OVERVIEW

We are pleased to report that Brookfield Infrastructure posted another quarter of strong cash generation. Funds from Operations ("FFO") increased to $235 million in the period, up 12% to $0.68 on a per unit basis. Our financial performance continues to reflect the diversification of our business and the regulated and contractual nature of our cash flows. The majority of our operating groups are performing well, and our outlook remains positive for the balance of the year and beyond. Our results benefitted from solid organic growth across the business and contribution from new assets acquired in the past year, partially offset by the impact of foreign exchange.

Our ability to access substantial amounts of capital in the past year has enabled us to move quickly to secure and close several exciting investments. Last quarter we indicated that approximately $660 million of capital was to be deployed into three new investments that will expand our transport and energy businesses. These transactions have all been successfully completed.

We also announced a large-scale transaction that will meaningfully expand our utilities operating group. We are investing a minimum of $825 million into a high quality, fully contracted gas transmission business in Brazil. Upon completion, our cash flow from regulated frameworks or long-term contracts will increase to almost 95%, and our inflation-linked cash flows will increase to approximately 75%. We are working towards completing the transaction by the end of the year.

RESULTS OF OPERATIONS

Our business delivered another solid period of same-store, constant currency growth of 9%. This is at the high end of our long-term target range.

Our utilities segment generated FFO of $102 million for the quarter, compared to $99 million last year. Results for this segment increased as a result of the strength in connection activity in our UK regulated distribution business, inflation indexation across our operations and the commissioning of capital into the rate base over the past 12 months. The impact of these positive results more than offset lower contribution from our regulated terminal that experienced a reduction in its return as a result of its recent regulatory reset.

Our UK regulated distribution business has been an outstanding performer in the past few years. We believe the business is well-positioned to achieve solid growth going forward, with an increasing contribution coming from the fibre-to-the-home ("FTTH") product offering which we established a few years ago. We have doubled the FTTH sales volume achieved in the comparable period in 2015, as we continue to see increased market demand for our ultrafast broadband connectivity solution, which was publicly endorsed by the House Builders Federation at the end of the second quarter of 2016. The business is also currently pursuing two smart meter opportunities requiring up to £200 million of capital that together could add up to one million smart meters to its growing asset base.

Our transport segment generated FFO of $112 million in the third quarter, which was 9% ahead of prior year. These results were driven by higher tariffs and volumes across a number of our operations. Our results also reflect the contribution from the incremental interest we acquired in our Brazilian toll road business in May, new toll road investments in India and Peru, and partial contribution from our recently closed Australian ports business. The impact of these positive factors were modestly offset by foreign exchange and tariff relief that we extended to one of our Australian rail clients.

Results at our Brazilian logistics business were impacted by reduced agricultural volumes due to dry weather conditions across most of Northeastern Brazil earlier this year. While we expect that these conditions will dampen volume growth for the next two quarters, we are pleased with the excellent progress the business is making on its multi-year growth and expansion program. This business is well placed to capture upside in the coming years as we utilize the additional capacity that has recently been constructed. To that end, our expansion project at the TIPLAM port in Santos is now almost 95% complete and commissioning activities have started on both the fertilizer and grain handling systems. While we anticipate the facility to be fully operational by year end, we expect the asset to reach its full potential towards the latter half of 2017 once dredging activities are completed. The deeper channel will allow us to dock larger grain vessels, which will enable us to fully utilize the expanded terminal.

Also during the quarter, our UK port operations reached financial close with a renewable power developer that is building a 300 MW power generation facility on our land. We have started to receive rental income which will contribute modestly to our results while the facility is being constructed. Once fully completed in 2020, rental income, conservancy and other revenues generated from this client should increase our run-rate EBITDA at our UK port operations by approximately 20%.

Our energy segment generated FFO of $40 million in the third quarter, compared to $19 million last year. This improvement reflects the incremental contribution from increased ownership and reduced leverage in our North American natural gas transmission business, contribution from our newly acquired gas storage business in North America, as well as strong same-store growth of 15%.

Our French communications infrastructure operations generated FFO of $19 million in the third quarter. This business delivers consistent and predictable cash flows and is performing in-line with expectations. Over the last couple of years, we have been working closely with the mobile network operators (“MNOs”) in support of their coverage obligations and network densification efforts. Through these discussions, we have secured contracts to construct more than 200 towers over the next 12 months and we expect this trend to continue as demand for data increases in the coming years.

INVESTOR DAY

We held our annual Investor Day in New York at the end of September and we thank everyone who was able to join us in person or on our webcast. Our presentation is available on our website for those investors who were unable to participate. We covered a lot of material but we thought it would be helpful and timely to review our main theme – Brookfield Infrastructure is an attractive investment for all business cycles.

Our strategy since we launched this company back in 2008 was to build, through disciplined capital allocation, a business that would own and operate irreplaceable infrastructure networks. Our aim is to own assets that generate low risk sustainable cash flows, similar to a utility franchise, but at the same time generate attractive growth that will provide inflation protection and capital appreciation. We often compare ourselves to a utility because we share several characteristics with utilities, namely cash flows that are predictable and have low volatility.

Our ability to generate high quality earnings is underpinned by four principal factors. First, our networks produce stable and predictable earnings, as over 90% of the various cash flow streams are regulated and contracted in nature. Second, our businesses produce very attractive margins due to their capital intensive nature and predominantly fixed-cost structures. Third, we have low levels of maintenance capital requirements, as a number of our systems are newly constructed and experience little wear and tear. Furthermore, many of the regulatory frameworks in which we operate allow us to recover maintenance costs. The final factor is that our regulated and contracted frameworks lead to limited merchant exposure, as the tariffs we earn are effectively locked-in. In addition to the fundamentally sound revenue frameworks of our businesses, we have one of the most diversified businesses in our sector. The best protection against unforeseen political, regulatory or counterparty issues is limiting exposure to any region, sector or customer.

While our goal is to emulate the security and stability of a utility, the compelling attribute of our business model is our success in generating consistent, year-over-year per unit cash flow growth that is difficult to do in a traditional utility business model. Our track record of per unit distribution growth for investors these past nine years is on average 12% per annum. We have been able to accomplish this because we have the ability to generate visible organic growth of approximately 6-9% each year, funded predominantly from cash flows generated and retained in the business. In addition to organic growth, capital we have deployed over the years into new investments has been very accretive for our unitholders.

One of the great advantages of the assets that we currently own is that we are able to capture inflation indexation that is contractual either through the regulatory frameworks in which we operate or through long-term bilateral customer agreements. Today, more than 70% of our EBITDA is indexed to inflation, which means that, year in, year out, we generally enjoy 3-4% annual growth in our results from these contracts alone. Another key contributor to our organic growth is the capital we invest into our existing businesses to accommodate customer demand. From a capital allocation perspective, we believe this is one of the best ways to utilize our capital as it often generates the best risk-adjusted returns. Reinvesting into our existing businesses means that not only do we have significant cost advantage over other competitors, we also know these businesses well and can therefore better assess the likelihood that these expenditures will generate expected returns.

Lastly our ability to source new investments provides our unitholders with the opportunity to participate in a business with outsized growth. In the past eight years we have invested close to $6.5 billion of equity capital in high quality businesses that have contributed impressive growth over the years. Our global reach today is strong. In addition to the whole Brookfield franchise, we operate with a dedicated group of 160 corporate professionals in 15 offices around the world helping us deploy capital and expand our investable universe. This allows us to invest in a number of key markets where we see good value and can earn the best risk-adjusted returns and continue to build out a well-diversified portfolio.

While our investment thesis of “security plus growth” isn’t new, we felt it was important to remind our unitholders and potential investors of our full cycle investment attributes as rate hikes could be on the horizon in the U.S. In a rising rate environment, businesses with internally generated growth and capital discipline should be highly sought after by yield-oriented investors.

SIGNIFICANT MOMENTUM INTO 2017

We will be entering into 2017 with good momentum. Our cash flow run rate should benefit substantially from the following three areas of growth:

(I) ***Commissioning $1.5 billion of our capital backlog over the next 12-18 months*** – Today, we have the potential to meaningfully outperform our 6-9% same-store growth target range due to a greater level of capital projects underway than we have historically seen. Our backlog has more than doubled in the past two years, and as a result, up to $1.5 billion of our $2 billion capex backlog should be commissioned in the next 12-18 months. This includes a substantial portion of projects in our utilities segment which will increase our rate base and smart meter connections. We are also expanding our Brazilian rail and toll road businesses, thereby increasing the capacity of our networks. In addition, we are investing in projects at our North American natural gas transmission business in response to customer demand.

Furthermore, we estimate there is an additional $2 billion of projects that have not yet been included in our backlog that may be secured in the next 12-24 months. These include FTTH opportunities in France, where the required investment over the next decade is €13-14 billion, and further contracts related to the £12 billion UK smart meter initiative. Also, the Brazilian government has announced a large-scale infrastructure program which includes R$5 billion of projects associated with concessions we own. Although these opportunities are in the early stages, we believe our businesses are well-positioned to secure a significant share of the projects.

(II) ***Recently completed acquisitions*** – In recent months, we closed on three investments totaling $660 million of capital, consisting of a group of Australian ports, Peruvian toll roads and a North American gas storage business. These transactions were completed in the third quarter and will contribute a full quarter of results beginning in the fourth quarter. We expect the transactions to generate attractive going-in yields of approximately 8-10% on a combined basis.

(III) ***Build-out of our gas and electricity transmission businesses*** – We plan to deploy over $1.1 billion in the gas and electricity utility sectors. Given the attractive nature of the assets, we expect they will be very accretive to our overall results.

- In September, alongside several of our institutional partners, we announced an agreement to acquire a 90% controlling stake in Nova Transportadora do Sudeste S.A. ("NTS"), from Petroleo Brasileiro S.A. ("Petrobras"), for total consideration of $5.2 billion. Brookfield Infrastructure's investment will be a minimum of 20% of the total transaction, representing approximately $825 million of the consideration payable on closing. NTS owns the backbone natural gas transmission system that serves the core economic regions in the highly populated states of São Paulo, Rio de Janeiro and Minas Gerais in South Central Brazil. These uniquely-positioned long-life assets will earn revenues that are indexed to inflation, and have no volume risk.

- Additionally, we expect to invest approximately $300 million in a business that is developing approximately 4,200 km of greenfield electricity transmission lines, including projects that were awarded to us under government auctions last week. These are attractive 30-year concession assets that earn cash flows under a stable, availability-based regulatory framework. Construction of these projects is underway and they will be commissioned over the next five years.

We are also pursuing the acquisition of various networks of operating electricity transmission lines, in addition to securing greenfield projects planned for construction in the next few years. We are encouraged by the number of prospective investments that are ahead of us as we strive to build a transmission business of meaningful scale.

OUTLOOK

Our primary focus for the balance of the year is to close on our Brazilian strategic initiatives, fully integrate our recently acquired businesses into our various operating groups, and start positioning a number of businesses for sale in the next 6-12 months to fund our future growth. Looking ahead to 2017, while we expect that global macroeconomic uncertainties will continue to dominate the headlines in the near term, we believe that business conditions are generally good, and consequently, the outlook for our various businesses continues to be very positive.

We are seeing excellent opportunities to expand our globally diversified business and we have tremendous flexibility and financial resources available to pursue these initiatives. There are a number of exciting, large scale opportunities, particularly in the communications sector in Europe and Asia where MNOs are divesting of tower networks to recycle capital into their core businesses. We are evaluating a number of these situations as we believe they have the potential to enhance the overall quality and imbedded growth in our business.

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.

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”, “future”, “could”, “plan”, “outlook”, “may”, “target”, “continue”, “can”, “increase”, 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, commissioning of our capital backlog, financial and operating performance of Brookfield Infrastructure and some of its businesses, availability of investment opportunities, market demand for the products and services we provide, ability to access capital, the continued growth of Brookfield Infrastructure and its businesses in a competitive infrastructure sector, and future revenue, distribution prospects in general and our expectations regarding growth in distributions and returns to our unitholders. 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, our ability to achieve the milestones necessary to deliver the targeted returns to our unitholders, which is uncertain, 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 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.