Letter to Unitholders

Overview

We are pleased to report our business generated Funds from Operations (“FFO”) of $294 million, or $0.75 per unit during the second quarter of 2018. While FFO benefited from another period of solid organic growth, this quarter’s results were impacted by the loss of income associated with the sale of assets and the time required to redeploy the significant proceeds into new investments. As this happens, our payout ratio will return to our target levels over the next few quarters.

We have positioned the business for long-term growth by progressing a number of investment initiatives. In that regard, we have an advanced pipeline of investment opportunities totaling approximately $1.7 billion of which approximately $1.3 billion has been earmarked for three recently announced transactions that will expand our energy and data infrastructure operating groups. These new investments, coupled with the strong backlog of capital projects we have across our operating groups, should allow us to meaningfully grow our cash flows in the years ahead. These investments will be funded from the $4 billion of liquidity on our balance sheet at quarter end.

Results of Operations

FFO of $294 million in the period benefited from organic growth of 8% on a comparable basis to 2017, as well as contributions from new investments. Our FFO was reduced by approximately $26 million as a result of the appreciation of the U.S. dollar relative to the Australian dollar, Pound Sterling and Brazilian Real.

Our utilities segment generated FFO of $139 million, compared to $168 million in the same period last year. Overall, results for the segment were lower than the prior year primarily due to the impact of the sale of our electricity transmission business in Chile, which closed in the first quarter, a debt financing recently completed at our Brazilian regulated gas transmission business and the impact of foreign exchange. However, underlying performance was solid, as FFO on a comparable same-store basis increased by 6% over second quarter 2017, primarily due to substantial connection activity in our U.K. regulated distribution business and capital commissioned into the rate base over the past 12 months.

During the quarter, we closed on our acquisition of a controlling interest in Gas Natural Colombia, the second largest gas distribution network in the country, for a total equity investment of approximately $310 million (BIP’s share – $90 million). The closing occurred concurrently with Colombia receiving its official approval for OECD inclusion, an important achievement for the country which should have a positive long-term impact on all of our Colombian businesses.

Our transport segment contributed FFO of $133 million, which was relatively consistent with prior year levels. Improved performance was predominantly driven by inflationary tariff increases and higher volumes at our toll road businesses. These positive effects were offset by the impact of foreign exchange and a nation-wide truck driver strike in Brazil.

This strike occurred over 11 days during the quarter. Given the importance of truck-based transportation to Brazil’s economy, this event had a significant, though short-lived, impact on the flow of goods in the country which resulted in lower than planned volumes at both our toll road and rail businesses. The strike, which was centered around rising fuel prices, was resolved by the government agreeing to re-instate a portion of historical fuel subsidies for

a period of time. While the strike reduced our second quarter results by approximately $8 million, traffic at our toll roads returned to normal levels shortly after the strike ended.

At our rail business in Australia, there was a favourable development with one of our iron ore customers that will result in an overall net positive impact, relative to what we reported last quarter. During the period, a mine that was slated to close prematurely was sold to a new owner who intends to operate the mine for the balance of its remaining five to six-year life. A new four-year contract was signed which is forecasted to contribute A$5 million of revenue in the fourth quarter of this year, and approximately A$20 million on a full-year basis. In addition, we are continuing discussions with another large customer about their rail requirements for a potential expansion project at their mine. Our rail business in Australia is the sole provider of rail infrastructure in southwestern Australia, a region that despite a relatively low population base, is prolific in agricultural and mining resources. Our view is that while there may be variations in annual harvests and ore production from time to time, the region will remain an important global long-term supplier of grain, iron ore and alumina.

Our energy segment reported FFO of $54 million in the second quarter. This represents a 26% increase over the same period in the prior year, reflecting a higher contribution from our North American gas transmission business due to increased gas transport volumes and lower leverage levels. Our district energy operations also performed well, while results at our gas storage business were impacted by a weaker gas spread environment relative to last year.

Our North American natural gas transmission business continues to benefit from robust global demand for natural gas and a material ramp up in U.S. production. The business finalized terms for a second phase of its Gulf Coast expansion, which will require deploying approximately $230 million of capital at attractive risk-adjusted returns (BIP's share – $115 million). The project is backed by a long-term take-or-pay contract to transport gas to a liquefied natural gas (LNG) export facility and is expected to have a mid-2021 in-service date. The business is also progressing capacity improvement projects that will enhance deliverability in key supply regions. These works require minimal capital investment and are backed by multi-year customer contracts that will meaningfully contribute to our results. Subsequent to quarter end, the business' credit rating was upgraded to a BBB- rating by S&P Global Ratings.

Our data infrastructure segment (formerly telecommunications infrastructure), currently comprised of operations in France, contributed FFO of $19 million for the period, which was consistent with the prior year. Our business is progressing its "build-to-suit" program, where new towers are built based on the requirements of mobile network operators. The business has delivered over 200 new towers since the program began, with strong co-location rates. Based on the existing backlog, the program should add another 220 new towers over the next 12 months. Additionally, the rollout of fibre-to-the-home projects is now underway, with the commercial launch of our first secured tender, Val d'Oise, beginning in July. We forecast that these combined projects will grow the business' results by 15% on a full run-rate basis once commissioned, which is expected in 2022.

Balance Sheet & Financial Risk Management

We ended the quarter in a strong financial position with total liquidity of $4 billion, of which approximately $3 billion was at the corporate level. With this level of liquidity, we are able to fully fund all our committed transactions and organic growth backlog. Even though we currently carry significant liquidity, we are progressing our next phase of capital recycling with a target of approximately $1 billion of proceeds over the next six to 12 months in order to realize on mature investments and replenish our resources to fund further growth initiatives on an accretive basis.

The debt capital markets remain quite healthy and open for new issuances but we have seen higher volatility more recently in the foreign exchange markets. From a financial risk management perspective, we continue to actively manage our debt maturity profile and lock in foreign denominated FFO to U.S. dollars over a period of 24 months to reduce exposure to rising interest rates and to minimize currency volatility in our cash flows. Our debt maturities are well laddered, with only approximately 5% of debt maturing in the near term and no significant individual maturity in the next five years. Outside of Brazil, where the recent economic recovery has led to a meaningful decline in interest rates, 90% of our debt is fixed. This is the result of our efforts to lock in rates to benefit from a historically low interest rate environment over the past several years.

As we have communicated in the past, substantially all of our foreign denominated cash flows outside of South America and India are hedged for the next 24 months. Recently, we made the decision to hedge a portion of our near-term cash flows from Chile, Colombia and Peru. Interest rate differentials have narrowed, meaning the cost to hedge these currencies has come down significantly. We are also noting similar trends in Brazil and India, and although hedging costs remain somewhat elevated for these currencies, we are closely monitoring opportunities to cost effectively hedge cash flows coming out of the businesses in these regions.

Update on Strategic Initiatives

It has been a very active and successful period for advancing our various investment initiatives. Our current pipeline of advanced investment initiatives should result in us investing approximately $1.7 billion. We have signed three opportunities representing $1.3 billion, and we have a further approximately $400 million of initiatives under exclusivity and in the final stages of due diligence.

Our primary objective is to invest globally at the best risk-adjusted returns, meaning we are typically agnostic about our geographic mix of assets. However, we are pleased to have recently secured three large scale North American investments: a U.S. Data Center Business, a Western Canadian Midstream Business and a North American Residential Energy Infrastructure Business. These transactions are the outcome of substantial efforts to focus specifically on the data infrastructure and energy sectors, respectively, where we have recently seen "value".

Another contributing factor to our success has been our ability to apply our expertise in executing "carve out" transactions. In two of these cases we are acquiring assets from large industrial companies. Although these companies do not consider these businesses to be strategic, we are excited about the potential to own and operate them. While each of the businesses has its own distinct investment attributes, more broadly we like carve out transactions for the following reasons:

1. Carve out transactions tend to attract few financial investors and therefore valuations are generally less robust. This is normally the case because there is additional complexity in evaluating businesses that need to be separated from a larger concern and often there is a requirement to bring new management into the business. Many financial investors do not have this capability.
2. Businesses that have been deemed "non-core" by large companies may receive less management attention and capital resources and thus a new owner with expertise and financial resources can add significant value.
3. We believe that businesses that are run in a decentralized manner by highly motivated and accountable executives can create value through close attention to margins and customer needs.

U.S. Data Center Business

We reached a significant milestone in June, further establishing our position in the data infrastructure space through an agreement to acquire AT&T's large-scale data center business for $1.1 billion or $560 million of equity (BIP's share – $160 million). We have been looking for the right opportunity in this sector for a long time and this investment provides us with an entry point that we believe represents good value and that we can leverage for future growth.

This business is a high-quality, multi-tenant service provider, supplying colocation services to top-tier customers in many prominent markets. We have acquired 31 well-located data centers on five continents, in 11 countries and within 26 metro markets; approximately 85% of revenues come from the U.S. The customer base is large and well-diversified and comprised of over 1,100 companies representing multiple industries as well as the U.S. federal government. AT&T remains a strategic partner and will be the single largest tenant.

We have assembled a capable management team that has years of industry experience managing similar assets. We plan to take an active management approach by adding a specialized sales force to focus on maximizing customer retention and improving capacity utilization. The business will serve as a platform to benefit from long-term growth trends in the data infrastructure market. We expect solid organic growth in the business as we improve utilization of existing capacity. In addition, we anticipate to be able to add new sites through both

construction and acquisition of roll-up opportunities. We anticipate the transaction to close in the fourth quarter of 2018.

Western Canadian Midstream Business

In July we entered into a definitive agreement to acquire 100% of Enbridge Inc.'s Western Canadian natural gas gathering and processing business for $3.3 billion, with a total equity investment of $1.8 billion (BIP's share – approximately $540 million). This business is the largest independent operation of its kind in Canada, strategically positioned for continued development of the prolific but largely untapped Montney region of British Columbia and Alberta. The business is comprised of 19 natural gas processing facilities with total operating processing capacity of 3.3 bcf/d and 3,550 kilometers of gathering pipelines. It is well connected to major demand markets including the U.S. Pacific Northwest, U.S. Midwest and Alberta, giving producers multiple egress options. Over 85% of 2018 revenue is comprised of fee-based take-or-pay contracts with a weighted average remaining contract life of 10 years.

This business is an ideal platform to establish our midstream presence in Canada, as it is competitively positioned for growth given the highly economic and prolific acreage throughout the Montney region. We believe the region's massive scale and low breakeven costs will ensure that it continues to be a focal point for development by top tier producers with over 40 years of anticipated economic drilling inventory at current price levels. Production in the Montney is anticipated to grow by approximately 20%+ from 2017 to 2024 and we believe the catchment area of the business overlies more than 35,000 potential future wells, representing approximately 60% of the region's gas resources.

This transaction is expected to close in two stages due to separate provincial and federal approval processes. Closing for the provincially regulated business (comprising approximately 60% of cash flows) is expected to occur in Q4 2018. Closing for the federally regulated business (comprising approximately 40% of cash flows) is expected to occur in the first half of 2019.

North American Residential Energy Infrastructure Business

Subsequent to quarter end, we announced the acquisition of 100% of the outstanding shares of Enercare Inc. ("Enercare", TSX: ECI), a leading provider of essential residential energy infrastructure, such as water heaters, heating, ventilation, air conditioning ("HVAC") systems and other home services across Canada and the U.S. The total enterprise value of the company is C$4.3 billion (US$3.3 billion) with an equity commitment of US$2.3 billion (BIP's share – $630 million). It operates in a sector that we understand very well, having reviewed the opportunity to acquire other market players in the past. It also offers many parallels to our U.K. regulated distribution business given the similarity in approach and sales channels utilized to deliver these services.

Enercare is a high-quality annuity-like business with a well-established market position. The business has been around, in some form or fashion, for over 50 years and currently has approximately 1.1 million rental units. From installation, these assets provide revenues underpinned by long-term, inflation-linked contracts of over 15 years. Recurring revenues from equipment rentals and protection plans generate approximately 80% of the company's revenue, resulting in predictable, long-term cash flows.

We see strong growth prospects for the business, given the relative under-penetration of HVAC rentals thereby presenting growth opportunities in their home market of Canada, and potential upside from the growth of the more recently acquired HVAC sales and servicing business in the U.S. In addition, there are a number of Brookfield-managed businesses that we believe can be leveraged to further enhance the growth prospects of the business. The transaction is expected to close in Q4 2018.

Outlook

Looking ahead for the balance of the year, we expect global macroeconomic and political uncertainties may continue to dominate the news cycle. So far this year, headlines have been consumed by geopolitical events surrounding North Korea, rising interest rates and inflation, and more recently, they have been dominated by the possibility of a trade war due to the introduction of import tariffs. However, with business conditions generally good

and conducive to solid growth, our outlook is very positive. While the risk of a prolonged trade war could have an impact on global economic activity, we believe our business is for the most part insulated, given our predominantly regulated and contracted cash flow streams, our well-diversified operations and our strong balance sheet.

In the first half of 2018, we raised approximately $1.6 billion of capital from the sale of Transelec and the refinancing of our Brazilian regulated gas transmission utility. As indicated last quarter, these capital raises result in a near-term drag on results. The impact of these initiatives on our FFO is approximately $31 million per quarter (approximately 8% yield on proceeds raised). However, we are now well on our way to redeploying the proceeds into higher returning investments. In that regard, our $1.7 billion of committed and advanced initiatives should be fully deployed over the next 12 months. On average, we believe these investments will earn initial going-in FFO yields of approximately 10% and generate substantially higher same-store growth over time than we would have earned from Transelec. Our investment pipeline also includes other attractive, less advanced transactions that should convert into new investments over the coming quarters.

Our primary focus for the balance of the year is to close our recently signed transactions, progress our pipeline of other advanced transactions to signing and execute our asset management strategies to drive value within our operating businesses. On behalf of the management team, we appreciate your support and look forward to reporting on our progress next quarter.

Sincerely,

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

August 2, 2018

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", 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, performance of global capital markets and our strategies to hedge against risk in such markets, ability to access capital, 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 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 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.