Other	525	303	17	845	553	438	152	1,143
Total	11,792	1,875	341	14,008	10,684	3,274	815	14,773

(1) Property expenses include leases, utilities, and property taxes.
(2) Professional fees include legal, audit, tax and other advisory services.

Certain comparative figures for the period ended March 31, 2017 have been adjusted to conform with the presentation in the current year.

10. OTHER GAINS AND LOSSES

	Three months ended	
	Mar 31, 2018	Mar 31, 2017
Unrealized gains and (losses) on derivative financial instruments (1)	(3,847)	(212)
Other	58	42
Other gains and (losses), net	(3,789)	(170)

(1) Unrealized loss on derivative financial instruments primarily reflects a decrease in the Whitecourt embedded derivative asset due to the introduction of EPC's, which Whitecourt became eligible for on January 1, 2018. This is partially offset by gains from the interest rate swap contracts due to higher long-term interest rates since December 31, 2017.

11. SEGMENTED INFORMATION

The Corporation's business has one reportable segment, which contains the power operations in order to assess performance and allocate capital, as well as the remaining corporate activities. Management evaluates performance primarily on revenue, expenses and EBITDA. In 2017, there was one other reporting segment which was sold on March 3, 2017 and thus presented as discontinued operations. Cash generating units within the power segment have similar economic characteristics based on the nature of the products or services they provide, the customers they serve, the method of distributing those products or services and the prevailing regulatory environment.

Segments consist of:	Geographical Location
Power The Corporation's investments in natural gas, wind, hydro, biomass and solar power, as well as project development.	Canada
Discontinued operations (refer to note 4)	
Utilities – district heating ("DH") The district heating business (Värmevärden), in which the Corporation held a 33.3% indirect interest until March 3, 2017.	Sweden

	Three months ended Mar 31, 2018			Three months ended Mar 31, 2017				
	Continuing Operations			Continuing Operations			Discontinued Operations [2]	Total
	Power	Corporate	Total	Power	Corporate	Total		
Revenue [1]	48,870	—	48,870	43,133	—	43,133	—	43,133
Expenses	(12,027)	(1,981)	(14,008)	(11,408)	(3,365)	(14,773)	—	(14,773)
EBITDA	33,217	(1,882)	31,335	32,463	(3,334)	29,129	—	29,129
Interest expense	(9,689)	—	(9,689)	(8,644)	—	(8,644)	—	(8,644)
Income tax recovery (expense)	(952)	535	(417)	(2,144)	(16,555)	(18,699)	—	(18,699)
Net income (loss)	3,556	(1,347)	2,209	6,324	(19,907)	(13,583)	129,317	115,734
Additions to capital assets, net	(129)	—	(129)	1,317	—	1,317	—	1,317
Additions to PUD	1	—	1	8,997	—	8,997	—	8,997

(1) For the quarter ended March 31, 2017, Whitecourt produced enough eligible power to receive $3,700 of grant funding, which was included in power revenue.
(2) Relates to the utilities - DH segment.

12. COMMITMENTS AND CONTINGENCIES

The Corporation, either directly or indirectly through its subsidiaries, has entered into various material contracts and commitments as disclosed in the annual consolidated financial statements for the year ended December 31, 2017.

There have been no significant changes to the specified contractual obligations that are outside the ordinary course of business.

CONTACT INFORMATION

Address:

155 Wellington Street West, Suite 2930

Toronto, ON M5V 3H1

www.capstoneinfrastructure.com

Email: info@capstoneinfra.com

Contacts:

Andrew Kennedy

Chief Financial Officer

Tel: 416-649-1300

Email: akennedy@capstoneinfra.com