Letter to Unitholders

Overview

Brookfield Infrastructure began the year with solid first quarter results, generating funds from operations (FFO) of $261 million or $0.71 per unit. Financial performance continued to benefit from our overall diversification and the regulated and contractual nature of our cash flows. The business delivered another period of strong same-store, constant currency FFO growth of 10%, and results also reflected the contribution of new assets acquired over the last 12 months.

Heading into 2017, our most important priority was to complete the acquisition of a Brazilian natural gas transmission asset. The transaction closed on April 4th and Brookfield Infrastructure invested approximately $1.3 billion. This business is expected to be a meaningful contributor to our financial performance going forward. Its results will also further enhance the overall quality of our cash flows, as its operations generate stable cash flows supported by long-term contracts with no volume risk and inflation-indexed revenues. More significantly, Brookfield Infrastructure will have operational control of this highly strategic asset that serves as the backbone of the country’s growing natural gas sector. This acquisition is a demonstration of our strategy to opportunistically acquire large, scarce infrastructure with considerable upside potential.

As Brookfield Infrastructure enters its next phase of growth, a key area of focus has been to replenish corporate liquidity. In anticipation of completing several new investment initiatives, as well as having the capital to complete our growing backlog of organic projects, we recently enhanced our financial resources. We raised C$700 million in the Canadian debt markets and issued C$300 million of preferred units over the last few months, following our $750 million equity raise in November. This increased liquidity to approximately $2.2 billion at the end of April. We also expect to further add to this dry powder over the next six to 12 months, as we generate proceeds from capital recycling initiatives. As a result, the business is ideally positioned to capitalize on several investment opportunities currently being pursued.

Results of Operations

The utilities segment generated FFO of $100 million for the quarter, which was in-line with the prior year. Results for this segment increased due to 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. These positive results were offset by a lower contribution from our regulated terminal that experienced a reduction in its return due to a regulatory reset in 2016, in addition to the impact of the sale of a Canadian electricity transmission asset last year.

Our UK regulated distribution business continues to be a stand-out performer, and during the quarter it reached agreements on two strategic initiatives. First, it was awarded the right to acquire up to 850,000 smart meters from two leading energy retailers. With these two new awards, the business has now secured a total of up to 1.5 million smart meters, deploying approximately $400 million of capital (our share). These meters should be commissioned by 2019 and will earn solid risk-adjusted returns. Second, our business was also awarded its single largest contract for a housing project in its history, securing almost 29,000 connections comprising gas, electricity, fiber, water and waste water connections. These multi-utility contract awards underline the value proposition we offer to developers as a “one-stop shop” for all essential utilities.

The transport segment posted strong results for the quarter, generating $123 million of FFO, which is up 31% from the prior year. This increase was driven by higher tariffs and volumes across a number of our operations. Results also reflect the incremental interest acquired in our Brazilian toll road business in the second quarter of 2016, new toll road assets in India and Peru, and the contribution from the Australian ports investment which closed in August 2016.

Within transport, there are two key operational highlights to note for the quarter. At our UK ports, an agreement was reached with a large global commodity trader seeking to import liquefied natural gas (LNG) into the UK through an existing connection point situated at Teesport. This customer has demonstrated a strong commitment to the project and is advancing through several key milestones that need to be achieved before proceeding. In the event that the project doesn’t proceed, a cancellation fee arrangement has been agreed to that aims to ensure our business is compensated for time and effort spent. This contract has the potential to increase EBITDA at our UK ports by approximately 15% on a run-rate basis, with the current expectation that LNG will commence importing during the first half of 2018.

Our Brazilian toll roads business was recently awarded a 30-year concession by the government, to operate and expand a 720 km road in the highly populated state of São Paulo. This concession is particularly attractive to our business as the road connects with our existing network and expands our footprint in one of the most attractive economic regions in the country. Brookfield Infrastructure will invest up to $215 million (our share) by way of an upfront payment and expects to further deploy up to $90 million (our share) of capital over the next several years to expand and upgrade the road. This concession will earn solid risk-adjusted returns and extend the average maturity life of our concessions.

The energy segment generated FFO of $62 million in the first quarter, compared to $40 million last year. The improved performance is the result of strong operating results at our natural gas transmission business that benefitted from higher gas transport volumes, contributions from newly secured contracts, and reduced leverage levels. Results for the segment also include earnings from the newly acquired gas storage assets in North America, partially offset by the impact of the sale of the Channel Islands gas distribution business.

Our natural gas transmission business signed two new expansion projects to transport gas to customers in Oklahoma and the Midwest that require approximately $20 million of capital. The projects, which should be completed by late 2018, will be supported by long-term, take-or-pay contracts. Additionally, early indications of interest in the southern expansion of the system appear to be very positive. We also made good progress on our overall financing plan for this business. Subsequent to period end, we issued a call notice on the company's 2019 notes, which will be funded predominantly by way of an equity injection from the company's shareholders. Our share of debt paydown will be $200 million, and is expected to result in total annual interest savings of approximately $21 million. This paydown is expected to be positive for the company's credit ratings, and our current plan is to refinance the upcoming 2017 maturity in the second half of the year, on the back of this positive outcome.

During the quarter, we made good headway with the execution of our district energy growth strategy, completing several attractive tuck-in acquisitions. We agreed to purchase a total of five, high-quality district energy systems in various cities across North America. In total, we expect to invest approximately $40 million (our share) for the various systems that are scheduled to close in the second half of 2017.

The communications infrastructure segment contributed $19 million of FFO for the first three months of 2017, which was largely unchanged from the prior year. This business delivers consistent and predictable cash flows and is performing in-line with expectations. We are focused on growing this operating group utilizing a two-pronged approach consisting of organic customer initiated opportunities in our French operations and also through an acquisition strategy to build a business in India. The recently announced $200 million investment (our share) in a portfolio of over 40,000 towers from Reliance Telecom is progressing well and is expected to be completed in the third quarter of 2017. We are also evaluating several other interesting opportunities in India to meaningfully expand our presence.

Current Momentum

The performance of the equity markets has been strong over the past six to 12 months. The S&P 500 is up 7% on a year-to-date basis and 26% from its lows in 2016. Our units have performed exceptionally well posting a total return of 19% thus far in 2017 and 48%

compared to this time last year. Investors often ask whether we can continue to sustain our growth. In order to assess this question, we believe investors should primarily focus on the trends in the private market for infrastructure and our ability to execute as indicators for our long-term unit price potential.

Positive Market Dynamics for Infrastructure Investment

The private market for infrastructure continues to grow and there is substantial liquidity and demand for both infrastructure equity and debt investments. This asset class is attracting significant capital because interest rates remain low and institutional investors need to invest in high-quality, long-term assets that generate attractive yields. We expect more capital to be allocated to the sector as many investors in Asia have only just begun to enter the infrastructure space. Even in Western Europe and North America where investors have reasonable allocations to infrastructure, the percentage weighting is increasing. The influx of capital will support valuations for the foreseeable future.

This dynamic viewed in isolation may raise concerns about our long-term ability to continue to deploy capital on a value basis. However, coupled with this, we are now witnessing a substantial effort by virtually all governments around the world to create projects to attract this capital. In fact, the biggest story for the infrastructure sector in the next few years may be the quantum of new projects that governments finally bring to the private market. Going around the world, some examples include:

- North America – In the U.S., the new administration has since inauguration been promoting a national infrastructure program to facilitate $1 trillion of investment into the country's roads, airports and railways. In Canada, the government has a number of initiatives underway to facilitate private investment in major infrastructure projects and is setting up an Infrastructure Bank/Fund to facilitate bringing projects to market. In both countries, high-profile business leaders have been tapped to assist in the government's thinking on how to achieve its goals in the near term.
- Latin America – In Brazil, the government is preparing legislation to facilitate smaller infrastructure projects in order to assist cash-strapped states and cities that have been slashing infrastructure budgets. In addition, the federal government recently released the second phase of the Investment Partnership Program designed to expand opportunities for the private sector to invest in infrastructure. This second phase encompasses 55 projects across sectors, totaling R$45 billion.
- Europe – The UK government, through its Infrastructure and Projects Authority, released a plan setting out over £500 billion of projects to be financed by the public and private sector.
- Asia Pacific – Australia has been providing major opportunities to the private sector, having brought $50 billion of projects to market in recent years, with this trend continuing, noting the limits of the ability of taxpayers to continue to fund projects. In

India, infrastructure development is key to drive economic growth. The government has been actively looking for ways to source private capital and as an example, has launched plans to privatize over 70 road assets.

We believe that the private market for infrastructure investments still has significant room to grow. The formation of the asset class is still very much in its early stages and therefore more liquidity will enter the sector as investors increase their allocations. The sector should continue to evolve for the better as the supply of new projects is brought on by governments. This new supply is expected to not only reduce the imbalance between capital and investments but also provide investors like ourselves a wider scope of opportunities.

Execution Capabilities are Most Important

The biggest challenge is that capital moves more quickly than government. As such, another question that is often top of mind for our investors is – what are we doing at Brookfield Infrastructure to succeed in this environment? We define “success” as the ability to deliver 10%+ year-over-year per unit FFO growth, without exposing the business to unnecessary operating or financial risk, such as excessive leverage. There are five key elements to executing our strategy in this environment:

- **Be Patient** – We believe that investing capital below our 12-15% return threshold is value destructive in the long run, and that as long as we keep our powder dry, we will ultimately find good investments even in this type of environment. There have been a number of recent transactions evaluated, particularly in OECD countries, where assets were sold at returns well below our target return thresholds. While these were formidable assets that we covet, remaining disciplined with our investment criteria is important to preserve our value proposition.

- **Innovate** – We recognize that most sellers will hire advisors to package their assets in a manner such that buyers in a sales process can only differentiate themselves by their return expectations. Our investment teams however, focus on situations where we can differentiate ourselves. These strategies often include creative structuring and balance sheet recapitalizations, the application of unique synergies, and the ability to leverage our scalable operating groups to execute on multi-faceted business plans. In many cases, we approach asset owners with ideas that we think can be helpful to them in achieving their goals through a partnership structure.

- **Do the small things well** – Investors should expect that we will focus on smaller organic growth and tuck-in acquisitions where we have synergies and other competitive factors to achieve our return targets.

- **Be decisive** – It is challenging in a highly liquid market to source opportunities where we can invest on a value basis in high quality assets. While rare, when these unique transactions come our way as was the case recently with our transmission investments in South America, we will act decisively and invest in scale.

- **Execute dispositions well** – The other value-add component to our strategy during this period of time is the recycling of capital. Our capital sourcing plan involves three elements; (i) issuing equity, (ii) issuing a modest amount of corporate debt and preferred shares, and (iii) asset sales. We have recently issued both debt and equity at the corporate level, and have also initiated the first of possibly several sales processes. Over the next two years, we will look to sell mature assets to buyers with a low cost of capital. We believe we can sell certain mature assets at 5-9% IRR's to fund new investments at returns of 12%-15% or higher.

We believe that Brookfield Infrastructure will continue to generate strong returns if we execute on our full investment cycle strategy, and the general health of the private market for infrastructure remains strong.

Outlook

Looking ahead for the balance of the year, we expect that global macroeconomic and political uncertainties may dominate the headlines in the near term. However, with business conditions generally good, our outlook continues to be very positive.

Our primary areas of focus are to fully integrate the newly acquired gas transmission network in Brazil, advance our capital recycling program, and grow our organic capital projects backlog. We are seeing many opportunities to expand our globally diversified business and we have tremendous flexibility and financial resources available to pursue these initiatives. Our business development teams are working diligently to convert the robust pipeline of opportunities into investments that will provide further profitable growth for the various operating groups.

We would like to take the opportunity to thank David Hamill, who is stepping down from our Board, for all of his contributions to Brookfield Infrastructure. We would also like to welcome our new director, John Mullen, who brings considerable expertise in the infrastructure sector, having run one of Australia's largest companies.

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,

Sam Pollock
Chief Executive Officer
Brookfield Infrastructure Group L.P.

Forward-looking Statement

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 and other recently acquired businesses and growth projects, the impact of planned growth projects and initiatives on our existing businesses, 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, our ability to execute capital recycling initiatives, statements regarding future trends in the infrastructure industry, 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, our ability to secure favourable contracts, 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.