Brookfield Infrastructure Partners L.P.

LETTER TO UNITHOLDERS

OVERVIEW

Our results this quarter were strong as virtually all of our operations performed better than the prior year. Organic growth across most of our businesses and incremental earnings on capital that we deployed over the past 12 months more than offset the impact of asset sales. Funds from operations ("FFO") for the quarter were $167 million, or $0.80 per unit, representing year-over-year increases of 48% and 38%, respectively. We generated an AFFO yield of 12% and our payout ratio remains conservative, currently at 59%, which is below our long-term target range of 60%-70% of FFO.

During the quarter, our focus firmly shifted from capital recycling to capital deployment. Our final asset sale, the divestiture of our Australasian distribution business, has been progressing through the regulatory consent process and it is currently anticipated that the sale will close before the end of the year. We are pleased that we were able to deploy approximately $550 million this quarter. This capital is being used to increase our ownership of our South American toll roads and further expand our district energy platform by acquiring two systems in Houston and New Orleans, which we expect to close before the end of the year. We also added to our utilities rate base by investing $70 million and replenished our backlog by signing almost $60 million of new mandates.

OPERATIONS

Utilities

Our utilities business generated FFO of $97 million in the period, compared to $80 million in the third quarter of 2012. The increase was primarily due to the impact from the investments made in our UK regulated distribution business and our Chilean electricity transmission system at the end of last year. Excluding the contribution from these investments, our underlying performance was solid, benefiting from inflation indexation, additions to the rate base of our existing operations, as well as lower financing costs.

We also continue to advance a number of priorities in our utilities business. During the quarter, we closed on a $150 million financing at our Chilean Transmission business which related to an expansion project we commissioned earlier this year. The financing was completed at an attractive rate of LIBOR + 2.25%, maturing in 2028. In October, we commissioned the second segment of our Texas transmission system which we expect to have fully commissioned into the rate base by the end of the year. In addition, it has been a year since we successfully completed the acquisition and recapitalization of Inexus where our primary focus has been on integrating the business with our existing UK distribution business and realizing cost synergies. We have achieved nearly 70% of these savings and are continuing to implement our business plan to achieve the balance. We are also seeking to leverage and cross sell Inexus' service offerings by introducing product lines such as fibre to home to our existing customers. We made strides on this front during the quarter as we completed several fibre network sales, which we hope will position us well for future growth.

Transport

Our transport platform generated FFO of $82 million in the third quarter of 2013, compared to $40 million in the prior year period. The significant increase in FFO was driven by the commissioning of our Australian railroad's expansion program, the final portion of which was commissioned in March 2013, and a higher contribution from our toll road business, where we have made significant investments over the past 12 months.

In September, we completed a R$600 million debenture issuance at one of the state roads in our Brazilian toll road business, to repay existing debt that was more expensive. The five-year debenture was priced at 109 basis points over the Brazilian Interbank deposit rate and achieved a solid investment grade rating from Moody's.

During the quarter, we invested a further $500 million into our Brazilian toll road platform, increasing our ownership to approximately 31%. The business has performed well since our initial acquisition in December 2012, and in the past year invested over R$500 million of growth capital to widen its roads, which is expected to facilitate higher traffic going forward. We were pleased to be able to add to our interest in this high quality business which has attractive long-term growth potential.

Energy

Our energy platform earned FFO of $14 million in the current quarter which was consistent with the third quarter of 2012. Contributions from our recently acquired district energy system in Toronto were offset by lower results at our natural gas transmission system which continues to be affected by weak market fundamentals in the North American natural gas market.

Our district energy business is currently advancing several growth initiatives. During the quarter, we completed the connection of a commercial office property in downtown Toronto to our system and made substantial progress with development plans relating to two additional buildings that we expect to have connected by the end of next year. In August, we acquired district energy systems in Houston and New Orleans from a utility. We are progressing the necessary consents and anticipate closing the transaction in the fourth quarter. In addition to providing attractive risk-adjusted returns, we believe that the added technical expertise that we gain from this acquisition will aid us in growing this platform. We remain optimistic about our ability to expand our district energy platform organically and through acquisitions in the years ahead by utilizing a proactive approach to acquiring systems from corporate, municipal and institutional owners where these operations are not core to their main activities.

RISING INTEREST RATES

Over the last several quarters there has been significant consternation amongst investors regarding the direction of interest rates in the U.S. In relation to Brookfield Infrastructure, we appreciate that some investors could have concerns regarding the potential impact that rising rates may have on our financial and unit price performance going forward. We don't profess to know when or if interest rates will rise further, however, we can state that we have for the last several years, during this historically low interest rate environment, operated our business on the assumption that rates would return to more traditional levels. In addition, we do not believe that higher interest rates are bad for infrastructure assets, in fact, we believe the opposite, as higher rates will in all likelihood, be accompanied by higher inflation and economic growth which are generally beneficial for our business.

We have deployed a consistent investment strategy since our inception whereby we target acquisition opportunities where we can invest on a value basis and earn attractive total returns of 12-15%. We consciously ensured that we did not reduce our return requirements when interest rates declined dramatically nor did we assume that interest rates would stay at these low levels in perpetuity in our valuation models. This may have put us at a cost of capital disadvantage for a period of time compared to the approach taken by some other investors, but we felt it was the prudent investment approach. From a risk management perspective, we predominantly finance each of our operations with long-term, fixed rate debt on a non-recourse basis to Brookfield Infrastructure and utilize investment grade structures to provide us resiliency through economic cycles. Furthermore, we have been extremely active over the past several years, extending maturities and locking in low interest rates. Our current business has a well staggered maturity profile with an average maturity of almost 10 years and approximately 90% of our long-term debt is at fixed rates.

We believe that there is a general misconception that rising interest rates are negative for infrastructure assets because they are occasionally perceived as "long bonds" from a valuation perspective. While infrastructure assets have strong barriers to entry that provide the same security of cash flows associated with high grade long-term bonds, they also have operating, regulatory and contractual components that tend to result in rising cash flows and values over time. To better describe these elements, we highlight below the opportunities for organic growth in our own portfolio. We target "same store" FFO growth of 6-9% per annum and are optimistic of achieving this target because of the following levers that exist in our operations.

- *We capture inflationary price increases* – The majority of the assets we own today tend to operate under regulated and contractual revenue agreements which contain either explicit inflation-linked revenue increases or revenue growth formulas that are derived from real inflation levels. Approximately 70% of our EBITDA is exposed to inflationary price increases, and given the high margin businesses we own, and the fact that our debt is fixed for the next 10 years, we expect our FFO to increase on average 3–4% each year. This growth is dependent on inflation levels in the countries in which we operate.

- *Our surplus capacity captures global economic growth* – We operate many businesses that benefit from global economic growth. Businesses such as toll roads and ports that have historically had very high correlation to GDP growth have surplus capacity that can handle additional volume generated from economic growth. These two businesses alone represent 35% of our total EBITDA and should lead to an approximate 1–2% increase in FFO for us on an annual basis. These growth levels do not take into account several of our other businesses that we also believe will be positively impacted by economic growth, namely our railroad business in Australia, our Chilean transmission business and our UK regulated distribution business.

- *We reinvest internally generated cash flows into our capital backlog* – The final component of our organic growth is derived from the reinvestment of internally generated cash flows into upgrades and expansions of our networks, which we categorize as our capital backlog. Typically each year, we retain 20% of our FFO to invest in the capital backlog in our existing businesses after we have serviced our distribution and maintenance capital expenditure obligations. We earn on average a 12% FFO yield on these investments, which we expect should add further annual FFO growth of approximately 2–3%. We have a track record of successfully replenishing our capital backlog in our utilities business year after year, and expect to do so in the future.

In summary, long-term bond values may decrease with rising interest rates but we believe that values for infrastructure assets, such as the ones we own, are dependent on their unique cash flow attributes that reflect their ability to capture inflationary, economic and expansion growth potential. Should interest rates rise, we believe it is likely to be in conjunction with higher economic growth and inflation which should positively impact our FFO growth and correspondingly the value of our business as a whole. The best protection we have against rising interest rates is the embedded growth potential in our business.

OUTLOOK

We have been successful in the past by applying a contrarian approach when making new investments, often the result of focusing on sectors or regions that are capital constrained. In countries such as Brazil, where we have over 100 years of experience, economic growth has slowed and the currency has fallen against the U.S. dollar. Foreign investment has declined and capital available in the country has suddenly become scarce. At the same time, the demand for infrastructure is considerable given the lack of investment in recent years. As a result, a significant catch-up is required in order to build out the country's infrastructure to meet current needs. In this environment, we see opportunities to acquire high quality assets with strong fundamentals at attractive valuations. Overall, we remain confident in the country's long-term prospects given its plentiful resource base, attractive demographics, established rule of law and expanding middle class.

We also continue to focus our attention on several industrial sectors that are out of favour with the capital markets to unlock infrastructure assets that are part of a larger logistical chain. We believe we can invest at attractive returns in these situations by assisting corporate owners of infrastructure assets to surface value and liquidity within their businesses and bring our unique operating capabilities to bear to drive further value creation. We recently increased our investment in our Brazilian toll roads, bought a district energy business and entered into exclusive negotiations for an investment into a large general cargo, infrastructure logistics business in South America. In addition, we are in exclusive discussions relating to several other investment opportunities. We continue to feel very enthusiastic about our growth prospects going forward.

We are seeing excellent opportunities to expand our global portfolio and we have significant financial resources available to pursue these initiatives. Deploying our existing liquidity and new capital we raise in the future can be very meaningful for our business. For each ~$500 million of equity capital that we deploy in new investments each year, we believe we can generate an additional ~2% of FFO per unit growth on an annual basis. That's in addition to the organic growth that we can achieve as described earlier. As a result, we are targeting long-term average distribution growth in the range of 5–9% for the Partnership which we believe in combination with our 4-5% current yield, is a compelling total return for our unitholders.

At the end of the quarter, our Chief Financial Officer John Stinebaugh accepted a senior role in Brookfield's property group. Bahir Manios, a member of the infrastructure group since the Partnership was launched in 2008, was appointed as our new Chief Financial Officer. On behalf of all unitholders, I would like to thank John for his leadership and dedicated service that contributed so much to our success, and welcome Bahir into his new role.

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", "potential", "prospect", "expect", "intention", "target", "should", "look forward", "anticipate", "forecast", "future", "could", "plan", "tend to", "estimate", "outlook", "on track to", "remain optimistic about", "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 energy distribution and transmission businesses, 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.*