

LETTER TO UNITHOLDERS

OVERVIEW

Our results for the quarter were strong with each of our operating segments reporting higher levels of funds from operations ('FFO') compared to last year. Solid organic growth and contributions from new investments more than offset the impact from foreign exchange movements. We generated FFO of \$208 million for the quarter, \$0.91 on a per unit basis – our best ever quarterly results. We also ended the quarter with approximately \$3 billion of liquidity, our highest ever, positioning us well to pursue new investments. While this level of available capital currently acts as a partial drag on our results, as it is deployed over the coming quarters, we should experience higher growth in our FFO per unit.

At the start of 2015, we believed that we could find opportunities for step-change growth in various parts of our business. Several prospects have surfaced and we are now prioritizing those initiatives that have the greatest potential to create market leading infrastructure platforms, as well as generate attractive long-term investment returns for our unitholders. We have no shortage of opportunities today, so we will only pursue investments that meet these criteria.

In order to position us to capitalize on the current investment environment, we have been focusing on three areas related to capital raising and deal selection.

- **We have primarily directed our efforts towards opportunities where we can work exclusively with sellers.** This allows us to construct well thought out transactions that meet the objectives of both parties. In today's environment, far too many transactions arise through broad auctions that lead to disappointing outcomes, particularly for buyers, and hence we intend to continue largely to avoid them.
- **We bolstered our liquidity by raising \$1.4 billion of equity and debt.** The support from our unit and debt holders to "pre-fund" our transaction pipeline, combined with our access to committed funds from institutional partners who invest alongside us, is one of our greatest competitive advantages. Our ability to move quickly and demonstrate a capacity to close transactions is more essential now than ever before.
- **We are positioning select businesses for sale.** We are progressing capital projects on a few of our existing businesses, in order to position them to be sold in the next year or two. While we are seeing a number of interesting buying opportunities in the current environment, we are also evaluating opportunities to monetize assets at attractive valuations in certain sectors and geographies. As previously announced, the first of our capital recycling initiatives this year was the sale of our 23% stake in our New England electricity transmission operation. Definitive agreements have been signed and we are in the final stages of regulatory approvals. We expect to close this transaction in the third quarter.

OPERATIONS

Utilities

Our Utilities segment generated FFO for the quarter of \$93 million, which is in line with the prior period. Our results reflected another quarter of robust connections activity in our UK regulated distribution operation. We also generated incremental earnings on growth capital commissioned into our rate base and benefitted from inflation indexation across a number of our businesses. These positive contributions were offset by foreign exchange movements that tempered our results by \$4 million.

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From an operations perspective, all of our Utilities businesses performed well during the quarter. Most noteworthy was our Australian regulated terminal where we experienced record capacity utilization of over 97% in June, and close to 85% for the quarter. Given that we have take-or-pay contracts in place with premier mining companies, our financial results for this business are not impacted by fluctuations in volumes handled at the terminal. However, this level of throughput is encouraging as it demonstrates that, notwithstanding this low commodity price environment, our customers are continuing to ship significant volumes through the terminal.

In the near term, growth in FFO in this segment will be driven predominantly by the deployment of capital into organic projects. Our capital projects backlog currently stands at approximately \$500 million, which we expect to be commissioned over the next 24 months. It consists of a large number of smaller, simple to execute projects spread across our various networks. Our teams have demonstrated a good track record of replenishing this backlog by taking advantage of the strong competitive positions of our various networks.

We plan to fund these projects with non-recourse investment grade debt, in addition to cash flows retained in our businesses. Once fully commissioned, our current backlog is expected to contribute EBITDA growth for this segment of approximately 10%. In addition, the majority of our rate base also benefits from inflation indexation, which will further enhance earnings growth.

Transport

Our Transport segment generated FFO of \$104 million, an 11% increase compared to \$94 million in the same quarter last year. Results benefitted from the contribution of the Brazilian rail operation acquired in August 2014. Strong volumes across our rail and port platforms, as well as tariff growth across most of our businesses, also contributed to this growth. The continued strength of the U.S. dollar against other currencies reduced results in the segment by \$12 million. This foreign exchange impact partially offset the otherwise impressive operating results that were achieved in local currencies.

Each one of our platforms in this segment demonstrated an improvement in performance over the prior year.

- In our rail platform, we experienced solid volumes across most of our business lines including iron ore, soy, grain and alumina, which led to an increase in same store EBITDA of 4%, on a constant currency basis. We are also pleased to report that our largest iron ore customer, Karara Mining Limited, completed a refinancing of its syndicated bank debt facilities, extending term from 2020 to 2030. This refinancing is a further demonstration of the important sponsorship our customer receives from its various stakeholders in China.
- EBITDA from our toll road platform in South America increased by 5% from a local currency perspective. This increase was mostly the result of tariff increases and strong light vehicle volumes, which more than offset lower heavy vehicle volumes in Brazil. We continue to make good progress advancing our capital investment program in our Brazilian operations, most notably the Serra de Cafezal expansion project. This project consists of duplicating 30 km of the Regis Bittencourt highway in the state of São Paulo to ease congestion. It is now more than 60% complete, and is expected to be commissioned by early 2017. At that time, our EBITDA for this business is forecasted to increase by 5%, on a run rate basis. In Chile, we acquired the 50% of Tunel San Cristobal ("TSC") that we did not already own, investing approximately \$15 million for our share. TSC is a 3 km tunnel that is adjacent to our main road and is a key connection point between our road and other critical infrastructure in the area.
- Improved results at our ports were driven by higher volumes in the UK and the west coast of the U.S. during the second quarter. At our UK port we successfully commissioned the first phase of the Number 1 quay project, on time, scope and budget. Subsequently, we commenced a second phase to upgrade an adjacent section of the quay to deepen its berth, which should require an additional capital investment of approximately \$15 million. In addition, we completed a tuck-in

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acquisition of a freehold inland port complex in the Humber region, the UK's largest port, for approximately \$20 million.

Energy

Our Energy segment generated FFO of \$23 million compared to \$16 million in the prior year. Results reflected organic growth and new investments in our District Energy platform, as well as improved volumes and cost savings in our natural gas transmission and distribution operations.

In our district energy platform, we completed the acquisition of a system located at the Sydney airport in Australia. Comprised of two networks, this system provides heating and cooling services under long-term contracts to various facilities belonging to Qantas Airline. We also signed agreements to acquire a heating and cooling system in Sydney that serves commercial and residential properties, and were awarded a project to develop a water system in Queensland. We plan to deploy approximately \$70 million of capital into these systems. As a result of these acquisitions and a number of organic projects currently underway in our North American systems, we expect our run rate EBITDA for this platform to increase by almost 25% by the end of 2016.

During the quarter we progressed several strategic alternatives for our North American gas transmission operation. We continue to evaluate alternatives to sell our interest in the company as well as considering transactions that would facilitate the right-sizing of the capital structure of the business, in conjunction with modifications to the operating and ownership arrangements that would apply going forward. We hope to be in a position to provide a more detailed update in the next few months.

Communications Infrastructure

As previously announced, we closed the French telecom infrastructure transaction on March 31st. As a result, this quarter marked the first full period of contribution to our results. This operation generated \$20 million of FFO, which is slightly ahead of our underwriting projections.

As our team in Europe progresses the integration of this business, we are working to identify and capture numerous growth opportunities that we believe are embedded in this business. We will seek to grow this platform substantially by pursuing opportunities to increase co-location leasing revenues in response to mobile network operators (MNO's) looking to meet density requirements. We are also detecting a shift in strategy by MNO's in France. We believe that they are moving away from the physical ownership of tower infrastructure to focus their capital on the acquisition of spectrum rights for the rollout of communication technologies such as 3G, 4G and 5G. This change in strategy provides businesses like ours with the prospect to make investments in physical infrastructure on behalf of the MNO's.

GROWING OUR PLATFORMS

Our strategy is to build and maintain "best-in-class" global operating platforms that produce sustainable and growing cash flows. We have deployed a consistent investment strategy to acquire assets with good regulatory frameworks or market positions. We are not, however, alone in the pursuit of these types of assets. As a result, we have needed to take a patient, long-term perspective to building our company and avoid highly marketed asset auctions that attract institutions with substantially lower return expectations.

One approach to executing our strategy is to focus on out-of-favour sectors and regions. By taking an informed yet contrarian view, we can often acquire superior assets when capital is constrained. Another approach is to identify high quality assets around the globe that are complementary with our current mix of businesses, which we believe will improve and augment our market position. In these situations we can also typically bring operating synergies or value-add strategies to bear.

We have found both approaches have proven successful in uncovering investment opportunities. Accordingly, we have progressed the following transactions.

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- **South American Transport** – In July, we received court approval to proceed with an approximate US\$220 million debtor in possession (“DIP”) loan to OAS, a large Brazilian construction company. OAS holds a 24% stake in a large toll road, airport and urban mobility company called Invepar. We expect to fund the loan shortly, and subsequent to this, we will be well positioned to launch a bid to acquire the equity interest in Invepar. While our loan is outstanding, we will earn a minimum return of 15% in U.S. dollars. This is a rare opportunity to invest in a large portfolio of irreplaceable assets. Invepar’s business comprises urban toll roads in Brazil and Peru, a controlling stake in the international airport in Sao Paulo, the largest airport in South America, and an interest in three urban mobility systems in Rio de Janeiro that serve over 200 million passengers per year. The multi-faceted nature of the situation, combined with our long operating history in Brazil, has created a transaction that uniquely suits our capabilities.
- **Brazilian Toll Road Privatization** – In April, alongside our partners, we made a tender offer for the public minority shares of our Brazilian toll road subsidiary. We saw this as an opportunity to invest further capital in an operation we like and know well. We are currently working on attaining the support of the minority shareholders to tender to our offer, and our hope is to have this process concluded before the end of the year.
- **Gas Storage** – In June, along with our institutional partners, we signed definitive agreements to acquire all of the outstanding common units of Niska Gas Storage Partners LLC (“Niska”). The total equity investment for the Brookfield Consortium will be \$175 million of which Brookfield Infrastructure will invest approximately \$70 million for an effective 40% ownership stake. Earlier in the year, we opportunistically acquired approximately \$250 million of Niska’s senior debt (our share ~\$100 million) at a substantial discount to face value. We believe that our ownership of the debt provided us a significant competitive advantage when the company was later put up for sale. Niska has well located, premier facilities including the AECO hub in Alberta and the Wild Goose facility in California. We see this as an opportunity to acquire storage facilities at below replacement cost, supporting our thesis that with forthcoming demand increases, the long-term market for gas storage assets will be solid. This investment follows a series of similar, but smaller, investments that we have made in the sector over the past year. Closing of this transaction is expected to occur in 2016 and is subject to regulatory approvals, as well as other customary closing conditions. The acquisition of Niska will double our gas storage capacity to a total of 615 bcf.
- **Australian Transport** – In late June, we were required for regulatory reasons to prematurely disclose to the market that we were engaged in exclusive discussions to acquire Asciano Limited, a large rail and port logistics company operating across Australia. It is a high quality company with an established market position in both the rail and port sectors in the country. The genesis of the transaction arose out of a common belief that a combination of our respective rail and port assets would be highly complementary and would represent a unique platform of a scale that few companies could rival. Our ability to pursue a transaction of this size is a result of our knowledge of the business, our scale of operations in Australia and our substantial liquidity and resources. This includes the large amount of our own capital that is available to be deployed, as well as significant support from a number of institutional partners who invest alongside us. At this stage, we continue to have work ahead of us in determining whether a transaction of this nature can be progressed. Therefore, it is only appropriate to refrain from commenting further, other than to confirm that discussions between Asciano and ourselves are continuing positively, however there can be no certainty that a transaction will be agreed.

OUTLOOK

The outlook for the global economy is mixed with some countries slowing down while others are getting stronger. Geopolitical uncertainty related to the potential for Greece to default on its sovereign debt obligations and possibly exit the Eurozone is front page news almost every day. In addition, there are concerns around the slowdown in China and the impact that is having on commodity markets. In the U.S.

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and in parts of Europe, economic data suggests that the labor market is strengthening and the prospect for solid growth is positive. In response to an improving economy, the U.S. Federal Reserve has telegraphed that a rate hike is likely to occur later in 2015, however it appears that interest rate increases may be implemented more gradually than previously anticipated.

We don't currently expect any severe market disruptions to occur as a result of the uncertainty over Greece or rising U.S. interest rates. Nonetheless with a strong balance sheet and substantial liquidity, we believe we are well positioned to withstand any unforeseen headwinds. It is of course possible that rising rates may temporarily dampen share prices as investors recalibrate their portfolios to new circumstances. From an underlying business perspective, however, we believe that a modest rise in rates is not likely to be detrimental and, in fact, our business may perform very well in a rising rate environment. The reason for this is that rising rates often go hand in hand with higher inflation and economic growth, two of the major drivers that underpin our FFO growth and, correspondingly, the value of our business as a whole.

Taking into account the current global economic situation, we believe that the prospects for Brookfield Infrastructure are bright. Our operations are performing well and we continue to commission projects from our substantial capital backlog that will provide steady, predictable growth. With a number of exciting transactions in our investment pipeline, the quality and scale of our opportunities have never been better. Given our significant liquidity, deploying capital into new investments should be accretive to our FFO per unit, providing us with the ability to continue to grow our distributions to unitholders.

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

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", "should", "look forward", "future", "could", "plan", "seek", "outlook", "focus", "possible", 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 the inability to reach final agreement with counterparties to transactions referred to in this letter to unitholders as being currently pursued, given that there can be no assurance that any such transaction will be agreed to or completed) and to integrate acquisitions into existing operations, the market conditions of key commodities, the

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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.