

LETTER TO UNITHOLDERS

OVERVIEW

The second quarter of 2013 was the most profitable in our history, as virtually all of our operations performed well. Funds from operations (“FFO”) for the period was \$180 million, or \$0.88 per unit, representing year-over-year increases of 62% and 47%, respectively. Our results also exceeded the first quarter of 2013, with FFO and FFO per unit up 13% and 10%, respectively. This strong performance was driven by our recently commissioned Australian railroad expansion and contribution from acquisitions that we closed in the latter part of 2012. Most importantly, we are very encouraged that many of our operations are performing ahead of expectations, with outlooks that remain positive. For the quarter, we generated an AFFO yield of 13%, and our payout ratio of 55% was conservative versus our target range of 60%-70%.

During the quarter, we made significant headway executing the plan to divest non-core assets that we announced last year. We signed definitive agreements to sell assets that will generate net proceeds of almost \$1.1 billion, including our timber business and a minority stake in our regulated distribution business in New Zealand. As we look forward, our balance sheet is currently stronger than ever, with approximately \$2.5 billion of liquidity at the corporate level, and we are actively evaluating a number of opportunities to re-invest this capital at attractive rates of return in order to enhance unitholder value.

OPERATIONS

Utilities

Our utilities platform produced FFO of \$96 million in the current quarter compared with \$78 million in the second quarter of 2012. The increase was primarily due to the acquisition which doubled the size of our UK regulated distribution business, and the increased ownership in our Chilean electricity transmission system. Excluding the contribution from these investments, our underlying performance was solid, benefiting from inflation indexation, the commissioning of certain capital projects into our rate base and favourable weather conditions.

Coming into 2013, one of our top priorities was the integration of our recent UK regulated distribution acquisition. During the first six months of the year, we have made significant progress on this front. We have right sized the organization, including combining control centers, sales teams and back offices. The remaining undertakings will be completed once we finalize an IT system upgrade that has commenced. We continue to target cost synergies of approximately £5 million per annum once all key tasks are completed.

During the quarter, we advanced the construction of our electricity transmission system in Texas through a critical juncture, demonstrating our ability to execute large-scale capital projects. At the project’s peak, approximately 2,000 people were working on site, with 50 separate contractors actively engaged in construction. The first segment of this project is in service, and we are on track to commission the final two segments by the end of the third quarter, consistent with our initial timetable. Upon completion of this project, we will have effectively acquired a high quality electricity transmission system for one times rate base, and we expect to earn an attractive return that is within our long-term target range.

In May our Chilean transmission system issued inflation indexed bonds of UF\$3.1 million (US\$140 million) in the local market, which bear an interest rate of UF + 3.95% and mature in 2042. In July this business also closed a US\$300 million international bond issuance maturing in 2023. The notes received ratings of BBB- from Fitch and Baa1 from Moody’s and were issued at a fixed rate of 4.5%. The proceeds of these issuances will be used to repay existing indebtedness and fund expansionary growth projects.

Transport

Our transport platform generated FFO of \$83 million in the second quarter of 2013, versus \$36 million in the prior year period. The increase was attributable to a doubling of FFO from our Australian railroad following completion of our expansion program, the final portion of which was commissioned in March 2013. Our results also benefited from a strong performance from our toll roads, which posted FFO that exceeded our expectations due to higher traffic volumes and tariffs.

During the quarter, we won a stamp duty dispute with the government of Western Australia (WA), relating to our Australian railroad business. Following our acquisition of Prime Infrastructure in 2010, we deposited \$46 million in escrow to reserve against this potential stamp duty obligation. In April 2013 the WA Court of Appeal ruled in our favour. In July our deposit was returned with \$6 million of interest.

Shortly after quarter end, we closed a €450 million credit facility at our European ports business with a syndicate comprised primarily of European banks. The proceeds from this corporate facility were used to repay debt at various subsidiary operating companies, providing us with greater flexibility to manage this business. The deal priced at a spread of 300 basis points with a maturity of five years. We are pleased with the execution of this financing, in the midst of a challenging operating environment for this business due to the broader economic weakness in Europe.

Energy

Our energy platform earned FFO of \$18 million in the current quarter compared to \$17 million in the second quarter of 2012. We benefitted from strong results at our UK energy distribution operations, due to an unseasonably cold spring, and the contribution from our recently acquired district energy system in Toronto, which more than offset a decline in performance at our natural gas transmission business. Weak market fundamentals in the North American natural gas market will continue to dampen results of this business in the short to medium run. Longer term, we expect results to strengthen as our natural gas transmission business benefits from supply growth in the emerging shale gas basins that we serve, as well as increased demand from gas-fired power generation.

In July, we completed a refinancing at our district energy system in Toronto, raising C\$215 million in a private placement. The notes achieved an A- rating from DBRS, and they have a weighted average maturity of 25 years with an average coupon of 4.9%. Proceeds from the private placement were used to refinance acquisition debt and return capital to shareholders. With this financing complete, we have no significant near-term maturities in any of our operations.

In early August, we signed definitive documents to acquire 100% of Entergy Solutions District Energy ("ESDE") for \$130 million in partnership with institutional investors. ESDE owns and operates district energy assets serving the business districts in Houston and New Orleans. Brookfield Infrastructure will own a 40% interest in the business. This operation will complement the system that we acquired in downtown Toronto and is a key milestone in our broader plan to build out a North American district energy business. This acquisition is expected to close in the third quarter of 2013.

CAPITAL RECYCLING

Less than a year ago, we announced a plan to divest certain non-core assets to fund a portion of the capital invested in 2012 and to provide further liquidity for new investments that we are pursuing. We define non-core assets as ones in which Brookfield does not have sufficient control in order to deploy our operations-oriented approach to enhance value as well as assets that are mature or have limited incremental upside. While our timber assets were a core component of our business, we had an opportunity to dispose of these assets to strategic buyers who were prepared to offer prices that fully

reflected our view of future log prices. In the current market environment, buyers are generally valuing both mature, regulated assets and timberlands at rates of return that are lower than our targeted range of 12% to 15% per annum. As a result, a sale of these assets will provide a very low cost source of financing for our business. When we embarked upon our plan, we appreciated that we would not necessarily be able to time asset sales in order to match-fund new investments. However, we are confident that we will be able to recycle this capital into new investments that offer superior returns for our unitholders in a relatively short period of time.

Over the last nine months, we have worked very hard to progress this initiative, executing definitive agreements for five divestitures totaling \$1.5 billion of equity proceeds. Once completed, these transactions will generate approximately \$500 million of capital gains and average annual returns on our invested capital in excess of 25%. As we regularly revalue the assets on our balance sheet in accordance with IFRS, much of these gains were recognized in our financial statements in prior periods either through net income or our capital accounts. We believe that the returns that we achieved on these investments highlight our ability to buy and sell assets for good value and demonstrate our discipline as stewards of capital.

Below is a recap of our recent divestitures:

- During the quarter, we announced the sale of our Canadian and U.S. timberlands for combined proceeds of \$640 million. These sales were completed at a modest premium to our most recent appraisals that reflect a full recovery of log prices and historically low discount rates. Furthermore, our U.S. timberlands sold for a price that equates to \$4,100 per acre, a notable premium to most sales that have taken place over the past 10 years in the Pacific Northwest.
- In July, we announced the signing of definitive agreements to sell our 42% interest in our New Zealand regulated distribution business for NZ\$525 million (US\$410 million). This business has generated very strong cash flows, since we first acquired it in 2009 as part of our recapitalization of Babcock and Brown Infrastructure. Upon closing of this transaction, we will have generated an internal rate of return on this investment in excess of 25%, largely attributable to the favourable price at which we acquired this asset during the financial crisis in 2009. We expect to receive proceeds from this sale by the end of 2013, following the approval of the New Zealand Overseas Investment Office.

OUR BALANCE SHEET

During the first half of the year, we undertook a number of initiatives to further strengthen our balance sheet in order to position ourselves to capitalize on attractive, large-scale acquisition opportunities. In addition to the asset sales discussed above, we also executed the following transactions:

- Upsized our credit facility – We increased the availability under our corporate revolving credit facility by \$500 million to \$1.4 billion, adding nine new lenders to our bank group. The commercial terms of these bilateral agreements are the same as our existing facilities, providing us with access to additional capital at a very low cost.
- Equity issuance – In early May, we issued \$340 million of equity in a transaction that was two and a half times oversubscribed, further demonstrating the strong appetite for our units as well as investor confidence in our ability to grow our business in an accretive manner.

Including the expected proceeds from the sale of our New Zealand regulated distribution business, we will have access to approximately \$2.5 billion of liquidity at the corporate level, with \$1.1 billion of cash on hand.

OUTLOOK

In my last letter to unitholders, I highlighted our general optimism regarding the long-term outlook of markets in which we operate and the strength of our deal pipeline. Since then, there has been considerable volatility in the global markets as investors scramble to reposition themselves in advance of the impending tapering of quantitative easing by the U.S. Federal Reserve. In the past three months, yields on 10-year U.S. treasuries have increased by approximately 100 bps to 2.6%.

Our business development teams around the world continue to focus on a number of strategies that we believe will yield attractive investment opportunities:

- Acquiring non-core infrastructure assets from industrial companies that are looking to de-lever their balance sheets and raise alternate sources of capital to fund their investment programs; and
- Acquiring GDP sensitive infrastructure assets from construction companies that are seeking to refocus on their core construction business and strengthen their balance sheets.

With the recent volatility in the capital markets, raising capital in the debt and equity markets now carries considerably greater uncertainty. Our ability to take a long-term view and to commit capital on a timely basis provides an attractive alternative for those companies looking to sell assets or raise capital. Furthermore, a number of these opportunities are very large scale. With our liquidity position and proven access to the capital markets, we believe that we are one of a short list of buyers that can readily execute these transactions.

We have a great amount of confidence in our ability to deploy significant amounts of capital at attractive returns as demonstrated by the approximately \$4 billion that we have invested in acquisitions since 2009. We feel fortunate to have a significant war chest to invest at a time when equity return expectations are on the rise. The deployment of this capital will drive further distribution growth which should support our attractive valuation relative to other yield-oriented investments.

On behalf of the board and management of Brookfield Infrastructure, I would like to thank all our unitholders for their ongoing support. I look forward to updating you on our progress in the coming periods.

Sincerely,
"signed"

Sam Pollock
Chief Executive Officer
Brookfield Infrastructure Group Corp.

Note: 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", "expect", "intention", "target", "should", "look forward", "anticipate", "forecast", "future", "could", "plan", "tend to", "estimate", "outlook", "on track to", "going forward" 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 acquisitions and other growth initiatives referred to in this letter to unitholders, the future performance of those acquired businesses and growth projects, financial and operating performance of Brookfield Infrastructure and some of its businesses, availability of investment opportunities, ability to access capital, 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 conditions in the jurisdictions in which we 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 favourable commodity prices, the impact of market conditions on our gas transmission business, the fact that success of Brookfield Infrastructure is dependent on market demand for an infrastructure company, which is unknown, the availability of equity and debt financing for Brookfield Infrastructure, the ability to effectively complete new acquisitions in the competitive infrastructure space (including the potential acquisitions referred to in this letter to unitholders) and to integrate acquisitions into existing operations, 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, 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.