Letter to Unitholders

Overview

Brookfield Infrastructure is pleased to report strong third quarter operating and financial results. Funds from operations (FFO) is 7% higher compared to last year and we have advanced many of our strategic initiatives. Our focus during the quarter was on advancing our record capital backlog, which now totals $8 billion, and delivering on our capital recycling objectives. We also remained active in the capital markets, completing financing activities totaling $3 billion, which included a sizable recapitalization at our North American gas storage platform. Proceeds from this financing, combined with the exit of our Mexican regulated natural gas transmission business and several smaller asset sales, resulted in total capital recycling proceeds of approximately $600 million. We have now secured proceeds of $2 billion from capital recycling activities and have achieved our target for the year.

Our growth profile continues to accelerate, focused around decarbonization and digitalization investment themes. We are also seeing more opportunities for value creation within our existing business and our new investments pipeline. Most notable are the tailwinds created by artificial intelligence (AI) and associated power demand. Our existing platform spans many of the sectors directly benefiting, including our natural gas and midstream infrastructure to our data center, fiber and telecom platforms. We have seen this translate into a 20% increase in our capital backlog in the last twelve months, while providing very attractive project level returns.

This year has been notable for the number of elections, with more than 3.7 billion people eligible to vote across 72 countries. While election outcomes can result in policy changes, we believe that we are largely insulated from volatility due to the quality of the countries we invest in and our focus in areas of the economy that garner broad political support. The global economy is in the early innings of a massive investment cycle caused by energy transition and AI innovation, two areas that we are a leader in. With our unparalleled access to scaled capital, we expect to put significant capital to work as we seek to expand our ‘partner-of-choice’ reputation.

Operating Results

FFO was $599 million, which is 7% above the comparable period. On a per unit basis, FFO was $0.76, which represents a 4% increase after considering the increased share count associated with the privatization of the global intermodal logistics operation last September. We experienced strong contributions from the new investments completed last year, as well as the initial contribution from three accretive tuck-in acquisitions that closed this year. Results also benefited from organic growth at the midpoint of our target range, capturing annual rate increases from inflation indexation, stronger transportation volumes and the commissioning of over $1 billion from our capital backlog. This result was partially offset by the impact of higher borrowing costs and foreign exchange, most notably the depreciation of the Brazilian real. When normalizing only for the impacts of foreign exchange, FFO per unit growth was 10%, which is in-line with our target and better reflects the current operational performance of our businesses.

Utilities

The utilities segment generated FFO of $188 million, an increase of 9% on a comparable basis. In total, the amount was higher last year as we sold our interest in an Australian regulated utility business and completed a recapitalization at our Brazilian regulated gas transmission business in the first quarter. Organic growth for the segment was driven by the continued benefit of inflation indexation and the commissioning of over $450 million of capital into the rate base over the last twelve months.

Our U.K. regulated distribution business completed the build out of the first community centralized heat hub network, with homeowners currently taking possession. The networked air source heat pump solution facilitates the U.K.'s transition away from natural gas for new build homes. It lowers residential energy bills by up to 20% using reduced electric grid capacity and provides a lower cost alternative for housing developers. Since the initial launch in 2022, the business has built up a pipeline of 7,000 units and has completed two large scale networks comprising 2,000 units that are scheduled to come online beginning in the fourth quarter.

Within our residential infrastructure business, in Europe, we onboarded three tuck-in acquisitions focused on rolling out our rental product offering and increasing our market penetration in strategic markets such as Germany and Spain. In total we have completed £130 million of tuck-in acquisitions to drive growth in key markets since our initial acquisition of HomeServe in 2023. In Canada, we successfully completed a billing migration for 100% of our customers to an in-house platform from the local utility bill. We expect the new billing platform will provide better customer connectivity and improved opportunities to sell additional services and decarbonization products, allowing us to grow our annuity asset base with existing customers.

Transport

The transport segment generated FFO of $308 million, which represents a 50% increase over the same period in the prior year. The increase is primarily attributable to the acquisition of our global intermodal logistics operation that closed at the end of the third quarter last year and an incremental 10% stake in our Brazilian integrated rail and logistics operation that was completed this year. The remaining businesses performed well, with strong volumes across our networks and average rate increases of 7% across our rail networks and 5% across our toll road portfolio.

As part of its modernization and decarbonization plan, our U.K. port operations took delivery of an innovative hybrid dredger that can be powered by electricity or renewable fuel sources. The £23 million investment supports our strategy of renewing end-of-life assets, reducing future maintenance costs and advancing our decarbonization initiatives, while fulfilling obligations as the statutory harbor authority.

We reached a major construction milestone at our Brazilian toll road business with the completion of the Florianopolis Ring Road in July. This project was one of the largest road infrastructure initiatives in Brazil, spanning over 50 kilometers, including 8 tunnels and 21 bridges. It not only enhances the movement of people and goods across the State of Santa Catarina, Brazil's third largest state on a GDP per capita basis, but also diverts vehicle traffic away from urban areas. Looking ahead, a combination of tariff rebalancing in 2025 and continued traffic growth is expected to drive strong same-store growth.

At our Australian Rail Network, revenues were approximately 3% lower compared to the prior year as lower commodity prices reduced customer activity levels across our network. We expect revenues to improve in the coming quarters following the execution of a multi-year contract with a new customer to rail over one million tonnes on the network per year that commenced in September. The new contract is expected to provide an approximate 4% uplift to the business's annual EBITDA once fully contributing in 2025.

Midstream

The midstream segment generated FFO of $147 million, compared to $163 million in the same period last year. The decline is primarily attributable to capital recycling activities completed last year at our U.S. gas pipeline and higher interest costs across the portfolio from new financing initiatives. The underlying businesses are performing well in the current environment following continued demand for long-term services supported by robust customer activity levels across our critical midstream assets, particularly at our North American gas storage business.

Our Western Canadian natural gas gathering and processing operation continues to add long-term contracts across its asset footprint, including at its largest facility. During the quarter, the business entered into a new firm processing agreement representing over 10% of the facility's capacity. This contract firms up prior spot volumes and secures incremental capacity above current contract levels. We expect the new agreement will result in approximately C$7 million of incremental annual EBITDA on a 100% basis.

During July, our diversified Canadian midstream operation recontracted legacy commercial processing arrangements at one of its key central Alberta processing facilities into long term arrangements that will result in the business retaining an estimated incremental C$70 million in EBITDA commencing in 2027. Also in July, the business completed the addition of a new feedstock cavern to support the facilities business, which will generate an additional C$4 million of annual EBITDA on average on a 100% basis.

Our U.S. gas pipeline continues to perform well with throughput increasing 7% versus the comparative period. In response to increased customer demand and a shortage of critical natural gas infrastructure, our business is expanding its Gulf Coast storage capacity by an incremental 10 billion cubic feet. The expansion is underpinned by take-or-pay contracts for 100% of the capacity, with a 12-year weighted average term. The project is expected to generate annualized EBITDA of approximately $15 million with a net investment of approximately $70 million on a 100% basis. There are strong demand-pull signals for new transport capacity to service gas-fired power generation, which we are actively working to commercially secure.

Data

The data segment generated FFO of $85 million, representing a 29% increase over the same period last year. The step change is attributable to strong underlying performance and several new investments completed over the last twelve months. The most impactful was the tuck-in acquisition of a portfolio of retail colocation data centers completed in the first quarter. Our global data center platform continues to execute its development plans to drive growth, with an additional 70 MW commissioned during the quarter bringing our total installed data center capacity to over 900 MW.

In July, our European hyperscale data center platform successfully commissioned 10 MW in Milan increasing the total operating capacity to approximately 160 MW and is progressing on the build out of an additional 80 MW of capacity planned to be delivered next year across a number of key European markets.

Leasing activity in the U.S. remains very strong. Subsequent to quarter end we signed an agreement to provide over 100 MW of capacity for a hyperscale customer at our Phoenix data center campus, which is now fully leased. Construction at our under-development sites is advancing well, including the on-time and on-budget delivery of 50 MW in Dallas and Phoenix during the quarter.

Strategic Initiatives

On September 12th we closed the tuck-in acquisition of 76,000 telecom tower sites in India. We are now the largest telecom tower operator in India and second largest globally, with over 250,000 tower sites. This acquisition is highly complementary to our existing operations, increasing and diversifying our tenancies from the country's second and third largest mobile network operators, while offering significant operating synergies. The scale and benefits of the combined platform were all achieved at a value-based entry point below 6x EBITDA. Our total equity commitment was $140 million, and we expect the business to generate a strong going-in FFO yield. Concurrent with the acquisition we completed a rebranding of the business, to Altius, which brings together the three acquisitions we have made in the Indian telecommunications space.

During the quarter we secured approximately $600 million of capital recycling proceeds, for a total of approximately $2 billion for the year, successfully achieving our capital recycling target. We agreed on terms to sell our Mexican regulated natural gas transmission business for net proceeds of approximately $500 million ($125 million net to BIP), crystallizing an IRR of 22% and a multiple of capital of 2.2x. The business is mature and derisked, having achieved its value creation plan, most recently securing an average regulatory tariff increase of over 25% that was effective June 1, 2023. The sale is expected to close in the first quarter of 2025, subject to satisfying customary closing conditions.

We also completed the recapitalization of our North American gas storage platform, raising $1.25 billion that enabled a $770 million distribution ($305 million net to BIP) in advance of a sale process. This financing alone returned more capital than we had initially invested and increased the investment's realized multiple of capital to 2.5x. This is an extremely attractive result, given we still own a business that generates approximately $330 million in annual EBITDA. The remaining sale proceeds secured during the quarter were generated from the sale of several financial assets. We remain on track to close the sale of our fiber platform within our French Telecom Infrastructure business in the fourth quarter, generating $100 million in proceeds and an IRR of 17%.

Balance Sheet and Liquidity

The capital markets remain highly attractive for debt issuances, and we have been purposeful in capitalizing on lender demand. During the quarter, we completed $3 billion of non-recourse financings at our share, with the goal of efficiently financing our businesses, extending maturities and reducing our cost of capital. Some notable achievements include:

- Our North American hyperscale data center platform continues to successfully access the capital markets as the first AAA-rated data center ABS issuer. In the quarter, the business raised $370 million in the ABS market across three tranches. Combined with its issuance earlier this year, the business has raised $1.1 billion of total proceeds, enabling us to secure competitively priced capital to fund the continued build out of our backlog of hyperscale data centers.

- At our U.S. retail colocation data center business, we completed an inaugural $900 million ABS issuance in early October, with proceeds used to partially repay our acquisition financing. This financing not only allowed us to extend the maturity of the debt, but it also reduces the company's annual interest expense by approximately $20 million.

- Following a credit rating upgrade at our Western Canadian natural gas gathering and processing operation, we successfully completed a repricing of an $800 million term loan that reduced credit spreads by 25 basis points. This transaction was the second repricing for the year, which allowed us to reduce the cost of the loan by an aggregate of 75 basis points, representing interest savings of $6 million annually.

We continue to maintain a conservatively capitalized balance sheet, with no corporate maturities until 2027 and only 1% of our asset level debt maturing over the next 12 months. We ended the quarter with $4.6 billion of total liquidity, which includes $1.6 billion of corporate liquidity and over $1.4 billion of cash across our businesses that positions us well to pursue our growth initiatives.

2024 Investor Day Recap

At our Investor Day in September, we reminded investors of the significant value creation we have delivered over many years. Since inception we have compounded unitholder returns by 15% annually and have distributed over $10 billion of cash to investors. To contextualize this, we illustrated that an investment in BIP on spin-off would have resulted in a combination of stock and cash valued at almost 7x their initial investment or approximately 9x if the distributions were reinvested.

While this history lesson helped set the stage, the primary focus of the event was on the future and how we are creating value through optimizing capital structures and capturing the tailwinds from digitalization.

1. **Creating value through our differentiated access to capital markets:** Our capital structure reflects the diversification provided by our underlying business. We strategically tailor each financing to the specific investment, selecting the financing market that balances cost, execution and flexibility, while also meeting our risk management objectives. As a result of this strategy, the staggering of our maturity profile and proactive approach to refinancing maturities, we can avoid accessing the market during periods of volatility. Today we have a weighted average debt maturity of 8 years and 80% of our debt is fixed rate.

2. **Capitalizing on the themes of AI and digitalization:** We've been experiencing a remarkable domino effect sparked by increasing digitalization and data demand, which is driving interconnected growth across multiple parts of our business. The first domino in this sequence is power. As the demand for AI utilization surges, so does the power demand, with AI chips requiring up to five times the power of standard chips. In the U.S., data center power demand growth driven by the exponential increase in AI workloads and the construction of new data centers is expected to rely heavily on natural gas power. This creates significant demand across many of our assets, including our pipelines, processing facilities and LNG assets that are part of the energy value chain. The resulting power then travels through our transmission and utility networks to data centers, where it supports the transfer of data across our fiber optic lines and towers to end users. This domino effect ties together assets across all of these core sectors, which collectively generate over 60% of BIP's FFO.

> We have always invested in the backbone of the global economy. AI infrastructure is emerging as a new digitalization-themed asset class encompassing semiconductor manufacturing, compute-as-a-service, energy management, autonomous transportation, robotics and more. Combined, this represents a potential market opportunity of more than $8 trillion over the next three to five years. We are strongly positioned to be the leader in digitalization and AI Infrastructure, which is a natural evolution of our investment perimeter, while retaining our consistent and disciplined investment criteria.

In the next 15 years, we believe the world needs approximately $100 trillion to maintain, upgrade and build infrastructure and we will invest our appropriate share. Embedded within our business is a record backlog of organic growth projects of nearly $8 billion. We additionally have over $4 billion of incremental organic growth projects that our platform businesses are advancing, which comprise our "shadow backlog" and represent projects that have not yet reached final investment decision or are expected to be developed over the next three-to-five years. This is the highest level of investment activity seen within our businesses, and we expect it to accelerate.

Outlook

The economic backdrop for infrastructure investing has improved significantly, broadly speaking, with short-term interest rates moving lower, inflationary pressures easing and liquidity steadily returning to institutional investors. These developments bode well for our business strategy, and we are confident they will create an even more favorable landscape for both asset sales and new investments.

On the capital recycling front, we are seeing elevated demand for high quality infrastructure assets, and we expect to realize considerable benefits from asset rotation. In the next two years, we expect to generate $5 to $6 billion of proceeds from capital recycling initiatives to crystallize the value we have created within our mature and de-risked businesses. These asset sales are expected to generate returns well in excess of our targets. From a deployment perspective, the growth outlook for our business is strong. Industry trends are better than ever, with digitalization, decarbonization and deglobalization driving the massive infrastructure super cycle. Our investment pipeline is as big as it's been in two years, and it continues to grow.

We often characterize BIP as the investment for all seasons and cycles because independent of the economic cycle, election outcomes or the direction of interest rates, Brookfield Infrastructure provides investors an attractive mix of downside protection and upside growth potential that outpaces many of our pure-play sector peers. We believe this is more relevant today than it has ever been. The business is resilient due to the high degree of long-term contracted or regulated cash flow, with significant protection from inflation. Our business is also more diversified than at any point during our history. This combination gives us the confidence to believe that our portfolio can meaningfully increase cash flows in the years ahead.

On behalf of the Board and management, thank you to our unitholders and shareholders for their ongoing support.

Sincerely,

Sam Pollock
Chief Executive Officer

November 6, 2024

Cautionary Statement Regarding Forward-looking Statements

This letter to unitholders contains forward-looking information within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. The words, "will", "continue", "believe", "growth", "potential", "prospect", "expect", "target", "should", "future", "could", "plan", "anticipate", "outlook", "focus", "plan to", derivatives thereof and other expressions which are predictions of or indicate future events, trends or prospects and which do not relate to historical matters identify the above mentioned and other forward-looking statements. Forward-looking statements in this letter to unitholders include statements regarding the likelihood and timing of successfully completing the transactions and other growth initiatives referred to in this letter to unitholders, the integration of newly acquired businesses into our existing operations, the future performance of those acquired businesses and growth projects, financial and operating performance of Brookfield Infrastructure and some of its businesses, commissioning of our capital backlog, availability of investment opportunities, including tuck-in acquisitions, the state of political and economic climates in the jurisdictions in which we operate or intend to operate, the expansion of our businesses and operating segments into new jurisdictions, the adoption of new and emerging technologies in the jurisdictions in which we operate, performance of global capital markets and our strategies to hedge against risk in such markets, ability to access capital, anticipated capital amounts required for the growth of our businesses, the continued growth of Brookfield Infrastructure and its businesses in a competitive infrastructure sector, the effect expansion and growth projects of our customers will have on our businesses, and future revenue and distribution growth prospects in general. Although Brookfield Infrastructure believes that these forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on them, or any other forward-looking statements or information in this letter. The future performance and prospects of Brookfield Infrastructure are subject to a number of known and unknown risks and uncertainties. Factors that could cause actual results of the Partnership and Brookfield Infrastructure to differ materially from those contemplated or implied by the statements in this letter to unitholders include general economic, social and political conditions in the jurisdictions in which we operate or intend to operate and elsewhere which may impact the markets for our products or services, the ability to achieve growth within Brookfield Infrastructure's businesses, some of which depends on access to capital and continuing favorable commodity prices, the impact of political, economic and other market conditions on our businesses, the fact that success of Brookfield Infrastructure is dependent on market demand for an infrastructure company, which is unknown, the availability and terms of equity and debt financing for Brookfield Infrastructure, the impact of health pandemics on our business and operations, the ability to effectively complete transactions in the competitive infrastructure space (including the ability to complete announced and potential transactions referred to in this letter to unitholders, some of which remain subject to the satisfaction of conditions precedent, and the inability to reach final agreement with counterparties to such transactions, given that there can be no assurance that any such transactions will be agreed to or completed) and to integrate acquisitions into existing operations, changes in technology which have the potential to disrupt the businesses and industries in which we invest, the market conditions of key commodities, the price, supply or demand for which can have a significant impact upon the financial and operating performance of our business, regulatory decisions affecting our regulated businesses, weather events affecting our business, the effectiveness of our hedging strategies, completion of growth and expansion projects by customers of our businesses, traffic volumes on our toll road businesses and other risks and factors described in the documents filed by Brookfield Infrastructure with the securities regulators in Canada and the United States including under "Risk Factors" in Brookfield Infrastructure's most recent Annual Report on Form 20-F and other risks and factors that are described therein. Except as required by law, Brookfield Infrastructure undertakes no obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.