Brookfield Infrastructure Partners L.P.

LETTER TO UNITHOLDERS

OVERVIEW

Our results for the quarter were strong with most of our operating businesses performing well. We reported Funds from Operations ('FFO') of $180 million or $0.86 per unit, translating to a 62% payout ratio, which sits comfortably at the lower end of our long-term target range. For the first half of the year, our results were up 12% on a comparable or 'same store' annualized FFO per unit basis, surpassing our goal of 6% to 9% organic growth. For the quarter, our results were flat compared to the prior year as the second quarter of 2013 benefited from the contribution from assets that were subsequently sold as part of our capital recycling initiative.

Last quarter we indicated that approximately $450 million of capital was committed to be deployed into four new investments. We have made considerable progress towards closing these transactions and expect them to start to contribute to our results during the second half of the year. With total liquidity of $2.5 billion, we have substantial financial capacity to fund these investments and future growth.

OPERATIONS

Utilities

Our utilities business generated FFO of $92 million in the period, compared with $83 million on a comparable basis and $96 million in total for the second quarter of 2013. Results in this segment were lower, reflecting the impact of the sale of our Australasian distribution operations in the fourth quarter of 2013. The comparable results were strong as our businesses benefited from higher connection activity in our UK regulated distribution business, inflation indexation, a larger regulated asset base and lower costs resulting from margin improvement programs at a number of our operations.

From an operations perspective, all of our utilities businesses performed well during the quarter. Most noteworthy was our Australian regulated terminal where we experienced record capacity utilization of over 95% in June. Given that we have take-or-pay contracts in place with premier mining companies, our financial results for this business are not impacted by volumes handled at the terminal. However, this level of throughput is encouraging as it demonstrates that, in this low price environment, our customers are continuing to ship significant volumes through the terminal.

On the financing front, subsequent to period end, our Chilean electricity transmission business completed a $375 million financing, comprised of notes issued that were rated Baa1 by Moody's and BBB by Standard and Poor's. The issuance, which was almost 7x oversubscribed, has an 11-year term and a coupon of 4.25%. The proceeds will be used to repay debt that is maturing in the second half of 2014 and 2015.

Our committed capital project backlog in our utilities business grew during the second quarter to approximately $435 million which we expect to invest and commission into our regulated asset base in the next 24 months. We added almost $100 million of projects during the quarter, primarily at our UK regulated distribution business and our Australian regulated terminal. Our UK regulated distribution business experienced record sales activity during the period, with sales of our multi-product offerings up over 40% compared to the prior year. The increase in activity levels is primarily attributable to a broader recovery in the UK housing market (which still remains below pre-financial crisis levels). At our Australian regulated terminal, we received approval to invest an additional $50 million on the final phase of a storm water management system.

Transport

Our transport business generated FFO of $94 million in the second quarter of 2014, compared to $83 million in the prior year period. The increase in FFO was driven largely by the greater contribution from our Brazilian toll roads, where we doubled our ownership in September 2013, and stronger results in our ports business, where we benefited from both the newly acquired North American west coast port operation and better performance at our European port operations. This increase in FFO was partially offset by $6 million of non-recurring interest income from a favourable stamp duty ruling at our Australian railroad that was reflected in prior year results.

From an operations perspective, our railroad saw another good quarter with volumes up 5% from prior year as a result of higher iron ore and grain shipments which were ahead of our expectations. Our ports business also experienced a solid quarter with results improving compared to the prior year. Our UK ports business has seen an overall 15% increase in underlying volumes on a year-to-date basis compared to the prior year, primarily due to improving economic conditions and several customers expanding their operations. In response to increased demand from our customers, we are investing $35 million to complete an upgrade of the quay to accommodate increased volumes. In addition, we are in the midst of integrating our North American west coast container terminals into our ports platform. We expect to see a meaningful contribution from this business with the completion of its modernization program at the end of 2015.

We have advanced the closings of two previously announced transactions. In mid- August, we expect to close on our investment in VLI, a Brazilian rail and port business, as we have received all consents required for closing this transaction. This investment will provide us with approximately $300 million of organic growth projects, as the business has a substantial capital program to expand operations. We are still waiting for regulatory consent to close our investment in the Elizabeth container terminal located in the port of New York/New Jersey. We expect to obtain the required consents during the second half of 2014.

Energy

Our energy business generated FFO of $16 million in the second quarter of 2014, compared to $18 million in the prior year period. Results were negatively impacted by lower transportation volumes in our North American gas transmission business and a warmer winter that affected volumes in our UK energy distribution business.

Over the next few weeks, we expect to close the previously announced acquisition of Macquarie District Energy and it is anticipated that the acquisition of Seattle Steam will be completed later in the third quarter of 2014. These systems provide environmentally-efficient heating and cooling to large buildings in Chicago, Seattle and Las Vegas.

We have also signed an agreement to acquire Lodi Gas Storage in California, along with our institutional partners, for $105 million. Our equity investment will be 40% or approximately $40 million. This business complements our Canadian natural gas storage business and we expect to see some synergies arise from combining it with our current platform. We expect this transaction to close by the end of the first quarter of 2015, following completion of customary closing conditions.

THE INVESTMENT ENVIRONMENT

Lately we have had a recurring question from our investors – how much longer will the investment cycle for infrastructure assets last before we see a correction in values? While our views don’t necessarily lead to a simple answer, we can certainly see an argument for both sides of the debate. For those of us with GDP sensitive operations in North America and Europe, it certainly feels like the recovery in economic growth is just beginning. Our European ports business has only recently shown improvement with increases in container traffic and signs of new customer investment activity, particularly in our UK operations. Furthermore, in both the UK and the U.S., we are still not seeing housing starts at levels that approach the steady-state levels we would expect. Consequently, we should still experience stronger economic growth for a number of years to come, which will support valuations and encourage further investment.

But you can also take the view that we are late in the investment cycle. The stock market in the U.S. and Canada is well into its fifth year of strength, there has been a recent spate of IPOs by companies looking to exit core assets, and the use of leverage and valuation multiples in a number of notable mergers and acquisitions are approaching levels that we haven't seen since 2005-7. These are all indicators of a cycle nearing its conclusion. With all these conflicting signals, it is not surprising that we get these sorts of questions.

No one can say for certain how much longer this cycle will last or what sort of correction we could experience once interest rates start their climb from these historic lows. Our view is that valuation levels for some asset types have been inflated by extremely low interest rates and a scarcity of infrastructure opportunities to satisfy the investment appetite of new market entrants. On the other hand, we also believe that the global economy will likely surprise on the upside, which should mitigate these factors from a valuation perspective.

Our businesses are not liquid investments and therefore we take a much longer term approach to investing than many investors. As a result, our investment and financial strategy is formulated to succeed throughout the business cycle, including conditions which currently exist. However, we believe that several of our investment guidelines are particularly relevant in this valuation environment and are therefore worth reiterating to you.

- **Remain focused on investing capital to meet our long-term return target of 12-15%.** We do not believe in reducing our return thresholds for the sake of making it easier to acquire assets, nor do we justify purchases based solely on our accretive cost of capital.

- **Create value for our unitholders by being both good buyers and good sellers.** Late last year we recycled over $1 billion of equity capital in our business through asset sales. While we don't expect that we will be selling assets every year, harvesting assets to re-invest back into our business is a core strategy. Investing capital at 12-15% returns and selling assets at an 8-10% return level is very accretive to our company's per unit growth.

- **Don't pay for unrealistic growth targets.** Whenever we look to make an acquisition, the seller will always portray a very rosy future for the business. We apply our expertise to forecast a reasonable expectation for growth that reflects competitive dynamics such as new market entrants and regulatory considerations. This is where many acquisition mistakes are made, in particular when capital is more freely available.

- **Buy high quality assets with established, proven business models and management teams that have a solid track record.** We are always focused on identifying businesses with internally generated organic growth potential where we can deploy further capital at highly accretive returns. Furthermore, in an environment where odds favour interest rates increasing, assets that are fully contracted with little organic growth are the most susceptible to valuation declines.

- **Maintain a high level of liquidity.** We currently have approximately $2.5 billion of total liquidity. We have also extended the maturity profile of our debt to an average of 10 years and, for the most part, fixed our interest rates. While we incur some costs for maintaining high levels of liquidity and utilizing long-term, fixed rate debt, we believe the benefits of being in a position to take advantage of market corrections far outweigh the costs.

OUTLOOK

We have built a business over the past number of years that is positioned to deliver solid results in a variety of economic environments. We are currently operating in global economic conditions that are generally good. The U.S. economy is continuing to demonstrate signs of renewed growth and we have also seen further easing of monetary policy by the European Central Bank. There are continued signs of economic stabilization within China, where government officials recently expressed confidence that the country would achieve the 7.5% annual GDP growth target established late last year. The only region where we operate that has seen economic growth decelerate is South America, however, we believe the fundamentals continue to support favourable growth over the longer term. On the whole, our business should perform well in this economic environment.

We remain disciplined with our capital allocation, underwriting and investment posture. Liquidity is strong, and our business development teams are continuing to engage on a number of interesting investment opportunities. In addition, we have almost $1 billion of organic investment opportunities in our operations that are committed and which are always the lowest risk and highest return.

On behalf of the board and management of Brookfield Infrastructure, I would like to thank all our unitholders for your 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 global economic conditions, 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.