

Brookfield Infrastructure Partners L.P.

LETTER TO UNITHOLDERS

OVERVIEW

Financial results in the third quarter for Brookfield Infrastructure continued to be solid reflecting the regulated and contractual cash flows that underpin our operations. Our business, for the most part, has been insulated from the effects of a slowdown in some of the global markets where we operate, demonstrating the strength of our franchises, the secure nature of our cash flows and the overall diversification of the business. We closed on approximately \$400 million of transactions that will meaningfully expand our transport and energy businesses, and advanced a number of other initiatives in both our organic growth backlog and acquisitions pipeline.

We reported Funds from Operations ('FFO') of \$178 million, or \$0.85 per unit, for the third quarter of 2014, translating to a 63% payout ratio, which sits comfortably at the lower end of our long-term target range. Our results increased by 6% on a per unit basis compared to the third quarter of 2013 as organic growth and incremental earnings on capital that we deployed over the past 12 months offset the impact of asset sales. On a comparable or 'same store' basis, our business continues to perform on target with a 12% increase to our results year to date, which exceeds our goal of 6% - 9% annual growth. We benefited from organic investments we have made over the last 12 months in our utilities business and higher volumes in our transport operations. This more than offset the lower contribution from our energy operations.

We were able to achieve these strong 'same store' results against a backdrop of a U.S. dollar that has appreciated on average by up to 10% compared to other countries where we invest. The U.S. dollar began to gain positive momentum in the second quarter of 2013, but fortunately, our results have been protected by foreign currency contracts entered into during prior periods that hedged approximately 70% of our cash flows that were generated in foreign currencies. Our FFO hedging program is designed to opportunistically lock in currency rates over a period of 12 – 24 months. Over time, these hedged rates (all else being equal) will trend downwards should there be no rebound in exchange rates, as more favorable contracts roll off and are replaced by contracts entered into at lower rates. In the near term, we expect to see a gradual drop off in our hedged rate profile, compared to previous periods. However, for the next two years our average locked-in rate for the currencies where we have exposure exceeds current trading levels.

OPERATIONS

Utilities

Our utilities business generated FFO of \$93 million in the period compared to \$97 million in the third quarter of 2013. Results were slightly lower, reflecting the impact of the sale of our Australasian regulated distribution operations in the fourth quarter of 2013. However, on a comparable 'same store' basis, results were exceptional with growth of nearly 17% compared to the prior quarter. We benefited from higher connection activity in our UK regulated distribution business, the commissioning of projects at both our Australian terminal and electricity transmission businesses, and margin improvement programs that have been implemented across our operations.

During the quarter, in our regulated distribution business in Colombia, we secured a COP 400 billion (USD equivalent \$200 million), 10-year non-amortizing bank financing, at an all-in cost of 7.9%. The proceeds from this financing will go towards repaying bridge loans that were set to mature in 2016.

On the organic growth front, we were successful in adding new projects to bolster our capital backlog in our utilities operations to approximately \$450 million. We experienced another strong quarter of connection sales activity in our UK regulated distribution business where we signed up approximately 95,000 new home connection mandates, reflecting strong UK housing starts and a new record for our business. In our Chilean transmission business we were awarded approximately \$35 million of trunk upgrade and expansion projects during the quarter, and at our regulated terminal and North American transmission businesses we added a combined \$10 million to our backlog.

Transport

Our transport business generated FFO of \$102 million in the third quarter of 2014, compared to \$82 million in the prior year period. The 24% increase in FFO was driven largely by the greater contribution from our Brazilian toll roads, where we doubled our ownership in September 2013, partial contribution from our new Brazilian rail business that closed in mid-August, and higher overall volumes in our Australian railroad operations.

Our Brazilian rail operation (VLI) provides logistics services primarily to agricultural and industrial customers. We are well underway with integration efforts, and to date we are pleased with the performance of the business. In our U.S. ports business, we had signed agreements to acquire a container terminal located in New York. Due to regulatory issues, we are not proceeding with this transaction.

Subsequent to quarter end, our Brazilian toll roads business completed several financings that totalled approximately R\$700 million. At the corporate level, a three-year R\$300 million financing was completed at a rate of 128 bps over the Brazilian Interbank deposit rate (CDI), which achieved a local AA+ rating from S&P. The proceeds from this financing will be used to fund various organic capital expansion projects within the business. We also completed a five-year, R\$375 million financing at 110 basis points over CDI on one of our state toll roads, which achieved a local AA+ rating from Moody's.

Energy

Our energy business generated FFO of \$10 million in the third quarter of 2014, compared to \$14 million in the prior year period. Results were lower as our North American gas transmission business was impacted by lower spreads and summer demand which was partially offset by a higher contribution from our district energy business where we have added four systems in a number of U.S. cities over the past 12 months.

During the quarter significant progress was made on our investment pipeline. We closed on the previously announced acquisition of a system in Chicago and in the next few weeks will close on the acquisition of one in Seattle. With these acquisitions we are adding three systems that provide environmentally-efficient heating and cooling to large buildings in Chicago, Seattle and Las Vegas. We now own six systems in North America, and have grown our overall heating and cooling capabilities by approximately 50% over the past year. Our previously announced acquisition of a California gas storage project is progressing as planned and we expect this transaction to close by the end of the first quarter of 2015, following completion of customary closing conditions.

Subsequent to period end, we completed a refinancing of our U.S. district energy systems raising \$250 million in a private placement. The notes achieved a BBB rating, and have an average maturity profile of 11 years with an average coupon of 3.9%. Proceeds from the private placement were used to refinance acquisition debt put in place to acquire the systems.

ORGANIC GROWTH PIPELINE

In September, we held an investor day in New York where we outlined why we believe Brookfield Infrastructure is a unique and attractive investment opportunity. We highlighted four major components of our business that we believe differentiate us from our peers, namely (i) the quality of our assets (ii) our track record of internally generated growth (iii) our global business development platform with local presence and (iv) our full cycle investment strategy. For those of you who have not yet seen the presentation, you can obtain a copy on our website at www.brookfieldinfrastructure.com.

We believe that our organic growth engine acts as the main driver of cash flow growth in our business, which we highlighted at our Investor Day. Our business today benefits from inflation-linked revenues, a backlog of significant expansion opportunities that provide attractive risk adjusted returns, and revenue streams that provide linkage to GDP growth.

Over the past five years we have demonstrated an impressive track record of organic growth. If you assume we held our current portfolio of assets since January 1, 2009, we have generated in excess of 13% annual FFO per unit growth on average on a same store basis. Our growth targets assume that we can achieve annual same store growth on average in the range of 6% to 9%. We believe that this target is very achievable and to the extent we operate in an environment of higher growth and higher inflation, we have a track record that demonstrates our potential to exceed this range.

We have been increasingly focused on investing in businesses that have strong organic growth. A good example is the acquisition of an interest in VLI, which we closed during the third quarter. VLI is a large scale Brazilian rail operation that provides logistics services primarily to agricultural and industrial customers. We expect the business to deploy over R\$6.0 billion, on a 100% basis, to upgrade and expand operations over the next seven years, allowing it to capture volume growth from increased activity in the country. The growth capex program has a number of components.

- Expansion of a terminal in Santos which will provide agriculture customers with an integrated, rail and port solution for the export of their products. There is significant increasing demand for the import of fertilizers and for the export of grains and sugar. A critical part of this expansion is the integration of a highly modernized and efficient rail link at the port, which will enable the facility to handle over five times more volume from 2.5 mtpa to 15.4 mtpa;
- Development of inland terminals directly connected to the rail network to consolidate the number of loading points to a single depot, to reduce loading times and the number of idle wagons; and
- Adding and replacing new rolling stock to handle additional volumes, as well as materially improving the age profile of the fleet. The new locomotives provide higher fuel efficiency, have lower maintenance costs and significantly improve the operational reliability and physical availability of the VLI integrated logistics system.

While VLI is just one example, it demonstrates our strategy to pursue investment opportunities with significant organic growth pipelines. We believe investments in organic growth generate the best risk-adjusted returns, and therefore we will continue to seek acquisitions of businesses with similar growth potential.

OUTLOOK

Looking ahead to 2015, Brookfield Infrastructure is positioned to generate sustainable growing cash flows, given our secure income streams and the solid pipeline of growth projects that are currently committed in our project backlog. We remain confident in our ability to deliver annual 'same store' growth of 6 – 9%, consistent with our long-term stated target.

Our primary focus for the balance of the year is to execute on advanced transactions in our pipeline, continue to integrate our Brazilian rail business into our operating platform and execute on our organic capital project backlog bringing them to completion on time, scope and budget. The contributions from our Brazilian rail operation, other new investments, once completed, and to the embedded growth we expect to achieve from our existing business, will meaningfully add to our cash flows in 2015.

On behalf of the board and management of Brookfield Infrastructure, I would like to thank all our unitholders for your 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 L.P.

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", "prospect", "expect", "target", "should", "look forward", "future", "could", "plan", "goal", "outlook", "focus", "positioned to", "optimistic", 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 global economic conditions, 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, expected capital expenditures, the continued growth of Brookfield Infrastructure and its businesses in a competitive infrastructure sector, 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 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, some of which remain subject to the satisfaction of conditions precedent) and to integrate acquisitions into existing operations, the future performance of these acquisitions, 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.