

Letter to Unitholders

Overview

We are pleased to report that Brookfield Infrastructure had a strong first quarter and that 2021 looks like it will be an excellent year. Coming off an extremely resilient year in 2020, the business generated funds from operations (FFO) of \$431 million in the first quarter, or \$0.93 per unit, up 20% compared to the prior year. This solid start reflects the benefit of inflationary revenue escalators, as well as new contracts and capital expansion projects completed in the last year. Taking into account our recent 5% distribution increase, our payout ratio for the quarter was 70% of FFO.

Many of our businesses are benefiting from higher volumes associated with robust demand for various industrial and agricultural commodities. Performance for the balance of the year will be further aided by GDP and consumer-related volume growth which has not yet meaningfully contributed to results. The vaccine rollout remains in its early days in many countries. However, in the U.S. and U.K., where solid progress has been made in vaccinations, we have witnessed immediate improvement in economic growth and consumer activity. We are optimistic that this trend will continue and Brookfield Infrastructure will benefit as more regions participate in this recovery.

During the quarter, we also advanced a number of key investment and capital recycling priorities that will support future growth. Brookfield Infrastructure and its institutional partners initiated a \$5.0 billion takeover offer to shareholders of Inter Pipeline Ltd (IPL) to privatize the company. If successful, we will deploy approximately \$2 billion into high-quality, Canadian midstream assets. On the other hand, the current low interest rate environment is highly conducive to monetizing well contracted, de-risked infrastructure businesses. As previously announced, we signed definitive agreements to divest our North American district energy operations and a stake in our U.S. gas pipeline. We also recently signed an agreement to sell our portfolio of U.K. smart meters at an attractive valuation and several other divestitures are progressing. The proceeds generated by these capital recycling initiatives will be accretively redeployed into new investment opportunities.

Results of Operations

FFO of \$431 million for the quarter increased by 20% over the same period last year as a result of strong base business growth and the contribution from new investments acquired in 2020. FFO grew organically by 8% due to inflationary tariff increases, modestly higher volumes associated with the early stages of the economic recovery, and the completion of \$800 million of new capital projects during the last 12 months. Results for the quarter were further supplemented by favorable market dynamics produced by weather events that led to exceptional performance in our midstream segment. These positive factors were partially offset by the impact of foreign exchange in a number of our segments and a higher management fee relative to the prior year.

Utilities

The utilities segment generated FFO of \$166 million, an improvement of 7% over the prior year on a constant currency basis. All businesses within the segment are performing well, with results benefiting from inflation

indexation and the commissioning of \$375 million of capital into rate base during the last 12 months. These contributions were partially offset by the sale of two mature businesses in 2020.

New connection activity at our U.K. regulated distribution operations exceeded plan by approximately 15% during the quarter. These results reflect good levels of construction activity that has been unaffected by government-imposed restrictions, as well as positive momentum in the housing sector. The business also recorded strong connection sales, with several large projects secured during the quarter which were added to our backlog of over 1.3 million connections. We believe this momentum will persist, supported by an advanced vaccination rollout and economic restrictions having largely been lifted.

Results at our Brazilian regulated gas transmission business increased 21% in local currency terms compared to the prior year. This increase is primarily attributable to an annual inflationary tariff adjustment that was confirmed at the end of 2020. Following the quarter, a new law was enacted to promote continued investment and growth in Brazil's energy sector. The law removes the expiration date of pipeline authorizations, thereby converting this asset base to a perpetual franchise.

Our Brazilian electricity transmission business began operating approximately 600 km of transmission lines during the quarter. In February, we exercised our option to acquire the remaining 50% interest in 760 km of operating lines from our partner for approximately \$70 million (BIP's share – approximately \$20 million). The platform currently has approximately 2,600 km of operating transmission lines which distribute electricity that is primarily generated from renewable energy sources to central consumption regions. We are on track to complete the balance of the projects comprised of 2,700 km of transmission lines over the next 18 months.

Transport

FFO for our transport segment was \$162 million, an increase of 17% compared to the prior year. The gradual reopening of economies has contributed to volume growth at our rail and ports businesses. Supported by robust demand for commodities in Australia and Brazil, volumes on our rail networks increased almost 10%. Container volumes at our ports increased by almost 20% compared to the prior year, driven primarily by consumer led activity in the U.S. and Australia. Results also benefited from the contribution of our U.S. LNG export terminal that was acquired in September. These positive factors were partially offset by asset sales as a result of capital recycling and foreign exchange.

During the quarter, the regulator of our Australian bulk export terminal provided a final decision confirming the transition to a "light handed" regulatory framework. Under this model, we will directly negotiate pricing with users of the terminal instead of operating under a single regulated tariff. The new framework will become effective in July and will allow the company to establish rates that better reflect the economic value of the facility to customers. Contracts with customers will retain the favorable features that existed under the previous framework such as availability-based revenues and the socialization of customer obligations.

Our Australian rail operation continues to perform well with volumes increasing across its diversified group of commodity-based customers. The two largest commodities transported on our network are iron ore and grain, both of which have been supported by robust demand throughout the last year. Iron ore prices have nearly doubled, leading customers to increase the scale of their operations and commence discussions on project expansions. During the quarter we finalized an agreement with an existing iron ore customer to support an expansion of its operations in the region. The project involves a capital investment of approximately A\$225 million over a multi-year period to upgrade our network and is backed by minimum volume guarantees.

Midstream

FFO from our midstream segment totaled \$146 million, a nearly twofold increase compared to the prior year. Strong performance reflects robust customer demand and the completion of an expansion project at our U.S. gas pipeline. Results for the quarter also benefited from the operational strength and preparedness of our gas storage

business through the extreme weather conditions experienced in the U.S. Going forward, the continued development of the Montney Basin by producers with LNG Canada commitments should provide a further uplift to the segment as customers contract the unused capacity in our infrastructure.

In March, our U.S. gas pipeline commissioned the second phase of its Gulf Coast expansion. The project will increase transport capacity in the region and was completed on time and below budget. Relative to a \$200 million total capital investment (BIP's share – \$75 million), the expansion will generate annual EBITDA of approximately \$45 million (BIP's share – \$17 million) under a long-term take-or-pay contract with an investment grade counterparty. Completion of this important project coincided with a partial monetization of the business.

Data

FFO from the data segment totaled \$60 million, an increase of over 40% compared to the prior year. This reflects the contribution of the Indian telecom tower acquisition completed in August, as well as organic growth of 7% across our existing businesses. This organic growth includes inflationary price increases built into our telecom tower and data center customer contracts, as well as the rollout of additional points-of-presence and fiber-to-the-home at our French telecom operation.

We significantly de-risked the cash flow profile of our French telecom business through the execution of 15-year contract extensions with two mobile network operators (MNO). Upon receiving final regulatory approval for these contracts, we will have three of four MNO customers contracted on a long-term basis. We expect to proactively renew the final contract in the coming months. Additionally, the fiber-to-the-home network rollout is progressing well, with the number of fiber plugs commissioned in the quarter in line with plan.

During the quarter, our Indian telecom tower operation finalized a long-term master service agreement and commenced hosting services for a second leading MNO. We are now focused on the rollout of these services to additional tower locations across our network and increasing colocation revenue. With this contract in place, our team is actively progressing long-term agreements with other MNO's which we hope to sign later this year.

Balance Sheet & Strategic Initiatives

Our corporate and asset level balance sheets are in excellent shape, with strong liquidity levels and well laddered maturity profiles. Credit markets also remain highly supportive to the type of assets we own. With no material asset level maturities in 2021, we plan on completing opportunistic financings across our portfolio. With revenues largely adjusted for inflation, a focus on long-term fixed-rate debt at our assets supports enhanced operational leverage in an economic recovery.

We have a robust pipeline of prospective investment opportunities and have substantial available liquidity to support these initiatives. Total liquidity currently exceeds \$4 billion, of which \$2.6 billion is at the corporate level. Secured capital recycling initiatives will add \$1.3 billion to our corporate liquidity in the coming months and we expect to further enhance our capital position by \$1.0 – 1.5 billion through the monetization of additional mature assets in the next year.

The current low interest-rate environment and demand for well contracted, mature infrastructure assets has allowed us to make meaningful progress on our near-term capital recycling target. Recently, we have secured or completed the following sales:

- **12.5% stake in our U.S. gas pipeline** – In early March we completed the sale of a 25% minority interest (BIP's share – 12.5%). Net proceeds to BIP totaled \$412 million, which equates to an enterprise value of approximately \$5.2 billion on a 100% basis. The transaction valued the company approximately \$300 million above our IFRS carrying value. Further, since the recapitalization of the business in 2015, over 75% of invested capital has been returned to Brookfield Infrastructure and we realized an IRR of 21% on the partial sale. Since

acquiring a stake in the business in 2009, its credit rating has increased nine notches and a series of transformative initiatives have unlocked substantial value and stability.

- **\$4.1 billion North American district energy business**— As discussed in the prior quarter, we are advancing two separate transactions to complete the divestment of our U.S. and Canadian district energy platforms. These sales achieve a multiple of capital of over six times and underscore the meaningful value created over eight years of ownership. We anticipate closing of the Canadian transaction to occur in the next month, with the sale of the U.S. operation following shortly thereafter. Total proceeds to Brookfield Infrastructure from these sales are approximately \$950 million.
- **Portfolio of U.K. smart meters** – Subsequent to quarter end, we agreed to sell our portfolio of smart meters in the U.K. at an attractive valuation reflecting the highly contracted nature of the business and high growth trajectory under the U.K.'s energy transition plan. The portfolio will be carved out of our U.K. regulated distribution business and sold on a stand-alone basis. During our ownership period and including the proceeds from the sale, we earned an IRR of 58%. Brookfield Infrastructure will receive net proceeds after debt repayment of approximately \$350 million.

As we continue to surface value from the sale of mature businesses, we remain disciplined on the redeployment of capital. We have made significant progress on two investment initiatives during the quarter, namely the privatization of IPL and a follow-on acquisition of a 10% interest in our Brazilian regulated gas transmission business.

- In February, Brookfield Infrastructure and its institutional partners formally launched a \$5.0 billion takeover offer to shareholders of IPL to privatize the company. If successful, Brookfield Infrastructure will deploy approximately \$2 billion, comprised of cash and shares of BIPC, into a high-quality portfolio of Canadian midstream assets. We believe that IPL, as part of a larger, more diversified enterprise, will benefit from our proven operating capabilities, our renewable energy expertise as well as stewardship around ESG transition investing. We were pleased to hear of IPL's formation of a Special Committee to oversee a strategic review as a result of our offer. Given the positive feedback we have received from many shareholders, we are confident in our ability to complete the transaction.
- Subsequent to quarter-end, Brookfield Infrastructure, alongside its institutional partners, acquired from Petrobras the remaining 10% interest in our Brazilian regulated gas transmission business not already owned. We are funding the acquisition with additional asset-level debt and thus do not require further capital. The investment is a great opportunity to increase our exposure to a fully contracted, inflation-linked cash flow producing asset that we have owned and operated for four years, and therefore know very well.

Spotlight on U.K. Port Operation

Over a decade ago we acquired a U.K. port operation (PD Ports) as part of the recapitalization of Babcock and Brown Infrastructure. At the time, a significant portion of cash flows came from a single, large steel-making customer that was on the verge of bankruptcy and ultimately shut down its operations adjacent to our port. In the years since, our management team has worked tirelessly to diversify the port's customer base and reinvent the business. We think an update on PD Ports is timely as it is in the early stages of another transformation with the shift towards a more sustainable economy. The business is well-positioned to benefit from increasing volumes as a result of new, sustainable industries being developed in the surrounding Tees Valley area of northeast United Kingdom.

Before we describe this growth potential in greater detail, for context we will provide an overview of the merits of the business. As you would expect with any island country, port infrastructure is vital to the U.K. economy with an estimated 90% of all goods traded in the U.K. arriving by sea. Our operations, which span 13 sites on the eastern coast of the country, serve as the gateway to Northern England through critical rail and road linkages. This group

of scarce, well-located and connected landlord ports unlock worldwide markets and offer direct transport links to all corners of the U.K. The business today is highly diversified through the following revenue streams:

- **Statutory Harbour Authority (SHA) status** – We own the perpetual right to look after a river system and charge customers to travel through this body of water. These fees, levied on goods and ships transiting through the area, contribute over 40% of EBITDA and provide recurring, stable, and inflation-linked cash flows.
- **As a landlord port**, the business also leases land adjacent to the port under long-term agreements with a diverse group of high-quality counterparties. Renewal rates are extremely high given the strategic location of the port and access to deep water. These leases have a remaining weighted average term of more than 20 years with embedded inflation escalation and contribute approximately 40% of EBITDA.
- **Port operation services** contribute approximately 20% of EBITDA and involve handling a mix of container and bulk cargo. These services are integral to customer supply chains, and often include minimum volume guarantees under long-term contracts. Anticipated economic expansion should lead to increased throughput and additional development opportunities for the business.

The evolution of the port did not happen overnight. To best position the business and enable it to benefit from attractive regional dynamics, we delivered on the following value creation activities over the past decade:

- Pursuit of a port-centric strategy focused on integration with customer supply chains and attracting new volumes to the terminal:* This has provided stable, contracted cash flows as well as encouraged customers to invest in facilities on land owned by PD Ports. A great example of this strategy is the decision made by Tesco, a leading U.K. grocery chain, to invest over £130 million to develop a critical distribution center on PD Ports land. This secured container volumes for the port for many years to come and in the process, attracted new shipping lines, supporting the growth of the container platform.
- Re-invested over £120 million of operating cash flows into the terminal to expand facilities, enhance capacity and modernize our infrastructure:* These initiatives include an upgrade of quay infrastructure to take advantage of deep-sea access to handle larger ships and associated volumes and the refurbishment and development of warehouse facilities to support bulk volume growth.
- Actively attracted new, long-term customers to the region, including the development of the world's largest biomass power station:* In fact, this facility is the final stages of construction and will utilize the same port infrastructure previously occupied by the aforementioned insolvent steel producer to import its biomass feedstock. Our customer has invested approximately £650 million into the plant and entered into a 33-year land lease to operate at PD Ports' facilities.
- Significant investment into port automation to enable the transition away from carbon intensive activities and into renewable and sustainably sourced goods and products:* These activities are supporting the business's goal of achieving carbon neutrality by 2027.
- Refinanced the legacy capital structure inherited with the business in 2009:* The new financing increased debt levels in the business commensurate with its growing EBITDA, while also providing operational flexibility and lowering annual financing costs.

The business has performed extremely well in the last decade and the next 10 years look to be even better. With the proactive and advanced stage of its vaccine rollout, the U.K. is poised to experience near-term economic expansion ahead of many other parts of the world. This has led to consensus economic forecasts for GDP growth in 2021 and 2022 to range between 5-6%. This economic expansion coincides with the emergence from nearly a half-decade of Brexit induced trade overhang. The U.K.'s recent official exit from the EU has promoted stability in its financial markets and clarity to those who have foreign operations in the region. To encourage further investment and promote new trade relationships with the EU, the U.K. government awarded eight coveted

“Freeport” status designations, one of which was given to Teesside, our PD Ports’ main location. Freeport status provides benefits from a broad package of tax savings, simplified customs procedures, streamlined redevelopment planning processes, and government support to stimulate regeneration and innovation.

In addition to a favorable macroeconomic backdrop, the business has exceptional and highly visible near-term growth, as well as a substantial backlog of future opportunities. First, PD Ports receives annual inflationary tariff increases on 80% of its revenues, which bodes well for consensus near-term inflationary expectations. Second, we anticipate highly captive customers to continue to provide growth opportunities and incremental revenues as legacy conservancy and property charges contractually reset to market rates. Further, we have several large-scale expansions underway including expected new volumes from the development of the world’s largest polyhalite mine and an almost twofold increase in our container terminal capacity.

Finally, the Tees Valley is recognized as a renewable energy hub and has received “Core Status” as a Centre of Renewable Engineering from the U.K. government. This status contributed to GE Renewable electing to bring its wind blade manufacturing plant to Teesport, with the resulting contract expected to be the first of many for the business. These highly visible growth opportunities should contribute to doubling EBITDA over the next five years, and if things go well could triple results by 2030. We look forward to providing future updates as the business executes on its growth strategy.

Outlook

It is our expectation that global economies will re-open, albeit at varying speeds, throughout the year as the vaccine rollout progresses. Based on our experience to-date, GDP growth will be robust as the combination of pent-up demand and substantial fiscal and monetary stimulus fuels a strong recovery. The economic recovery in Asia and the U.S., which has preceded the rest of the world, has already contributed to solid demand and rising prices for several commodities. As a result of higher prices for materials and demands for higher wages, the central focus for many economists has turned towards inflation.

This economic backdrop should create a favorable environment for much of our operations. One of the core attributes of our business is its predictable performance through economic cycles. The resilience of our operations was proven over the past year; however we stand to deliver stronger performance during periods of economic expansion. Our business benefits from having excess capacity in many of our networks that can accommodate higher volumes generated by increased economic activity. In addition, approximately 75% of our FFO has contractual or regulated adjustments for inflation. Consequently, our high margin businesses have significant operating leverage to the current economic environment.

We believe that our full cycle investment strategy is well suited to today’s environment. We are aggressively executing capital recycling initiatives to capture attractive valuations for our high-quality, de-risked assets. We have already been highly successful in this effort and are well underway in meeting our near-term target of \$2.5 billion of proceeds from asset sales. We are also determined to remain disciplined in our capital deployment for new investments and pursue opportunities that meet our strict risk-adjusted return profile. We will focus on commissioning our strong backlog of organic growth projects, pursue tuck-in acquisitions where we have a strategic advantage and larger, multi-faceted transactions where we can utilize our operating expertise and scale.

On behalf of the Board and management of Brookfield Infrastructure, we thank our unitholders and shareholders for their continued support.

Sincerely,



Sam Pollock
Chief Executive Officer

May 6, 2021

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", "target", "should", "future", "could", "plan", "anticipate", "outlook", "focus", "plan to", 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 transactions and other growth initiatives referred to in this letter to unitholders, the integration of newly acquired businesses into our existing operations, the future performance of those acquired businesses and growth projects, financial and operating performance of Brookfield Infrastructure and some of its businesses, commissioning of our capital backlog, availability of investment opportunities, including tuck-in acquisitions, the state of political and economic climates in the jurisdictions in which we operate or intend to operate, the expansion of our businesses and operating segments into new jurisdictions, the adoption of new and emerging technologies in the jurisdictions in which we operate, performance of global capital markets and our strategies to hedge against risk in such markets, ability to access capital, anticipated capital amounts required for the growth of our businesses, the continued growth of Brookfield Infrastructure and its businesses in a competitive infrastructure sector, the effect expansion and growth projects of our customers will have on our businesses, 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, social and political conditions in the jurisdictions in which we operate or intend to 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 favorable commodity prices, the impact of political, economic and other 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 and terms of equity and debt financing for Brookfield Infrastructure, the ability to effectively complete transactions in the competitive infrastructure space (including the ability to complete announced and potential transactions 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 such transactions, given that there can be no assurance that any such transactions will be agreed to or completed) and to integrate acquisitions into existing operations, changes in technology which have the potential to disrupt the businesses and industries in which we invest, 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, the effectiveness of our hedging strategies, completion of growth and expansion projects by customers of our businesses, 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.