The 2016 year was an active one. Brookfield Infrastructure delivered on many key priorities and the business is better positioned to prosper than ever before. Results were strong, high quality assets were added to each of our operating groups, and a high level of liquidity and financial flexibility was maintained. We generated a 14% increase in FFO per unit and an 11% increase in quarterly distributions, due to a combination of strong same-store growth and contribution from new investments.

Brookfield Infrastructure's growth strategy has been consistent over the past decade, although several of the transactions completed this year may turn out to be some of our best to date. In particular, we are very pleased to have executed upon our Brazilian investment thesis and secure several high quality assets that should generate significant value for us as the economic and political situation in that country recovers.

We also acquired a number of marquee investments in other key markets and completed several tuck-in acquisitions into our operating groups. Furthermore, we advanced many projects in our capital backlog, which is now in excess of $2 billion. In addition to our growth initiatives, our focus has been on risk management within our existing business, raising capital to enhance our liquidity position and extending debt maturities.

The following expands on the accomplishments achieved during the year:

- **Deployed approximately $850 million in organic growth projects.** These projects will expand the size of our utilities rate base, our road and rail networks, and energy systems. We also replenished this backlog by adding $1.4 billion in new projects. The level of organic growth potential is strong and has a high degree of visibility as a substantial portion of the capital spend is expected to be completed in the next two to three years.

- **Executed on over $2 billion of investments.** These include our first acquisitions in India and Peru which enabled us to expand our global toll road business. We also diversified our ports operation by acquiring a world-class Australian container terminal business. In Brazil, a commitment was made to acquire a high quality natural gas transmission system and a number of electricity transmission projects were secured.

- **Strengthened our balance sheet.** Almost $1 billion was raised at the corporate level through a series of equity and preferred unit issuances, and completed over $3 billion of long-term financings to capitalize on historically low interest rates.

- **Launched the next phase of our capital recycling program.** We opportunistically raised almost $1 billion of proceeds through realizations, including selling our Canadian electricity transmission and European gas distribution businesses, generating IRRs of 20% and 32%, respectively. We also monetized our toehold position in Asciano.

For the year, Brookfield Infrastructure units on the NYSE delivered a total return of 40% to unitholders, or 36% on the TSX. While we are pleased with the unit price performance in 2016, we recognize that a considerable portion of the appreciation was a recovery from the drop that occurred in late 2015 when the units traded off with the broader market. Nonetheless, we believe the increase in our unit price also reflects the execution of our growth program and our strong financial results. Most importantly, our long-term annualized returns of 18% since inception, nine years ago, have meaningfully exceeded the S&P 500 index and all relevant benchmarks of our peer group. The company is well-positioned to continue to deliver attractive returns to unitholders over the long-term as we execute on our multi-faceted growth strategy.

Annualized Total Returns (for the period ending December 31, 2016)			
	1 Year	**5 Year**	**Since Inception**
BIP (NYSE)	40%	18%	18%
BIP (TSX)	36%	25%	28%
S&P 500 Index	12%	15%	8%
S&P Utilities Index	16%	10%	5%
Alerian MLP Index	18%	2%	8%
DJGBI Index	13%	9%	6%

Includes dividend reinvestment

Brookfield Infrastructure is pleased to announce that the Board of Directors has approved another 11% increase on its quarterly distribution to 43.5 cents per unit. This increase is well-supported by the recurring nature of the cash flows from the existing business and the growth we expect to generate from the new acquisitions made in 2016. This will mark the eighth year of distribution increases since the company's inception in 2008, and the seventh consecutive year of achieving double-digit distribution growth.

RESULTS OF OPERATIONS

In 2016, we earned FFO of $944 million or $2.72 per unit, compared with $808 million or $2.39 per unit in 2015, which represents increases of 17% and 14% respectively. Our results reflect the contribution of new investments that closed during the year, as well as organic growth of 10% on a 'same-store' basis across the business. We experienced meaningful growth in our FFO per unit despite the impact of the conversion of foreign income into our U.S. dollar reported results. In aggregate, this affected us by approximately $43 million.

Our utilities business generated FFO of $399 million for 2016, which is an 8% increase over the prior year, excluding the impact of foreign currency. Results for this segment benefitted from inflation indexation and investments in growth capital projects that more than offset the impact of foreign exchange, and lower revenue from the sale of two North American transmission businesses.

On the operations front, our UK distribution business has continued to outperform, setting another record for new sales this year. Moreover, during the fourth quarter, the business completed a £285 million financing via the U.S. private placement market. The placement was over-subscribed by more than two times and was completed at an average all-in rate of 2.9% with an average term of 15 years. We are also expecting to close shortly on the acquisition of a Peruvian water irrigation system for approximately $15 million. While modest in size, it is a high quality business that is being acquired for good value and it will add another leg to our growing water business. Lastly, at our regulated terminal in Australia, the regulator recently released a final decision in relation to the rate reset. While the decision confirmed a WACC of 5.82%, the regulator provided our terminal with the ability to enhance its revenues through certain expense recoveries which should result in higher than planned annual FFO of ~$10 million.

Our transport segment generated FFO of $423 million in 2016, which was 12% ahead of the prior year, or 6% including the impact of foreign currency. These results were driven by higher tariffs and volumes across a number of our operations. Results for this segment also reflect the contribution from the incremental interest we acquired in our Brazilian toll road business during the year, the aforementioned new toll road assets in India and Peru, as well as a partial contribution from the recently acquired Australian ports business.

At our Australian rail business, the improvement in iron ore prices throughout the fourth quarter, rising from ~US$60/ton at the start of the quarter to current levels of ~US$80/ton, resulted in lower than expected customer discounts in the business. Integration work at the newly acquired Australian container terminals business is progressing well and we are actively pursuing a number of growth projects, in addition to several cost cutting initiatives.

Our energy segment generated FFO of $175 million in 2016, compared to $90 million in the prior year. This improvement captures the incremental contribution from increased ownership and reduced leverage in our North American natural gas transmission business, contributions from our newly acquired gas storage business in North America, as well as strong same-store growth of 16% across the various operations.

At our North American natural gas transmission business, the Chicago market expansion project was completed in November at a cost of $75 million, which was almost 10% below budget. This project will contribute approximately $10 million of FFO to Brookfield Infrastructure's results annually on a full run-rate basis. Furthermore, we are seeing increasing demand for gas transportation from the north end of our system to the markets in the south. This growth in demand is being driven by new investments related to U.S. LNG export facilities and pipelines that export gas to Mexico. Our first expansion, scheduled to be in service in the fourth quarter of 2018, has a capital budget of $200 million and is supported by a 20-year take-or-pay contract with an LNG customer that should increase Brookfield Infrastructure's EBITDA by over $20 million per year. This is the first of several expansions of this nature that could materialize over the next five years.

Our communications infrastructure operations acquired in March 2015 generated FFO of $77 million for the year, compared to $60 million in the prior year. Our management team has been focused on identifying growth opportunities in this business. A tuck-in acquisition of the ITAS Group was recently closed and our share of the investment was $40 million. The business was also recently selected as the preferred bidder to deploy a fibre-to-the-home network in Val d'Oise, a town 35 km outside of Paris, connecting up to 85,000 households with ultra-fast broadband.

BALANCE SHEET AND RISK MANAGEMENT

During the past three months, substantial progress was made on executing the funding plan for our strategic initiatives. In November, a total of 23.8 million units were issued at a gross price of $32 per unit, raising proceeds of approximately $750 million. Subsequent to quarter end, a preferred unit issuance was completed for approximately C$300 million, capitalizing on Brookfield Infrastructure's investment-grade credit rating and strong market demand. These initiatives have increased corporate liquidity to approximately $3.2 billion.

From a risk management perspective, 65% of our foreign denominated FFO has been converted back into U.S. dollars for the next 24 months. Interest rates on approximately 90% of our long-term debt have also been fixed for approximately 10 years. On the financing front, a few initiatives are underway to deal with the upcoming refinancing of our North American natural gas transmission business and the corporate debt maturity that comes due in the third quarter of the year. Beyond these two refinancings, there are no significant upcoming maturities during the next 24 months to address and our debt maturity profile remains very well laddered.

STRATEGIC INITIATIVES

Over the last several years, the number one question posed by existing or prospective unitholders has related to how Brookfield Infrastructure is able to source investment opportunities in this period of low interest rates, high liquidity and high valuations. Our optimism about being able to source attractive investments is due to the fact that, in our experience, somewhere in the many markets we operate in, there is a company or government that is capital constrained due to uncertainties related to political, market or company specific factors. For instance, a year ago, the main driver of uncertainty was the direction of commodity prices and interest rates. Today, the most common contributing factor to uncertainty are political events. Brookfield Infrastructure's strategy is to take a long-term perspective on the regions where the business has an established presence, and to invest further during periods of market weakness. In that regard, we seek to deploy capital in countries that have a long-standing reputation for adherence to the rule of law, respect for capital and display potential for growth and development in the future. While we can't profess to know what may occur in the short-term, our belief is that the countries we invest in have strong underlying fundamentals in the longer term.

Recently, we have taken a long-term view on Brazil by acquiring a number of scale assets. In 2016, the focus was on executing transactions while the country was in a severe recession and lost its investment grade status. We witnessed an environment where there was an increased supply of assets coming to market, particularly very high quality assets that would not have become available under normal market conditions. In addition, competition was limited. As a result, we are fortunate that we will shortly deploy over $1 billion in the gas and electricity utility sectors by investing in Nova Transportadora do Sudeste S.A. ("NTS") and building out over 4,000 km of electricity transmission lines over the next five years.

It is possible that a similar situation may be developing in Mexico. Due to the protectionist sentiment garnering considerable momentum in the U.S., the level of uncertainty and anxiety related to Mexico's future economic performance has not been worse in over 20 years. The peso has dropped to its lowest level since 1994 and the country's foreign direct investment is likely to slow down as capital sits on the sidelines. We believe that concerns over the country may overshoot and as a result, our business development efforts have increased to capitalize on opportunities that may arise.

Corporate Carve-outs

Our team spent a considerable amount of time, over the last 24 months, identifying mispriced public companies to execute public to private transactions. While there is still the occasional take-private opportunity due to a mismatch between public and private valuations, our main focus at the moment is targeted towards corporate carve-outs. These types of opportunities tend to occur when an acceleration of capital spend by industrial companies substantially exceeds the availability of public market equity capital. As a result, industrials and other owners of infrastructure assets look to sell non-core assets to fund their capital programs. This corporate carve-out trend plays well to our deep expertise in surfacing and executing large-scale, multi-faceted transactions. We have historically been very successful in securing attractive large, core infrastructure businesses from industrial companies. Examples include our acquisition of our Brazilian railroad from Vale, our North American container terminals from Mitsui OSK Lines and more recently, the gas transmission assets from Petrobras. This year our focus is on monitoring corporate carve-out opportunities in the North American energy and Indian telecommunications sectors.

In India, the government has made strides in making the operating and legal environments more investor friendly and the expected GDP growth rate over the foreseeable future is far in excess of many developed countries, making it an attractive market to invest in for the long-term. Last year, we purchased our first infrastructure business in India, acquiring a network of toll roads that span the country, deploying just under $100 million. While modest in size, this transaction was a unique entry point into the country and one that allows us to establish ourselves as a local operator. Leveraging our new operating presence, we recently announced the acquisition of communications towers in India in a classic carve-out transaction. We will soon be investing upwards of $200 million to acquire a portfolio of 40,000 telecommunication towers from Reliance Telecom, representing ~10% of the country's towers. The telecom sector in India may create further exciting carve-out opportunities as virtually all the large integrated mobile network operators are looking to raise significant liquidity in order to invest in the deployment of their 3G and 4G networks. This is a high-quality business that is very similar to our existing tower business in France and generates secure and sustainable cash flows that will benefit from sizeable growth in the industry. We are very excited about the prospect of quickly establishing a leading tower business in India. Several other opportunities are being evaluated that could add meaningful scale to our global towers portfolio in the coming year.

OUTLOOK

The contractual nature of the business positions Brookfield Infrastructure to deliver solid results regardless of the political and economic uncertainties in the world today. The business generates steady and reliable same-store growth owing to the inflation indexation embedded in our contracts, volume growth on our networks, and the commissioning of growth projects from our capital backlog.

With a funding plan in place, our priority for the coming weeks will be to close the acquisition of the Brazilian gas transmission system and to start integrating the business into the utilities operating group. In our business plans, we traditionally estimate deploying anywhere between $500 million to $1 billion annually in new investment activities; however, our current pipeline is very robust. As a result, we believe Brookfield Infrastructure is well-positioned to continue to outperform its objectives and extend its track record of delivering double-digit growth in 2017. We are also focused on executing the next phase of our capital recycling program. With the maturing profile of a number of our businesses, proceeds from asset sales are expected to be $1.5 to $2 billion over the next few years.

In summary, it has been another exciting year for our company and on behalf of the Board and management team of Brookfield Infrastructure, I would like to take this opportunity to thank our unitholders for their ongoing support. I look forward to updating you on our progress during the upcoming year.

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”, “potential”, “prospect”, “expect”, “should”, “future”, “could”, “plan”, “outlook”, “may”, “target”, “continue”, “can”, “increase”, 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, commissioning of our capital backlog, financial and operating performance of Brookfield Infrastructure and some of its businesses, availability of investment opportunities, market demand for the products and services we provide, ability to access capital, our ability to execute capital recycling initiatives, the continued growth of Brookfield Infrastructure and its businesses in a competitive infrastructure sector, and future revenue, distribution prospects in general and our expectations regarding growth in distributions and returns to our unitholders. 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, our ability to achieve the milestones necessary to deliver the targeted returns to our unitholders, which is uncertain, 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 the inability to reach final agreement with counterparties to transactions referred to in this letter to unitholders as being currently pursued, given that there can be no assurance that any such transaction will be agreed to or completed) 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.*