

Letter to Unitholders

Overview

Over the last several months, the rapid spread of the COVID-19 (“covid”) virus from country to country has meant that business conditions have changed, almost overnight. In an effort to contain its spread, governments everywhere have taken unprecedented measures including the implementation of travel bans, self-imposed quarantine periods and other mandated closures, which has materially disrupted economic activity.

In the first quarter of 2020, Brookfield Infrastructure generated Funds from Operations (FFO) totaling \$358 million, an increase of 2% compared to the prior year. This solid performance is a demonstration of the quality of our asset base and the critical services they provide. The economic slowdown impacted our port assets early in the quarter, while other businesses were affected near the end of the quarter, as more stringent measures constraining personal mobility were enacted. The effective shutdown of the global economy created challenges for some of our businesses, however, we have robust preparedness measures in place across the organization to protect our people and we are working hard to maintain uninterrupted service across our portfolio.

Our management team has experience operating through numerous periods of market dislocation and uncertainty. The distinguishing factors of this downturn are the suddenness and extent of the economic contraction that has taken place, the level of central bank and government intervention to support the economy, and the concurrent oil price decline. Regardless of the differences in both the cause and severity of the stress, Brookfield Infrastructure was well prepared financially to react to these challenging conditions. Our business strategy is underpinned by four main pillars: (i) maintain high levels of liquidity at all times, (ii) finance our assets with long duration, fixed rate debt, (iii) invest in high-quality, well-contracted assets, and (iv) diversify the portfolio by both geography and sector.

While it is too early to comment on learnings from the pandemic, our conviction regarding the attractiveness and sustainability of the infrastructure sector has been reinforced. It is with considerable pride that we can report that every operating business owned by Brookfield Infrastructure was deemed an essential service and thus has been operating throughout this period. Furthermore, our experience to date has shown that our utility, data and energy assets, which generate approximately 70% of our FFO, will be only modestly affected by the current environment. Our transportation infrastructure assets are experiencing near-term volume related variations due to the shutdown measures but the diversity and quality of these assets across rail, roads and ports is minimizing the overall impact to the company.

Efforts are already underway in many countries to restart the economy in a thoughtful, prudent manner. We believe that the most challenging period is behind us, but we are well prepared to react should the lockdowns persist or get reinstated due to a second wave of infections. During this period of stress, we have also been progressing the closing of our Indian telecom tower transaction and active in evaluating investment opportunities in the capital markets where we believe we will earn out-sized returns once the economy recovers. In aggregate, we expect to deploy over \$700 million into these high value, strategic initiatives in the short term.

Mitigating Measures in Response to Covid

During the quarter, as it became apparent that the containment response from governments was going to be far greater than previous coronavirus outbreaks, our asset management teams quickly mobilized and took the following steps to further solidify our business.

- **Instituted protocols to protect the safety and well-being of our people.** Measures have been implemented at each of our businesses to minimize exposure to the virus. These include facilitating remote work environments and instituting shift work for essential employees to maintain appropriate physical distance.
- **Implemented continuity plans to ensure undisrupted operations.** Each of our assets implemented emergency business continuity plans and consequently there have been no material work stoppages or outages to date as a result of covid. Certain capital projects were delayed for labor mobility reasons, but plans are in place to resume activity once it is safe to do so. We are coordinating with local governments and authorities to ensure the safe operation of all our critical infrastructure assets.
- **Monitoring counterparties.** We are actively monitoring our counterparty exposures in addition to existing and potential sources of volume variability within our businesses. The large number of government assistance programs and the liquidity injected into the economy by central banks has been very beneficial to many of our clients and consumers.
- **Managing cash flows.** Each of our businesses prepared revised business plans for the balance of the year and where appropriate, took steps to reduce costs and non-essential capital expenditures in line with reduced revenues.
- **Maintaining a healthy balance sheet and good liquidity.** Our total liquidity position is the strongest it has been in years at approximately \$4.3 billion. This reflects recent capital markets initiatives that were completed to strengthen our liquidity position, including a bond issuance and securing incremental credit facilities at the operating and corporate levels.

During these challenging times, we have continued our ongoing commitment to doing our part to support the communities in which we operate. We are making a concerted effort across our various offices and portfolio companies to donate funds, time, and essential equipment and supplies to support communities and first responders. The following examples highlight some of the initiatives that are underway:

- In North America, our Western Canadian Midstream business is contributing to a number of local causes including donating equipment such as portable generators to indigenous communities to generate electricity.
- In Asia Pacific, our New Zealand Data Distribution business has provided mobile connectivity to an isolation center that was used to quarantine people who returned to New Zealand from China, removed data limits on home broadband while reducing prices for data plans, and provided charging stations at local hospitals to benefit frontline health workers.
- In emerging markets such as India and Brazil, our businesses have undertaken programs to distribute food and personal protective equipment and have donated funds to support public health initiatives and various community projects.

Results of Operations

Results for the quarter reflect organic growth and incremental earnings associated with our asset rotation strategy. On a per unit basis, FFO was \$0.77 (equivalent to \$0.86 prior to our unit split), which was in-line with prior year levels. FFO growth was primarily driven by organic growth of 6% and earnings associated with \$1.6 billion of capital deployed during the past year. These positive factors were partially offset by the sale of four businesses, impacts related to covid and the depreciation of foreign currencies. Virus related impacts were primarily

experienced at our port and toll road operations, affecting results by \$10 million, while the lower Brazilian Real reduced results by \$17 million.

FFO from our utilities segment totaled \$146 million, compared to \$137 million in the prior year. The segment delivered organic growth of 8%, reflecting the robust nature of our contracted and regulated cash flows in this segment. This increase reflects inflation indexation and \$310 million of capital commissioned into our rate base over the past 12 months. Results also benefited from the first full quarter contribution of the North American regulated natural gas transmission business acquired in October 2019. These increases were partially offset by the sale of our Colombian regulated electricity distribution operation and the lower Brazilian Real converted to U.S. dollars which lowered results by \$9 million.

In February, we announced the intention to privatize our Colombian regulated gas distribution business. We own a 55% interest alongside our institutional partners and expect to launch a delisting tender offer in the second quarter of 2020. The company generates stable and predictable cash flows in a constructive regulatory environment, and we are excited at the prospect of increasing our ownership.

Our transport segment delivered FFO of \$120 million, down from \$139 million in the prior year. Compared to the first quarter of 2019, results reflect the initial contribution from our North American operation in addition to strong pricing across our rail and road networks. These positive impacts were more than offset by the loss of earnings associated with the sale of a European port business and an interest in our Chilean toll road operation. When combined with the impact of a lower Brazilian Real when converted to U.S. dollars, these factors collectively reduced results by \$18 million. Our North American and Australian container terminal operations were impacted by lower trade activity from China due to covid, reducing volumes by 13% and FFO by \$5 million relative to 2019 levels.

Our global rail operations delivered FFO of \$60 million during the quarter, a 9% increase relative to 2019. We believe that these operations are well positioned to navigate any sustained economic downturn. In general, these businesses contract with high-quality counterparties, many of which have entered into long term, take-or-pay or minimum volume arrangements that provide a solid baseline level of revenues. Our Australian operation is underpinned by long-term contracts with global mining companies and a large local grain farmers co-operative. With the price of iron ore remaining strong (in Australian dollars), our volume outlook is favorable as some mining customers are seeking to increase volumes over target levels set last year.

In Brazil, our integrated rail business moves a diversified set of products that underpin the national economy. We expect volumes for the first half of the year to be comparable to 2019 levels as a substantial increase in global demand for Brazilian soybeans and sugar offset lower demand for industrial products. Lastly, our recently acquired North American short-line rail operation serves over 3,000 customers and is critical to the movement of essential goods across the continent. Volumes in the first quarter were in-line with our underwriting expectations although the product mix has shifted reflecting the prevailing economic environment. Our integration efforts at this business are going well and we have commenced our margin improvement initiatives.

The energy segment contributed FFO of \$115 million compared to \$107 million in the prior year. Results increased by 12% on a same-store basis, excluding the contribution from our gas storage operations which, as a result of timing and weather, earned higher spreads and stored greater volumes in the first quarter of last year. Our North American residential infrastructure business benefitted from the signing of 50,000 new customers and the ongoing success of our “sales to rental” strategy in the U.S. We also closed the acquisition of the federally regulated portion of our western Canadian midstream business in December 2019, with these operations fully contributing to results in the quarter.

Our natural gas transmission business in the U.S. reported another good quarter. The business continues to benefit from significant customer demand and new contracts signed during the past year, which increased FFO by 4% compared to 2019. Transport services are fully contracted with an average contract duration of approximately eight years, and as a result, management has been focused on advancing several accretive

initiatives to enhance capacity. Last year we received regulatory approval to proceed with two important projects that will increase the capacity of our pipeline system. These include increasing deliverability to LNG facilities in the Gulf Coast and a 17-mile extension of our pipeline into the Permian basin. Together, these fully contracted projects will require \$120 million of capital (BIP's share - \$60 million) and generate very attractive returns. We expect both projects to be commissioned during the fourth quarter of 2020. The business is also progressing the second phase of its large-scale Gulf Coast expansion, which is now 40% complete and on schedule to achieve a mid-2021 service date.

We closed our first energy investment in India approximately one year ago with the acquisition of an approximately 1,500 kilometer cross-country natural gas transmission pipeline. Performance to date has been consistent with expectations. The business generates stable cash flows through a capacity based "ship-or-pay" agreement with a high quality and creditworthy counterparty. During the quarter, we completed a financing to optimize the capital structure and distributed \$315 million (\$90 million to BIP). This, in combination with regular distributions from operating cash flows, has resulted in 50% of our invested capital being returned within the first 12 months of ownership.

FFO from our data infrastructure segment totaled \$42 million, an increase of 50% from the prior year. Our underlying businesses continue to perform well with FFO from our French tower operation increasing due to inflation indexation and new points-of-presence added to our network. Results also benefitted from the contribution of our newly acquired data transmission and distribution operations in New Zealand and the United Kingdom, and a data storage business in South America.

In South America, the expansion of our data storage business is progressing well. We made our initial investment just over a year ago and have since commissioned seven new facilities and almost doubled capacity to 75 megawatts. An additional three sites and several ongoing expansions are now contracted and under construction, which will add a further 30 megawatts of capacity to the business within the next six to nine months. Planning is underway to further expand in Brazil, Chile and other regions in Latin America.

Balance Sheet

Maintaining a disciplined and consistent approach to financing at both the corporate and asset level through market cycles is key to being prepared for unexpected market downturns. We implement prudent non-recourse financings at our businesses, while maintaining a focus on liquidity and access to capital. We also take an active approach to managing our debt maturity profile. Throughout the extended period of strong credit markets over the past five years, we proactively refinanced debt across our portfolio to extend our maturity profile and minimize exposure to capital market disruptions. Excluding amortization payments and ordinary course working capital facility renewals, we have only approximately 10% of our debt maturing in the next three years.

Our liquidity position is extremely strong allowing us to not only support our operating businesses but also opportunistically pursue new investments. We currently have approximately \$4.3 billion of total liquidity, including \$3.3 billion at the corporate level. We completed two financing transactions in April which added to our resources. This included a C\$400 million bond issuance in the Canadian market. We benefitted from attractive yields for an almost 9-year average term and the offering was met with good investor demand. We also added an incremental \$1.0 billion to our revolving credit facility that can be used to fund new investment opportunities.

Our capital recycling program generated \$1 billion of proceeds in 2019 and an incremental \$500 million thus far in 2020. The sale of our North American electricity transmission operation remains on track to close in mid-2020 for proceeds of approximately \$60 million to BIP. We have temporarily paused other monetizations given the practical challenges of running such processes in the current environment. We will recommence our asset sales when conditions allow. Given the "lower for longer" interest rate environment, we anticipate that our high-quality, essential infrastructure businesses will continue to attract high levels of interest from institutional investors seeking mature, de-risked businesses.

Update on Strategic Initiatives

During the quarter we successfully launched Brookfield Infrastructure Corporation. We are also progressing the closing of our Indian telecom tower investment and are pursuing new investment opportunities in the capital markets as private market transactions have, for the most part, been postponed due to logistical challenges related to the environment.

- **Brookfield Infrastructure Corporation (BIPC)** – We completed the special distribution of BIPC shares on March 31 by providing existing unitholders with one Class A share of BIPC for every nine units of BIP LP. We have subsequently seen strong support for BIPC shares in the market, with trading volumes over the first 30 days at over 50% of the public float and the share price trading in line with the BIP LP unit price.

We are very pleased with the launch and positive market reception thus far. Our intention is to fully support the growth of the BIPC float over time and are actively considering initiatives in this regard.

- **Indian Telecom Towers** – The closing of our large-scale acquisition of 130,000 telecom towers in India from Reliance Jio is progressing well and our partner recently announced a strategic deal with Facebook, enhancing the overall profile of our main counterparty. The only significant outstanding approval we need is from the Department of Telecommunications in India, and this is anticipated in the coming weeks. We expect to invest up to \$500 million of equity (BIP's share) in the business alongside our institutional partners.
- **Capital Market Investments** – Since March, we have been actively evaluating a number of high-quality, publicly traded infrastructure businesses that have traded off along with the broader market. We believe that certain companies are trading at a substantial discount to their intrinsic value. To-date, we have invested approximately \$450 million (BIP's share - \$220 million) into the shares of a handful of companies and hope that some of these will lead to large scale transactions. If not, we will monetize our stakes as share prices recover and earn an attractive return in sectors we know well.

Resilient Business Model

Investors often ask about the sustainability of cash flows both during and following economic downturns. Predicting future results is always precarious, but we have a few months of experience operating through this new environment which we can reflect on. The prevailing global economic environment will affect our near-term results although the diversity and contractual frameworks underpinning our assets should cushion the overall impact.

Before delving into our operations, we would note that one factor affecting our near-term results is foreign exchange rates, particularly the strength of the U.S. dollar versus the Brazilian Real. We remain confident that foreign exchange rates will eventually normalize, but in the short run, converting results at some of our Brazilian investments into U.S. dollars will understate their strong performance in the local currency.

When we measure the resiliency of our business, we begin with our utilities, energy and data infrastructure operations, which contribute roughly 70% of our annual FFO. On a local currency basis, nearly all these businesses continue to perform in-line with budget. The stability and sustainability of these results reflect the regulated and capacity-based contractual frameworks of these operations. While a few of our assets in these segments have moderate exposure to market-sensitive revenues, the impact to our overall results is expected to be less than 1% annually, even in a scenario where covid has a prolonged effect.

The only other variable that may affect results is the timing of commissioning our backlog of secured growth due to construction slowdowns or stoppages. As an example, the pace of construction at our U.K. regulated distribution business slowed significantly in April as a national construction shutdown was implemented across the U.K. and home builders suspended operations. While home construction is recommencing in May, activity levels may remain depressed for the balance of the year due to social distancing protocols. The impact on our 2020 results is expected to be approximately 2%. More importantly, the potential decrease in FFO would only reflect a delay

in the recognition of accounting revenue and not a permanent loss of cash flows or economic value as the backlog should eventually be added to rate base.

Approximately 30% of our annual FFO comes from our transport segment, which includes rail, ports and toll roads. This is the segment where we have the most exposure to GDP sensitive volumes. Our rail assets, which generate approximately 50% of the FFO in our transport segment, have proven very resilient in the current environment, and ran on budget in the first quarter. For the month of April, rail volumes in aggregate are approximately 7% below planned levels. Our rail networks carry predominantly basic bulk goods (iron ore, agricultural and pulp & paper inputs and finished goods). Our exposure to inter-modal traffic, which has been more impacted by reduced trade flows, is relatively low. Our port assets are predominantly container terminals. We experienced volume declines of approximately 15% in the first quarter as container volumes from Asia were lower as a result of lockdowns in that key export region. Our port volumes started to rebound early in the second quarter as production from China came back online but are still running approximately 10% below plan today due to the general decline in economic activity. Overall, our port volumes have been relatively robust as our assets are predominantly in the U.K., Australia and California, where the goods we move are critical to the basic functioning of these local economies. Our toll roads have been the most impacted from a volume perspective, with traffic declines of approximately 40% across our portfolio. The positive here is that in most jurisdictions where we operate, regulators have acknowledged that the current conditions qualify as a force majeure event, which positions us for the possibility of being kept whole on a value basis via either direct compensation or extension of the duration of our concessions.

We believe that the reduction in FFO due to the economic impact of covid is temporary and that the long-term run-rate earnings capacity of our overall business is for the most part unaffected. Furthermore, while our distribution payout ratio may exceed our target levels for the balance of the year, our distributions remain well covered by operating cash flows. We also have ample liquidity and no near-term refinancing requirements of any consequence, providing us the flexibility to pursue new investments.

Outlook

Our outlook for the balance of the year is guided by the current state of affairs and the cautious approach most governments are taking towards opening up their economies. We are nonetheless encouraged by reports from our colleagues who work in certain parts of Asia that have commenced reopening procedures, that many business activities have returned to 'near normal', even with new norms regarding social distancing. Our current view of global operating conditions is that the closure of non-essential businesses will largely continue through the second quarter, after which we should see a steady recovery, with the exact cadence varying by region.

While the significant stimulus injected into the economy by governments should help speed up the recovery, we expect the shape of the recovery to be more of a 'swoosh' than a 'U' or 'V'. Assuming no significant second wave of infections in the fall, we anticipate most sectors and regions will return to a more normalized environment by the end of the year or during the first half of 2021. If that is not the case, we have contingency plans in place and are confident in our ability to manage our existing operations, while also identifying investment opportunities.

Our business is very resilient, and we are actively looking for potential opportunities to grow the portfolio on a value basis. We take a long-term view when analyzing businesses and will not get caught up in the near-term negativity. As we have discussed in the past, we tend to be more cautious when the economic environment is frothy and we look to invest in scale when capital is scarce.

To that end, we began investing in the capital markets aggressively in March but have pulled back somewhat in April as the markets quickly recovered. We would describe our current investment posture as optimistically patient. We believe that a large scale, value opportunity will arise over the next 12 months. We are reminded of our experience during the Global Financial Crisis in 2009/2010, when the transformative Babcock and Brown investment (BBI) we made did not present itself to us until almost nine months after the Lehman bankruptcy.

We passed on many opportunities before the right one came along. Our situation is vastly better today than when we executed the BBI transaction. Our market capitalization is approximately 15X greater, we have a committed infrastructure fund to invest alongside that is approximately 20X larger, and our sector and geographic expertise and scale is greater. We have a seasoned team focused on identifying transactions, with a particular focus on large scale, value opportunities in the transport, energy and utilities sectors.

On behalf of the Board and management of Brookfield Infrastructure, we thank all our unitholders and shareholders for their ongoing support. We wish you and your families continued health during these most unsettling and challenging of times.

Sincerely,

A handwritten signature in black ink, appearing to read "Sam Pollock". The signature is fluid and cursive, with the first name "Sam" being more prominent than the last name "Pollock".

Sam Pollock
Chief Executive Officer

May 8, 2020

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 impact of health pandemics such as the COVID-19 on our businesses and operations, 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.