

Inter Pipeline Announces Sale of Central Utility Block to Fengate

CALGARY, ALBERTA, September, 25 2018: Inter Pipeline Ltd. (“Inter Pipeline”) (TSX:IPL) announced today that it has completed the divestiture of the Heartland Petrochemical Complex’s Central Utility Block (CUB) to Fengate Capital Management (Fengate), a privately held infrastructure and real estate investment firm.

Under the terms of the sale, Inter Pipeline will recover all of its development capital and Fengate will assume responsibility for funding the CUB capital cost, currently estimated at \$600 million. Fengate has also entered into long-term agreements to supply core utilities to Inter Pipeline’s Heartland Petrochemical Complex in exchange for structured capital and operating recovery fee payments from Inter Pipeline.

“We are very pleased with the results of this competitive sales process,” remarked Christian Bayle, Inter Pipeline’s President and Chief Executive Officer. “By partnering with a quality firm like Fengate for the development of the CUB, Inter Pipeline has meaningfully reduced its overall capital cost obligation for the Heartland Complex.

“Furthermore, Inter Pipeline’s capital fee payments to Fengate are expected to be well below our cost of capital, making this transaction accretive to the Heartland Complex project economics.”

Transaction Overview

The CUB is a 102 MW natural gas powered cogeneration facility capable of supplying Inter Pipeline with electricity, steam and other key utilities for its 100% owned Heartland Complex near Edmonton, Alberta. The \$3.5 billion complex, which excludes the CUB capital cost, consists of integrated propane dehydrogenation and polypropylene plants. The complex will convert locally sourced, low-cost propane into 525,000 tonnes per year of polypropylene pellets. Construction of the Heartland Complex is in progress with completion scheduled for late 2021.

With the sale of the CUB to Fengate, Inter Pipeline will recover approximately \$50 million of development capital incurred to date in a lump sum payment at closing. Fengate will be responsible for funding the remainder of the CUB capital cost on an ongoing basis.

Fengate has engaged Inter Pipeline to manage the construction of the CUB and the day-to-day operations of the facility once in service. This helps ensure that the CUB, which will be highly integrated with the Heartland Complex, will be managed safely and efficiently for the long-term benefit of both Fengate and Inter Pipeline. When in service, the capital fee paid to Fengate will be adjusted upward or downward based on final construction costs.

The CUB is expected to be in service by mid-2021, in order to provide utilities for the commissioning of the Heartland Complex.

Deloitte LLP acted as financial advisor and Torys LLP acted as legal advisor to Inter Pipeline on the transaction.

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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Disclaimer

Certain information contained herein may constitute forward-looking statements that involve known and unknown risks, assumptions, uncertainties and other factors. Forward-looking statements in this news release include, but are not limited to, statements regarding: the closing of the transaction and the timing and completion of the Central Utility Block and the Heartland Complex and the potential benefits to be derived from the transaction and those facilities including, without limitation, the cost of capital and long term benefits. Readers are cautioned not to place undue reliance on forward-looking statements, as such statements are not guarantees of future performance. Inter Pipeline in no manner represents that actual results, levels of activity and achievements will be the same in whole or in part as those set out in the forward-looking statements herein. 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. Forward-looking statements often contain terms such as "may", "will", "should", "anticipate", "expected", "potential" and similar expressions. Such assumptions, risks, uncertainties and other factors include, but are not limited to, risks and assumptions associated with operations, such as Inter Pipeline's ability to successfully implement its strategic initiatives and achieve expected benefits, including the construction of the Central Utility Block and the Heartland Complex; further development of its oil sands pipeline systems; assumptions concerning operational reliability; the availability and price of labour and construction materials; the status, credit risk and continued existence of customers having contracts with Inter Pipeline and its affiliates; availability of energy commodities; volatility of and assumptions regarding prices of energy commodities; competitive factors including competition from third-parties in the areas in which Inter Pipeline operates or intends to operate; fluctuations in currency and interest rates; inflation; the ability to access sufficient capital from internal and external sources including debt and equity capital; risks and uncertainties associated with Inter Pipeline's ability to maintain its current level of cash dividends to its shareholders; risks inherent in Inter Pipeline's Canadian and foreign operations; risks of war, hostilities, civil insurrection, instability and political and economic conditions in or affecting countries in which Inter Pipeline and its affiliates operate; severe weather conditions; terrorist threats; risks associated with technology; Inter Pipeline's ability to generate sufficient cash flow from operations to meet its current and future obligations; general economic and business conditions; the potential delays of and costs of overruns on construction projects, including, but not limited to, Inter Pipeline's current projects and future expansions of Inter Pipeline's pipeline systems and processing facilities; Inter Pipeline's ability to make capital investments and the amounts of capital investments; changes in laws and regulations, including environmental, regulatory and taxation laws, and the interpretation of such changes to Inter Pipeline's business; the risks associated with existing and potential future lawsuits and regulatory actions against Inter Pipeline and its affiliates; increases in maintenance, operating or financing costs; availability of adequate levels of insurance; difficulty in obtaining necessary regulatory approvals and maintenance of support of such approvals; and such other risks and uncertainties described from time to time in Inter Pipeline's reports and filings with the Canadian securities

authorities. The impact of any one assumption, risk, uncertainty or other factor on a particular forward-looking statement cannot be determined with certainty, as these are interdependent and Inter Pipeline's future course of action depends on management's assessment of all information available at the relevant time. You can find a discussion of those risks and uncertainties in Inter Pipeline's securities filings at www.sedar.com. The forward-looking statements contained in this document are made as of the date of this document, and, except to the extent required by applicable securities laws and regulations, Inter Pipeline assumes no obligation to update or revise forward-looking statements made herein or otherwise, whether as a result of new information, future events, or otherwise.

The forward-looking statements contained in this document are expressly qualified by this cautionary note. All dollar values are expressed in Canadian dollars unless otherwise noted.