

Inter Pipeline to Acquire Milk River Pipeline System in Exchange for Empress II and V Straddle Plants

CALGARY, ALBERTA, September 28, 2020: Inter Pipeline Ltd. (“Inter Pipeline”) (TSX:IPL) announced today that it has agreed to acquire the Milk River pipeline system from Plains Midstream Canada ULC (“Plains”), a wholly owned subsidiary of Plains All American Pipeline, L.P., in exchange for its 100 percent ownership interest in the Empress II and 50 percent ownership interest in the Empress V straddle plants. Plains will also pay Inter Pipeline cash proceeds of \$35 million. Closing of this transaction is expected to occur in early 2021 following completion of customary conditions.

“This transaction is expected to be accretive to funds from operations and provide meaningful operational and commercial synergies with our existing conventional oil transportation business” said Christian Bayle, President and Chief Executive Officer of Inter Pipeline. “The Milk River pipeline system has a natural alignment with our Bow River system and this acquisition will improve our access to the Montana refining region, an important delivery market for Inter Pipeline and our customers.”

The Milk River pipeline system is comprised of two 16-kilometer pipelines with current throughput volume of approximately 90,000 barrels per day and links Inter Pipeline’s Bow River pipeline system from Milk River, Alberta to the U.S./Canadian border west of Coutts, Alberta. The transaction also includes pumping and metering facilities, two crude oil storage tanks and truck unloading facilities. Approximately 90 percent of the volume that flows through the Milk River pipeline today originates from the Bow River system and Inter Pipeline will receive incremental cash flow from both tariff revenue and marketing activities. This pipeline system is expected to generate approximately \$25 million of annual EBITDA.

The Empress II and Empress V straddle plants are geographically remote compared to Inter Pipeline’s core natural gas liquids processing assets. These two straddle plants, currently operated by Plains are located near Empress, Alberta on the eastern leg of the TC Energy Alberta System.

About Inter Pipeline Ltd.

Inter Pipeline is a major petroleum transportation, natural gas liquids processing, and bulk liquid storage business based in Calgary, Alberta, Canada. Inter Pipeline owns and operates energy infrastructure assets in western Canada and Europe. Inter Pipeline is a member of the S&P/TSX 60 Index and its common shares trade on the Toronto Stock Exchange under the symbol IPL. www.interpipeline.com

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Reader Advisories and Cautionary Statements**Forward-Looking Statements**

Certain information contained herein may constitute forward-looking statements that involve known and unknown risks, assumptions, uncertainties and other factors. Forward-looking statements may be identified by words like “anticipates”, “estimates”, “expects”, “indicates”, “intends”, “may”, “could”, “should”, “would” “plans”, “scheduled”, “projects”, “outlook”, “proposed”, “potential” “will”, and similar expressions. Forward-looking information in this news release include information about the following but are not limited to: (i) the value of the proceeds from transaction and the expected timing for the closing; (ii) the expected benefits of the transaction, including that the transaction is expected to be accretive to funds from operations and provide meaningful operational and commercial synergies with Inter Pipeline’s existing conventional oil transportation business and that the Milk River pipeline system has a natural alignment with Inter Pipeline’s Bow River system and this acquisition will improve its access to the Montana refining region; and (iii) the Milk River pipeline is expected to generate approximately \$25 million of annual EBITDA. Such statements reflect the current views of Inter Pipeline with respect to future events and are subject to certain risks, uncertainties and assumptions that could cause the results of Inter Pipeline to differ materially from those expressed in the forward-looking statements. Factors that that could cause actual results to vary from forward-looking information or may affect the operations, performance, development and results of Inter Pipeline’s businesses include, among other things: risks relating to closing of the transaction; the potential for undisclosed liabilities associated with the transaction and realizing the expected benefits from transaction; risks and assumptions associated with operations, such as Inter Pipeline’s ability to successfully implement its strategic initiatives and achieve expected benefits. With respect to the anticipated benefits from the transaction and statements with regards to this transaction being accretive to funds flow from operations, such factors also include, but are not limited to: synergies may not be realized in the time frame anticipated, the ability to promptly and effectively integrate the businesses, reputational risks, and diversion of management time on acquisition-related matters. Such information, although considered reasonable by Inter Pipeline at the time of preparation, may later prove to be incorrect and actual results may differ materially from those anticipated in the statements made. For this purpose, any statements that are not statements of historical fact may be deemed to be forward-looking statements. Such risks and uncertainties include, but are not limited to, risks associated with operations, such as loss of markets, regulatory matters, environmental risks, industry competition, results of litigation and decisions by regulatory authorities, potential delays and cost overruns of construction projects, the ability to access sufficient debt or equity capital from internal and external sources, and the future impact on our business due to COVID-19. The estimate of future EBITDA in this news release may be considered to be future-oriented financial information or a financial outlook under applicable securities laws and are based on the assumptions and factors set out above. The future-oriented financial information and financial outlook contained in this news release have been approved by management as of the date of this news release. Readers are cautioned that any such financial outlook and future oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein. Many of the risk factors and other assumptions related to the forward-looking information are discussed further in Inter Pipeline’s most recent MD&A and Annual

Information Form, and other documents it files from time to time. You can find these documents by referring to Inter Pipeline's profile on SEDAR (www.sedar.com). As actual results could vary significantly from the forward-looking information, you should not put undue reliance on forward-looking information. Except as required by applicable law, Inter Pipeline assumes no obligation to update or revise any forward-looking information.

Non-GAAP Financial Measures

EBITDA and funds from operations (FFO) are not measures recognized by GAAP. These non-GAAP financial measures do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. Investors are cautioned that these non-GAAP financial measures should not be construed as an alternative to other measures of financial performance calculated in accordance with GAAP such as net income. EBITDA is expressed as net income before financing charges, income taxes, depreciation and amortization; adjusted EBITDA also includes additional adjustments for loss (gain) on disposal of assets, non-cash expense (recovery), and non-cash financing charges. These additional adjustments are made to exclude various non-cash items, or items of an unusual nature that are not reflective of ongoing operations. These adjustments are also made to better reflect the historical measurement of EBITDA used in the investment community as an approximate measure of an entity's operating cash flow based on data from its income statement. See our most recent MD&A for an example of the reconciliation of EBITDA from net income. FFO is a financial measure that Inter Pipeline uses in managing its business and in assessing future cash requirements that impact the determination of future dividends to shareholders. Inter Pipeline expresses FFO as cash provided by operating activities less net changes in non-cash working capital. The impact of net change in non-cash working capital is excluded in the calculation of FFO primarily to compensate for the seasonality of working capital throughout the year. Certain Inter Pipeline revenue contracts dictate an exchange of cash that differs, on a monthly basis, from the recognition of revenue. Within a 12-month calendar year, there is minimal variation between revenue recognized and cash exchanged. Inter Pipeline therefore excludes the net change in non-cash working capital in its calculation of FFO to mitigate its quarterly impact. The intent is to not skew the results of Inter Pipeline in any quarter for exchanges of cash, but to focus the results on cash that is generated in any reporting period. FFO per share is calculated on a weighted average basis using basic common shares outstanding during the period. This measure, in combination with other measures, is used by the investment community to assess the source, sustainability and cash available for dividends.

Currency

All dollar values are expressed in Canadian dollars unless otherwise noted.