Letter to Unitholders

Overview

Brookfield Infrastructure had a solid start to the year, delivering consistent financial performance. Funds from operations (FFO) for the quarter was $0.82 per unit, which normalized for the impact of foreign exchange, was up 12%, ahead of our targets and reflective of our strong underlying operational performance. In total, results were up 5% over the prior year.

We entered the year with considerable optimism around the operating environment. The megatrends, most notably digitalization, have created a robust pipeline of new capital deployment opportunities. There was also a bullish outlook for global growth as interest rates were coming down and inflation had moderated in many of the regions we operate. While this fundamental optimism remains around the global megatrends, the near-term outlook for economic growth is less certain due to trade policies. Despite that, our businesses are highly contracted with balance sheets that are well positioned to manage through any period of adjustment. In the medium to longer-term, we remain confident in global growth and the positive impact that artificial intelligence will have on productivity.

With respect to tariffs, our business is largely insulated from the direct effects, as we are not a manufacturer and have minimal involvement in cross-border trade. Instead, the impact of tariffs will be second and third order derivatives that we can manage through risk mitigation strategies. While it may take the global economy time to adjust, we are focused on executing our business objectives by advancing a large pipeline of new opportunities, recycling capital from mature and de-risked businesses and delivering our backlog of organic growth projects on time and on budget.

To date this year, we have generated approximately $1.4 billion of sale proceeds, marking meaningful progress towards our goal of generating $5-6 billion over the next two years. A portion of these proceeds will be used to fund the acquisition of Colonial Enterprises (Colonial), a critical U.S. refined products pipeline system, which has a multi-decade track record of strong performance and high asset utilization. This transaction demonstrates our ability to acquire high quality, essential infrastructure for value during a period of market turbulence, a hallmark of our proven strategy to move decisively when markets are disrupted.

Operating Results

BIP generated FFO of $646 million in the first quarter, a 5% increase over the prior year period. The increase was driven by strong inflation indexation, higher revenues across our critical infrastructure networks, the commissioning of over $1.3 billion of new capital from our capital backlog and the contribution from tuck-in acquisitions completed in the last year. Results also benefited from increasing utilization at our midstream assets and strong new contracting within our data center business. These results were partially offset by the impact of foreign exchange, higher borrowing costs and the foregone income associated with our capital recycling initiatives completed last year.

Utilities

Our utilities segment generated FFO of $192 million, slightly ahead of the prior year. FFO would have increased 13% year-over-year when normalized for currency impacts and capital recycling activities at our Brazilian regulated gas transmission business in the first quarter of last year. This reflects the inflationary benefits embedded within our portfolio and the contribution from $450 million of capital commissioned into rate base.

Our U.K. regulated distribution business had a strong start to the year, with new connection sales and installations both 4% ahead of prior year as new homebuilding activity increased in the country. Elevated activity levels support a strong growth outlook for the business as the U.K. government aims to increase housing supply. This includes introducing mandatory new housing targets, reducing development timelines, government incentive programs and funding for the training of skilled construction workers. These initiatives are expected to contribute to a 40-year high in homebuilding activities over the next five years. Separately, the business continues to grow its multi-utility offering as construction commenced at our first ground source heat pump (GSHP) site, which is expected to be commissioned by mid-year. The sales backlog for GSHP's continues to grow, adding approximately 900 connections so far this year, increasing our total backlog to over 2,300 since launching the offering in mid-2024.

Within our North American residential decarbonization infrastructure business we continue to leverage HomeServe's nearly five million home repair policy customer base in the U.S. to scale Service Experts' rental product offering. This partnership is now formally rolled out across 22 of our Service Experts locations, funneling HomeServe customer repair work to Service Experts and providing rental product sale opportunities. We have also progressed Service Experts franchising initiative to grow our geographical footprint, with the first franchise roll out expected in the second quarter and 17 additional franchised centers expected throughout 2025.

Our Brazilian electricity transmission operation exercised its option to acquire our construction partner's 50% stake in a concession of transmission lines spanning over 1,200 kilometers for R$840 million, which was entirely debt financed. Our wholly owned portfolio of transmission lines now totals approximately 3,140 kilometers. We will acquire our partner's 50% stake in the remaining 300 kilometers of constructed transmission lines later this year.

Our Australian smart meter business recently secured the deployment of 100,000 smart meters, with an existing major energy retail customer. The arrangement is underpinned by a six-year contract and will generate A$9 million in incremental annual EBITDA once fully deployed.

Transport

Our transport segment generated FFO of $288 million, compared to $302 million in the prior year period. After normalizing for the impact of foreign exchange, most notably the depreciation of the Brazilian real, results for the segment were in line with the prior period. Despite experiencing some volume contraction across our rail and ports businesses, the impact was largely offset by record utilization levels at our global intermodal logistics operation, as well as higher volumes and rates at our toll roads of 6% and 4%, respectively.

During the quarter, several of our rail businesses secured commercial wins. Our Australian rail business recently secured a multi-year contract for iron ore volumes with an existing customer. This doubles their volume on our rail network and is expected to result in EBITDA of A$20 million. At our North American rail operation, we shipped the first carloads from a major global automaker's state-of-the-art manufacturing facility in Georgia. At full capacity this facility will be able to produce up to 500,000 vehicles per year, making it one of the largest auto plants in the U.S.

Midstream

The midstream segment generated FFO of $169 million, which was 8% higher over the prior year period on a comparable basis when adjusting for the impact of capital recycling initiatives and foreign exchange. The growth reflects strong volumes and higher pricing across our midstream assets, particularly for marketed products at our Canadian diversified midstream operation. We continue to see elevated activity levels across our networks more generally, which is driving strong asset utilization and new commercial opportunities.

At our Western Canadian Midstream business, volumes grew across our system in anticipation of LNG Canada's in-service date, increasing utilization levels to 87% and representing a 5% increase from the prior year. We are actively positioning the business to accommodate higher production growth in the region through multiple strategic projects. One example is the NEBC Connector project. We recently received all material federal and provincial approvals for the project and are proactively satisfying all pre-construction conditions in advance of an expected mid-2025 construction start.

We also made great progress at our Canadian diversified midstream operation where we recently executed a 10-year agreement that enables the export of propane from Western Canada to international markets. This is expected to increase our netback on a portion of our propane sales, representing EBITDA of approximately C$10 million per year. In addition, our gas storage business secured several contracts that total approximately $6 million of additional annual revenue. Our contracted revenue is at an all-time high, with a nearly five year weighted-average contract length that is 50% longer than two years ago.

Data

Our data segment generated FFO of $102 million, representing a step change increase of 50% compared to last year. The increase is attributable to strong organic growth in our data center platforms and contribution from the tuck-in acquisition of a tower portfolio in India that closed in the third quarter of 2024.

Over the last twelve months, our U.K. wireless infrastructure operation has been actively commissioning indoor networks at three major U.K. airports to strengthen indoor connectivity. During our ownership, the business has deployed over £40 million of capital across the U.K. and U.S., increasing operational sites by 40% to approximately 100 indoor networks. Combined with strong organic growth from its primary towers business unit, EBITDA in the first quarter was 11% higher year-over-year.

Moving to data storage, our global data center platform has over 140 data centers, with approximately 1.6 gigawatts of critical load and contracted capacity. In terms of our global development pipeline, we continue to deliver our under-construction projects in line or ahead of our commitments, including 35 additional megawatts of capacity that came online in the first quarter.

At our U.S. retail colocation business, EBITDA was up over 25% from the prior year, with over $50 million of expected annual run-rate EBITDA forthcoming through the development of its fully contracted backlog. Since acquiring 40 sites at the beginning of last year, we have completed our integration plans, doubled the tenor of customer contracts and executed $1.8 billion of financing initiatives to de-risk the balance sheet. We also have deployed approximately $200 million into growth projects across several under-roof densification initiatives at highly accretive returns in excess of 35%. The next leg of growth will come from unlocking over 200 megawatts of available space and power across our 50 data centers, which we plan on executing over the next 24 months.

Strategic Initiatives

Market conditions to start the year were highly supportive of transaction activity. We secured $1.4 billion of sale proceeds, concluding five advanced sale processes totaling approximately $1.2 billion in proceeds net to BIP, as well as approximately $200 million from the sale of financial assets.

This month we signed an agreement to exit our Australian container terminal operation, which will result in proceeds of $1.2 billion (approximately $0.5 billion net to BIP). Following the take-private of the business in 2016, we hired a new management team who successfully ran the business through our nine-year ownership period. During this time the business more than doubled its EBITDA and is now the largest and lowest-cost container terminal operator in the Australian market. Reflecting the quality of the business, our exit multiple is approximately 18x EBITDA and we generated a strong IRR of 17% and a nearly 4x multiple of capital. Closing of the transaction is expected in the second half of the year, subject to customary closing conditions.

Also during the quarter, we completed the sale of a minority stake in a portfolio of fully contracted containers held in our global intermodal logistics operation to a financial investor for $440 million (over $120 million net to BIP). This inaugural sale of de-risked and contracted assets provides a framework to replicate with buyers attracted to long-duration and stable cash flow.

We remain on track to close the remaining three asset sales later this year, which includes:

- The final 25% interest in a U.S. gas pipeline generating net proceeds of $400 million to BIP. When combined with the previous financing, total proceeds from the sale were over $900 million and crystallized an attractive 18% IRR and a 3x multiple of capital on our investment since 2015. This transaction is expected to close in May.

- A non-core data center site is on track to close in the second half of 2025, generating approximately $400 million in net proceeds (over $60 million net to BIP).
- The initial 30% interest in a 244-megawatt portfolio of operating sites at our European hyperscale data center platform. We expect to generate over $90 million of net to BIP proceeds, with closing in Q3 2025. We are also progressing the sale of up to a 60% stake in the portfolio, which we hope to sign in the coming months and would add up to $190 million of proceeds at our share.

We are encouraged by the early results of our capital recycling program. Following the additional data center stake sale, we will have secured approximately $1.6 billion in proceeds so far this year.

The global economy is subject to increased risk because of current trade policies, which in some cases have resulted in a wait-and-see approach for buyers. However, many buyers, especially those focused on defensive core infrastructure assets, are looking through the market volatility to acquire high-quality and stabilized assets. We have seen this increase in transaction activity firsthand, which has helped maintain our conviction around continuing to deliver on our $5-6 billion asset sale program. At the same time, our new investments pipeline remains robust and we expect it will continue to grow, particularly if market uncertainty persists, unlocking greater investment opportunities for well-capitalized and value-based investors like ourselves.

Most recently we secured the $9 billion acquisition of Colonial, which operates the largest refined products pipeline system in the U.S. that spans 5,500 miles between Texas and New York. This acquisition checks all the boxes with respect to our established energy investment criteria:

- **Strong utilization with a competitive market position:** Colonial represents a rare opportunity to invest in a high-quality energy infrastructure asset that forms part of the backbone of the U.S. economy. The pipeline system has maintained consistently high utilization of almost 90% for the past 25 years and serves a diverse customer base of over 200 primarily investment-grade customers along the U.S. East Coast.
- **Acquire for value, generally well below replacement cost:** We acquired Colonial at a transaction multiple of approximately 9x EBITDA. Simultaneously, we exited our U.S. natural gas pipeline at several turns higher.
- **Highly cash generative to provide a quick return of capital:** Colonial has a mid-teen going-in cash yield that is expected to increase over time, resulting in a seven-year payback period for our invested capital.
- **Minimal value paid for growth or opportunity to transition the asset:** The value we paid is largely for the in-place assets, with conservative assumptions around terminal value and utilization profile over time. The cash flow profile for this business is highly stable and resilient, supported by a transparent regulatory framework and direct inflation-linkage.

We believe we were successful in acquiring the business due to the large scale of the transaction, sellers' confidence in our ability to close, and proven track record of operating critical energy infrastructure assets safely and reliably. BIP's equity investment is expected to be $500 million, which represents approximately 15% of the total equity investment, alongside our institutional partners, with transaction closing expected in the second half of the year and subject to customary closing conditions.

Balance Sheet and Liquidity

Amidst the recent market volatility, we are reminded of the merits of being prepared and proactive with our balance sheet. Over the last two years, we have refinanced over half of our total outstanding debt. As a result, we have no corporate debt maturities until 2027 and no material asset-level maturities for the remainder of the year. This ensures we can operate through periods of increased volatility and maintain access to capital.

Our activity during the first two months of the quarter focused on further de-risking our financial structure, sourcing capital for growth and lowering borrowing costs:

- At our U.S. semiconductor manufacturing facility, we issued over $6 billion of bonds to fully refinance the remaining bank facilities that were raised to support our initial commitment. With this bond issuance, we have successfully completed the necessary refinancings for the project and significantly reduced the project's funding risk even though it is only approximately 40% complete. Since signing our partnership agreement with Intel in 2022, we brought a new issuer to market, built out a deep investor base and achieved an investment grade credit rating. As a result of these efforts, we were able to complete our refinancing program nearly two years ahead of schedule and at credit spreads better than our expectations.
- At our U.S. hyperscale data center business, we successfully raised $885 million of asset-backed securities to fund contracted growth. Additionally, at our U.S. colocation data center business, we raised $940 million of asset-backed securities to partially repay the acquisition facility, which is close to being fully repaid.
- Our North American gas storage business repriced a $1.25 billion term loan B to reduce credit spreads by 50 basis points, resulting in approximately $6 million of annual interest savings.

Our balance sheet remains well capitalized, with significant liquidity at the end of the first quarter that totaled $4.9 billion, including $2 billion at the corporate level and over $1.1 billion in cash retained at our operating businesses. This substantial amount of dry powder provides us with the confidence to pursue a variety of acquisition opportunities as they arise. In April, we opportunistically repurchased approximately $30 million of units under our normal-course issuer bid, capitalizing on increased market volatility.

The Opportunities Amidst Uncertainty

The evolving trade situation has created economic uncertainty that is manifesting itself in all parts of the market. These conditions, while challenging for many, will have a more muted impact on owners of large-scale, irreplaceable and highly contracted infrastructure businesses. Further, an environment where there is fear and uncertainty has historically created the best investment opportunities for well capitalized companies with conviction over the long-term.

The direct impact of tariffs are negligible for Brookfield Infrastructure. Our assets are comprised of regional networks and systems that facilitate the flow of goods, commodities, energy, data and people, for which we charge a usage fee – we do not for the most part produce or sell goods that are subject to tariffs. Any resulting inflationary pressure will be captured in our results either contractually, through pricing power or full cost passthrough to customers as we have demonstrated in the recent past.

On the surface, the area of our business with the most exposure to tariffs and global trade is our transportation networks, which represent roughly 40% of our FFO. However, our focus on long-term contracted cash flows means we have very little immediate exposure to a slowdown in global trade. For example, the three largest businesses in our Diversified Terminals sub-segment, collectively represent roughly 50% of the Transport segments FFO and have little to no volatility tied to GDP. At our U.S. LNG and Australian export terminals, the vast majority of our revenues are contracted on a long-term, take-or-pay basis, meaning we are not subject to volume risk.

Our global intermodal logistics operation benefits from a seven-year average contract term and strong operational flexibility. If global trade slows, the business can organically right-size its container fleet by selling end-of-life containers in the secondary market to harvest cash and maintain high utilization rates. During favorable market conditions, the highly cash generative nature of the business allows for investment in fleet replacements and growth, particularly when paired with an extremely short lead time for ordering new containers. Even if trade slows in the near term, the business has significantly de-risked its growth profile for the year. During the second quarter we expect to close the opportunistic bolt-on acquisition of a high-quality portfolio of fully contracted containers at an attractive valuation and at higher rates than what could be achieved in the market. The acquisition represents approximately 6% growth to the business's existing fleet and is entirely self-funded through existing cash and borrowing capacity.

While the direct impacts are limited, there is the potential for second and third order impacts. The customers that utilize our infrastructure, such as global shipping, energy, and agriculture companies may be subject to tariffs, and as a result their profitability or creditworthiness we will have to monitor. In addition, tariffs may impact the price of inputs to major capital projects, particularly those in the U.S. We view this potential impact as manageable as we have proactively built very diversified supply chains. For our development plans in the U.S., including new data center projects, we have either locked-in construction costs or have components that are sourced locally.

Given the defensiveness of our in-place business, we can play offence capitalizing on the accelerated deglobalization trend, which has the potential to result in significant new investment opportunities. If certain strategic and non-strategic manufacturing relocates to the U.S., this will result in a multi-decade transformation of supply chains that will have a ripple effect for new investment opportunities in transportation, utilities and energy infrastructure.

Many of the world's leading companies have announced large-scale capital investment in the U.S., requiring significant amounts of capital and supporting infrastructure. For example, our North American rail operation stands to benefit from an expansion of the domestic supply chain related to the electric vehicle production plant in Georgia that began commercial operations ahead of schedule at the end of the quarter. Today the company transports completed EV's for the domestic market. In the future, it could also transport bulk inputs to the plant, such as domestically produced batteries and steel. This is the first of what could be many re-industrialization opportunities that new and existing businesses are well placed to capture.

Finally, the market uncertainty will create attractive entry points for new investment opportunities. Some of our best investments historically have been made in periods of dislocation. In particular, public companies have more attractive entry points for take-private transactions and are additionally candidates to carve out and sell assets. We believe there will be buyers of assets that will stay on the sidelines, reducing competition for new acquisitions. Those with long-term conviction, such as Brookfield Infrastructure, stand to benefit.

Outlook

A hallmark of our business has always been our ability to cut through the headlines and market noise, focusing on strategy and execution. While we expect the market and economic landscape will likely remain turbulent due to ongoing policy shifts and global trade dynamics, our base business remains resilient. We have a strong balance sheet and stable cash flow that is highly contracted, and inflation indexed. This gives us confidence in our ability to navigate these challenges, while thinking strategically about the years ahead.

Our three primary business objectives for the year ahead are clear. The first is to deliver organic growth within our businesses by executing new capital projects on time and on budget, while replenishing them with high-returning and lower risk opportunities. We will continue to diversify our supply chains and minimize our exposure to cost overruns through turn-key construction contracts and structuring revenue contracts with a known cost profile.

The second is to advance our large pipeline of new investment opportunities, ensuring that we maintain a long-term view while being bold when the right opportunity presents itself. We are at a moment in time where all three megatrends driving new investments are strengthening. Digitalization and decarbonization have been central to our recent deployment, and the current environment of U.S. onshoring of manufacturing is expected to surface significant investment opportunities around deglobalization. A long-term investment horizon spanning multiple years, if not decades, will be required for each of the megatrends, fueling the infrastructure super cycle and improving visibility to a backlog of new M&A opportunities.

The third is to deliver on our stated objective to monetize $5-6 billion of de-risked and core assets over the next two years to entirely self-fund our new investments. We have had great success so far this year with $1.4 billion already secured and we have several advanced processes underway that will get us closer to our goal. Despite the uncertainty that exists in the market that may cause some buyers of our assets to pause new M&A, we benefit from diversity both in terms of sector and geography, as well as an extensive asset monetization toolkit that has a proven track record of being successful.

We are confident in our ability to successfully achieve these objectives. Our consistent approach to capital allocation since our inception, along with an experienced management team, provide us with the confidence to emerge from this period even stronger.

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

Sincerely,

Sam Pollock
Chief Executive Officer

April 30, 2025

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.