

LETTER TO UNITHOLDERS

OVERVIEW

Brookfield Infrastructure had another successful year. We delivered strong results and established new platforms that will enable us to continue to grow and diversify in the years ahead. We faced economic headwinds in some of our key markets, nonetheless, we generated an 11% increase in FFO per unit on a same store basis. FFO per unit was \$3.45 and with a distribution of \$1.92 per unit these results translated to a 62% payout ratio. During the year, we also redeployed over \$1 billion of proceeds from our 2013 capital recycling program into a number of attractive businesses. In light of the strength of our current business and the cash flows we expect to generate on the new investments we secured in 2014, we are pleased to announce that the Board of Directors has approved a 10% increase in our quarterly distribution to 53 cents per unit. This is the fifth consecutive year that we have been able to provide double-digit distribution growth to our unitholders.

In 2014, we utilized our strategy to deliver solid growth on a low-risk basis. The first component of this approach was progressing the capital projects in our \$700 million backlog. Second, we completed several tuck-in acquisitions into our operating platforms and lastly, we made two larger investments into marquee assets in Brazil and France. We were also focused on risk management within our existing business. We continued to extend debt maturities and identified the next opportunities to recycle capital. The following is a summary of several of our key accomplishments during the year:

- **We invested more than \$600 million in organic capital projects.** These projects will grow our utilities rate base and expand our transport and energy segments. We also added \$900 million of new projects to our capital backlog that we plan to commission over the next 24-36 months.
- **We deployed approximately \$250 million into new investments in North America.** These tuck-in acquisitions expanded our port, gas storage and district energy platforms.
- **We invested \$350 million into a general cargo rail operation in Brazil.** This business complements our rail franchise in Australia, and provides significant opportunities to deploy further capital to service the growing agriculture and industrial sectors in Brazil.
- **We established a communications infrastructure platform.** We committed to an approximately \$500 million investment in a leading French communication tower infrastructure business. This is our first entry point into a sector where we believe there are a number of growth prospects.
- **We refinanced approximately \$4 billion of debt in 2014.** We continued to capitalize on this historically low interest rate environment. The average maturity profile for Brookfield Infrastructure is over 10 years, financed on a weighted average basis at approximately 5.9%.

From a unit price perspective, unitholders on the NYSE earned a total return of 12% in 2014, 22% for Canadian holders on the TSX due to the positive currency effect, and our five-year annualized total return of 26% has meaningfully exceeded the S&P 500 index. We are well positioned to continue to deliver attractive returns to unitholders over the longer term.

	Annualized Total Return (for the period ending December 31, 2014)		
	1 Year	3 Year	5 Year
BIP (NYSE)	12%	20%	26%
BIP (TSX)	22%	26%	29%
S&P 500	14%	24%	15%
DJBG	16%	16%	15%*

*No dividend reinvestment for the index

RESULTS OF OPERATIONS

In 2014, we earned FFO of \$724 million, or \$3.45 per unit, compared with \$682 million or \$3.30 per unit in 2013. On a per unit basis, our results increased by 5%, compared to the prior year. Proceeds from the prior year's asset sales were incrementally reinvested throughout the year and the FFO impact from these asset sales was more than offset by organic growth and additional earnings on the recycled capital. On a comparable or 'same store' basis, we delivered growth of 11% per unit. This was driven primarily by growth in our utilities rate base, higher volumes in our transport operations, and inflation indexation realized across most of our operations.

Our utilities segment generated a 12% increase in comparable basis FFO to \$367 million. This was a decline from \$377 million earned in 2013 due to the sale of our Australasian regulated distribution business in the fourth quarter of 2013. We benefited from record connection activity in our UK regulated distribution operations and the commissioning of projects into rate base across all of our operations. The increase also reflects inflation indexation and margin improvement programs implemented during the year.

Our transport segment contributed FFO of \$392 million this year, compared to \$326 million in the prior year. The substantial growth in FFO was primarily the result of new investments in Brazil where we increased our ownership in our toll roads and acquired a significant rail operation. The segment's results also reflected higher volumes across most of its operations driven by a favorable grain harvest in Australia, an increase in light vehicle traffic in South America and higher bulk and container activity in the UK. In addition to the strong volumes experienced in this segment, we also benefited from higher tariffs across most of our assets.

Our energy segment earned FFO of \$68 million in 2014, which was roughly in-line with the prior year's results of \$70 million. We continue to be impacted by a very challenging commodity environment that has negatively impacted results at our natural gas transmission operations. This was largely offset by the increased contribution from our district energy operations.

Since entering the district energy sector in 2012, when we acquired a heating and cooling system in Toronto, we have invested in five additional systems in the United States. In the past two years we have focused our attention on acquiring additional district energy networks and using our operating expertise to pursue organic growth initiatives within these systems. This past year we expanded our scope to other regions where we have an operating presence.

We are pleased to report that we recently acquired our first district energy project in Australia and are close to finalizing the acquisition of a second. These projects will give us the opportunity to develop centralized systems to service residential and commercial customers in Sydney and regional Victoria. These projects will require approximately \$100 million of capital and should allow us to earn solid risk-adjusted returns that are underpinned by long-term take or pay type contracts. As part of this initiative, we have also completed a restructuring of our existing energy distribution business in Australia to include its operations as part of our global district energy platform. This platform will provide for shared service support and act as the regional hub of activities for this sector on a go-forward basis.

We finished the year with over \$2 billion of total liquidity. Since year end, we have taken additional steps to further increase this position in anticipation of the positive investment environment that exists today. We have identified over \$1 billion of non-core assets that we are targeting to sell. In this regard, we have kick-started the sale process on two businesses and hope to have further news on this front in the future. In addition we have progressed plans to issue \$300 - \$500 million of corporate debentures, capitalizing on our solid corporate debt metrics. We hope to come to market during the first half of the year and we expect strong demand in this environment.

French Towers Update

Along with institutional partners, we are progressing the acquisition of 50% of TDF, the largest independent communication tower infrastructure business in France. The total enterprise value is €3.55 billion and Brookfield Infrastructure's equity commitment will be approximately \$500 million. We received unanimous Works' Council approvals in mid-January 2015, and subject to receiving EU and French competition and regulatory approvals, the transaction is expected to close by the end of March 2015.

TDF provides us with a large scale communication infrastructure platform that has considerable growth potential. We believe that the communication infrastructure sector represents an attractive asset class as it provides essential services and demonstrates utility-like characteristics including long-term contracted cash flows and inflationary pass through mechanisms. The long-term demand for tower networks shows solid growth potential as the data needs of mobile network users continues to expand at an exponential rate. This creates organic growth opportunities through necessary densification of tower infrastructure to meet consumer expectations for high speed and quality service.

For the future, we are seeing a trend among existing mobile network operators (MNOs) who are moving away from the physical ownership of tower infrastructure to focus on the acquisition of spectrum rights for the rollout of communication technologies such as 3G, 4G and 5G. This change provides companies like TDF with the prospect to make investments in physical infrastructure on behalf of MNOs. Overall, TDF provides an excellent platform for us to pursue further growth initiatives in the telecommunications infrastructure space.

Opportunities for Step Change Growth

As we evaluate potential large scale transactions, we do so taking into account trends we are seeing in the global economy. In that vein, the most remarkable dynamic impacting global markets over the past few months was the sudden decline in oil prices. Since August, the price of Brent Crude decreased more than 50% from over \$100 per barrel to approximately \$50. The sustainability and long-term impact of lower oil prices are difficult to project. We are fortunate that none of our revenues have a direct commodity linkage to oil. Furthermore, should oil prices remain low, we anticipate that lower fuel prices will stimulate traffic levels on our roads and reduce costs for our mining and shipping customers. This is all positive for Brookfield Infrastructure.

We have historically been very successful in acquiring large scale businesses during periods when capital has been constrained. There has clearly been a sell-off in energy stocks as well as some evidence of a reduction in credit availability for certain companies. As a result, the energy sector may surface investment prospects should oil prices remain low for a period of time; however at the moment, there is still a significant amount of private capital following the sector. So while we will be looking at opportunities in energy infrastructure, we will also be carefully monitoring developments across the global infrastructure landscape. As of now, 2015 is shaping up to be potentially one of the most active periods for infrastructure investors. Here are some of the large scale situations we are monitoring closely:

- **Government privatizations** – In Australia alone, a number of state and federal government privatizations have been proposed over the next two to three years that we estimate may total approximately \$50 billion. In the coming three to six months, we expect the sale of two high quality, large scale transmission and port assets to commence. The timing and scale of these privatizations may be impacted by local elections. We have a large presence in Australia in the port space and tremendous expertise in the transmission sector that we will utilize to assess these opportunities.
- **Brazilian construction companies** – Large scale asset purchases of South American infrastructure assets from Brazilian construction companies look increasingly feasible. Many of these companies are experiencing financial challenges. We were successful in acquiring high

quality assets from European construction companies several years ago and we will leverage our unique history and expertise of operating in Brazil to surface quality investments.

- **Corporate deleveraging and carve-outs** – For several years, we have been monitoring opportunities to acquire assets from European utilities and global mining companies with capital constrained balance sheets. The European utilities have been active sellers over the past few years and we expect this trend to continue. Mining companies have had to reduce capital programs in response to significantly lower commodity prices and are now more consistently evaluating whether they need to own their infrastructure. As mentioned earlier, we will now also be on the lookout for midstream investments in the energy sector as a number of E&P companies may shortly face the same challenges as the mining sector.
- **Maturing Infrastructure Funds** – The infrastructure asset class continues to mature and consequently a number of investment funds raised between 2005 and 2008 are approaching the expiry of their funds. We have started to see the first wave of divestitures from this ownership group.

Since the formation of Brookfield Infrastructure, we have not seen this level of market activity. Despite the supply of opportunities, we do expect to see competition for many of these assets as the quantum of private capital seeking investments in the infrastructure sector is substantial. Nonetheless, we believe that the combination of our well capitalized balance sheet, significant access to the capital markets and strong operating presence in key markets around the world, will provide us with a competitive advantage to grow in this environment. We will remain disciplined throughout this period and target acquisitions that will provide Brookfield Infrastructure with the best risk-adjusted returns.

OUTLOOK

While our outlook for the global economy is cautious, we remain optimistic about Brookfield Infrastructure's prospects for success. With the regulated and contractual nature of our assets, we have demonstrated that we can deliver solid results in a variety of economic environments. We expect to continue to generate steady and reliable same store growth owing to the inflation indexation embedded in our contracts, volume growth on our networks, and the commissioning of projects in our capital backlog. We have conservatively estimated our new investments at \$500 million to \$1 billion annually. Given the volume of new opportunities we are seeing, this target could be exceeded.

We are well positioned to achieve our FFO growth target and generate annual distribution growth at or above the high end of our 5-9% target range. As we head into 2015, we are working diligently to exceed our target for deploying capital into acquisitions, in order to continue our track record of double digit distribution increases.

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

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", "potential", "prospect", "expect", "target", "should", "look forward", "future", "could", "plan", "seeking", "goal", "outlook", "focus", "striving", 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 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, 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 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.