

LETTER TO UNITHOLDERS

OVERVIEW

We started the year with strong first quarter results, reporting Funds from Operations ('FFO') of \$186 million or \$0.89 per unit, representing year-over-year increases of 16% and 11%, respectively. Our results reflect steady improvements in each of our operating segments and the deployment of capital in organic growth initiatives and new businesses. During the quarter, we increased our distributions to unitholders by 12% and based on our results to date, are on track to pay out approximately 60% of FFO, which is at the lower end of our long-term payout target.

We are striving to position the business for further growth by advancing a number of investment initiatives to deploy our significant liquidity. In that regard, we recently committed to make five new investments where we will deploy approximately \$600 million of capital into our transport and energy platforms. During the quarter, we closed on the acquisition of an interest in two container terminals located on the west coast of the United States. The remaining transactions are subject to a number of customary closing conditions and we expect to have these businesses contributing to our results in the second half of the year.

OPERATIONS

Utilities

Our utilities business generated FFO of \$89 million in the period, compared to \$92 million in the first quarter of 2013. The lower results in this segment reflect the impact of the sale of our Australasian distribution operations in the fourth quarter of 2013. On a 'same store' basis, underlying performance was strong, as FFO increased by \$6 million, or 7%, as our businesses benefited from inflation indexation and the commissioning of certain capital projects into our rate base.

Our UK regulated distribution business completed a £100 million financing comprised of notes that will be issued in the U.S. private placement market. This financing, which received a rating of Baa2 from Moody's, is expected to close in June and will have a 15-year maturity at a weighted average swapped coupon of 4.5%. The proceeds will be used to repay existing revolving bank facilities which have been drawn to fund recent growth related capital expenditures.

We have added \$90 million of new growth projects to our share of the capital projects backlog and we are working on other initiatives that should further expand it. At our Australian regulated terminal we committed to a \$20 million capital project to augment the facility's ability to manage storm water run-off during periods of heavy tropical rainfall. This capital investment, representing the first phase of the overall project, is expected to be commissioned into the terminal's rate base by the middle of 2015. We will also shortly commence further detailed engineering studies on the second phase of this project, which could require a further \$50 million by 2016. Our Chilean Transmission system also added \$90 million to its capital backlog as a result of seven upgrade projects it was awarded as part of its 2014 trunk transmission line expansion plan. This system also grew its existing rate base by a further \$90 million as a result of an acquisition of a 133 kilometre line that is adjacent to the existing system.

Transport

Our transport business generated FFO of \$95 million in the first quarter of 2014, compared to \$67 million in the prior year period. The significant increase in FFO was driven by the full contribution from our Australian railroad's expansion program where the final portion was commissioned in March 2013. In addition, higher volumes associated with a bumper grain harvest and a higher contribution from our toll

road business, where we doubled our ownership interest in the Brazilian roads in September 2013, also contributed to results.

Subsequent to quarter end, our Australian railroad completed a \$485 million long-term financing comprised of notes issued in the U.S. private placement market. Proceeds from these notes will be used to repay shorter duration bank debt. This financing, which is expected to close in the third quarter of the year, has been swapped into Australian dollars at an average rate of 6%, and has a weighted average maturity of almost 10 years. The notes have been rated BBB (stable) by Standard and Poor's and will extend the asset's average maturity profile.

We commenced work this quarter on the Serra de Cafezal expansion project which consists of duplicating 30 kilometres of the Regis Bittencourt highway in the state of São Paulo to ease congestion. This expansion, which is expected to cost approximately \$485 million (our share ~\$150 million), will be funded from cash retained in the business and project level debt. We expect to be compensated for our investment through an increase in future toll rates and we are targeting equity returns at the high end of our long-term target threshold of 12-15%.

Energy

Our energy business generated FFO of \$26 million in the first quarter of 2014, compared to \$22 million in the prior year period. Results in this segment were aided by improved performance at our North American natural gas transmission business. During the quarter, this business experienced increased natural gas volumes into the Chicago market and higher revenues from profit sharing agreements with customers that were tied to improvements in basis spreads. Higher spreads were primarily driven by natural gas price volatility caused by an unusually long and cold winter. Our UK energy distribution operations also recorded higher FFO compared to the prior year as a result of higher tariffs as well as lower costs associated with a margin improvement program that we have been implementing over the past year.

Across our various district energy systems we made significant headway advancing a number of organic growth projects. We are making good progress connecting the Louisiana State University campus to our system in New Orleans. Also, during the quarter, we reached an agreement to connect another major building to our system in Toronto, and expect to complete a further five connections in Toronto by the end of the third quarter.

UPDATE ON NEW INVESTMENTS

At the outset of the year, our goal was to invest approximately \$500 million to \$1 billion of capital into our various operations this year. We are in an excellent position to achieve this goal as to date we have originated five new investments in the transport and energy sectors that total approximately \$600 million. We will be investing alongside institutional partners, drawing on our \$1.8 billion of corporate liquidity to acquire a 40% interest in each of these investments.

In February, agreements were signed to acquire an approximate 50% equity stake in APM Terminals' (APMT) Elizabeth container terminal located in the port of New York / New Jersey. This transaction represents a compelling opportunity for us to enter the second busiest port market in North America by investing in a high quality, long life asset with upside from economic growth in the U.S. This is a gateway terminal that handled approximately 700,000 TEUs in 2013, and has surplus capacity to facilitate volume growth in the future. We expect this transaction to close in the second quarter of 2014, subject to obtaining all required consents and regulatory approvals.

At the end of March, the previously announced acquisition of a 50% interest in Mitsui OSK Lines' (MOL) container terminals in Los Angeles and Oakland was completed. Similar to the Elizabeth terminal, these are gateway container terminals that also have surplus capacity to facilitate future volume growth. There is a significant modernization project that is underway in Los Angeles that will increase its capacity and efficiency, and once complete will make this one of the most automated terminals in North America.

In April, definitive agreements were signed to acquire 100% of Macquarie District Energy (“MDE”) and Seattle Steam LP (“SSC”). MDE owns district cooling systems in Chicago and Las Vegas, with the system in Chicago considered one of the highest quality facilities in the U.S. SSC provides heat to over 160 buildings in Seattle through 18 miles of distribution pipelines and operates two independent steam plants with a total generating capacity of 750,000 lbs/hour of steam. These acquisitions are expected to close by the third quarter of 2014, subject to obtaining all required consents and regulatory approvals. These systems complement our existing operations which include systems in Toronto, Houston and New Orleans and are a continuation of our overall strategy of acquiring systems in urban locations where we believe we can utilize our overall platform to enhance the operations.

We also continue to work toward the completion of the previously discussed acquisition of 27% of Vale’s Brazilian rail and port business, VLI. This business consists of approximately 4,000 km of rail integrated with five inland terminals and three ports. VLI expects to deploy over R\$6.0 billion to upgrade and expand operations over the next seven years, allowing it to capture volume growth from increased activity in the agriculture, steel and other industrial sectors in Brazil. We expect to close on this investment early in the third quarter, subject to completion of customary closing conditions.

WHY INVEST IN EMERGING MARKETS?

In all of the markets where we operate, we seek to acquire high quality assets that we assume we will own for the long term, and ideally at less than replacement cost. An indication of an appropriate time to invest is when capital becomes scarce. In order to make this strategy work, having the flexibility to invest in a number of sectors and regions is key as capital flows tend to be very fluid.

We have historically invested in emerging markets such as Chile and Brazil because Brookfield has a long history in those markets and we generally like the benefits of diversification that come from investing in stable, developed economies as well as higher growth emerging markets. More often these days than in the past number of years, we hear the viewpoint that exposure to emerging markets is a negative. For us, that suggests that the time is right to invest. But aside from current favourable investment conditions, we also focus on investing in emerging markets because it provides us with certain unique dynamics that are rarely available if we were solely focused on investing in developed countries:

- **Scale.** We look for investments of scale, however they are not always available in developed markets in all our targeted sectors. For instance, there are no toll road platforms of scale in the U.S., Canada or the UK like we have in South America. In 2012, we were able to acquire an interest in a world class business that owns nine key road arteries in Brazil comprising approximately 3,200 kilometres of motorways. The ability to invest in the motorways sector in North America and the UK is limited because the regulatory framework and political will is not yet in place to introduce the private sector into the road infrastructure sector to the same degree as it is in South America.
- **Organic Growth.** Investing in markets with high growth and expanding infrastructure needs provide tremendous follow-on capital investment opportunities. As we have described on many prior occasions, a big value driver for our business is organic growth because it provides predictable, high return sources of capital investment. Much of our organic growth comes from businesses such as Transelec which transmits electricity in Chile. Transelec benefits from the rapidly growing Chilean economy which has grown at an average rate of approximately 5% per annum over the past 10 years. With a growing economy and higher levels of electricity intensification, load growth is significant and this has been driving the need for new sources of energy. As most of the low cost sources of energy are some distance from load centres, this expanding network provides an ability for us to deploy capital into new transmission lines year after year.

- **Contrarian Investing.** Emerging markets are, by their nature, more volatile so it enables us to invest on a contrarian basis when geopolitical events occur, as investors often paint all emerging markets with the same brush. Capital from the large money centres in North America and Europe often take “risk on, risk off” decisions that do not distinguish one emerging market from another. As a result, these windows of opportunity to invest on a contrarian basis tend to occur more frequently with emerging markets than they do in more established markets. As we are long-term investors, we are not concerned about periods of short-term volatility and generally see them as excellent entry points to invest.

However, investing in emerging markets is not simple and requires the extensive experience and platform that Brookfield has built. As an organization, we can trace our involvement in South America for 100 years and over time have invested in all facets of the economy. We only focus on those countries and states that based on our experience and research we believe have sufficiently reliable judiciaries and sound economic and regulatory policies. We don't always agree with every decision that governments in these countries make, but the same can be said of governments in developed nations. We also only focus on those sectors that we believe exhibit good barriers to entry and attractive investment attributes. Another key component to our investment philosophy is that we only invest significant capital if we have people on the ground. We recognize that we are in many cases investing in local businesses, which require the operating skills of executives with good local knowledge and relationships.

Operating a business in emerging markets does, in some cases, involve greater attention to safety, environment, labour and financing issues, among others, each of which we believe we are well equipped to properly manage. A further challenge to investing in emerging markets is managing the risk related to changes in foreign exchange rates as these are somewhat beyond our control. In many instances, hedging can be very costly and so we must rely on imperfect hedges to reduce exposure. The first layer of risk management is borrowing on a non-recourse basis in local currency. The capital markets in Chile, Brazil and Colombia are fairly deep and we are also able to draw upon our international banking relationships to supplement the local markets when needed. The second layer of protection is investing in businesses with either U.S. dollar regulated return frameworks such as our Colombian distribution business, or in businesses with inflation indexation such as our toll roads and transmission businesses.

Our interest in emerging markets should not be mistaken for a dislike of investing in developed markets such as the U.S., Canada, Australia or the UK because that is not the case at all. We remain very active in these markets. Nonetheless, the line separating developed markets from emerging ones can be very faint. For instance, one country that we have described as an emerging market, Chile, is in fact an OECD country with an AA- rating; the same as Japan and higher than many countries in Western Europe. We would argue that the risk of investing in Chile is in fact much lower than many western European countries today. While we are seeking to grow our presence in certain emerging markets, currently less than 15% of our cash flow derives from non-OECD countries. In summary, our view is that the benefits of our exposure to emerging markets outweigh their challenges and our ability to invest in them is a unique strength that should help us outperform over the long run.

OUTLOOK

The business environment for Brookfield Infrastructure remains very favourable and should support continued solid results for our operations for the balance of the year. Earlier in the year there was some volatility in the global currency and commodity markets which was caused by uncertainty over the strength of the U.S. and Chinese economies. In spite of this, we experienced minimal impact on our businesses as we are fortunate to own and operate a business today that is well diversified across regions and sectors and through our contractual and regulatory frameworks are generally insulated from these types of economic headwinds. Notwithstanding the resilience of our assets, we have also proactively set out over the past two years to reduce the financial risk in our business associated with foreign exchange and interest rates. From a currency perspective, we have hedged almost 80% of our non-USD denominated FFO for the next two years, and from an interest rate perspective, we have

continued to extend the duration of our debt and we have locked in almost 90% of our total debt into fixed rates.

For the balance of the year, our primary focus is to execute our capital deployment strategy. We will endeavor to close the five transactions we have committed to and integrate these businesses into our operating platforms. These acquisitions will expand the scale of our transport and energy platforms and will meaningfully add to our cash flows in the second half of 2014 and beyond. We will also continue to operate our businesses efficiently and execute our organic growth plans. Finally, our business development teams are working diligently to convert our strong pipeline of opportunities into investments that will provide further profitable growth for our platforms.

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 in the coming periods.

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", "prospect", "expect", "target", "should", "look forward", "future", "could", "plan", "seeking", "goal", "outlook", "focus", "striving", "foresee", "assume", derivatives thereof and other expressions which are predictions of or indicate future events, trends or prospects and which do not relate to historical matters identify the above mentioned and other forward-looking statements. Forward-looking statements in this letter to unitholders include statements regarding the likelihood and timing of successfully completing the acquisitions and other growth initiatives referred to in this letter to unitholders, the future performance of those acquired businesses and growth projects, financial and operating performance of Brookfield Infrastructure and some of its businesses, availability of investment opportunities, ability to access capital, the continued growth of Brookfield Infrastructure and its businesses in a competitive infrastructure sector, and future revenue and distribution growth prospects in general. Although Brookfield Infrastructure believes that these forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on them, or any other forward looking statements or information in this letter. The future performance and prospects of Brookfield Infrastructure are subject to a number of known and unknown risks and uncertainties. Factors that could cause actual results of the Partnership and Brookfield Infrastructure to differ materially from those contemplated or implied by the statements in this letter to unitholders include general economic conditions in the jurisdictions in which we operate and elsewhere which may impact the markets for our products or services, the ability to achieve growth within Brookfield Infrastructure's businesses, some of which depends on access to capital and continuing favourable commodity prices, the impact of market conditions on our businesses, the fact that success of Brookfield Infrastructure is dependent on market demand for an infrastructure company, which is unknown, the availability of equity and debt financing for Brookfield Infrastructure, the ability to effectively complete new acquisitions in the competitive infrastructure space (including the potential acquisitions referred to in this letter to unitholders, some of which remain subject to the satisfaction of conditions precedent) and to integrate acquisitions into existing operations, the market conditions of key commodities, the price, supply or demand for which can have a significant impact upon the financial and operating performance of our business, regulatory decisions affecting our regulated businesses, weather events affecting our business, traffic volumes on our toll road businesses and other risks and factors described in the documents filed by Brookfield Infrastructure with the securities regulators in Canada and the United States including under "Risk Factors" in Brookfield Infrastructure's most recent Annual Report on Form 20-F and other risks and factors that are described therein. Except as required by law, Brookfield Infrastructure undertakes no obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.