

Brookfield Infrastructure Partners L.P.

Interim Report Q3 2017

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS

*AS OF SEPTEMBER 30, 2017 AND DECEMBER 31, 2016 AND
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016*

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Brookfield Infrastructure Partners L.P. (our “partnership” and together with its subsidiary and operating entities “Brookfield Infrastructure”) owns and operates high quality, long-life assets that generate stable cash flows, require relatively minimal maintenance capital expenditures and, by virtue of barriers to entry or other characteristics, tend to appreciate in value over time. Our current operations consist of utility, transport, energy and communications infrastructure businesses in North and South America, Asia Pacific and Europe.

Brookfield Asset Management Inc. (together with its affiliates other than Brookfield Infrastructure, “Brookfield”) has an approximate 30% interest in Brookfield Infrastructure. Brookfield Infrastructure has appointed Brookfield as its Service Provider to provide certain management, administrative and advisory services, for a fee, under the Master Services Agreement.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

US\$ MILLIONS, UNAUDITED	Notes	As of	
		September 30, 2017	December 31, 2016
Assets			
Cash and cash equivalents	4	\$ 492	\$ 786
Financial assets	4	194	241
Accounts receivable and other	4	790	485
Inventory		140	101
Assets classified as held for sale		7	19
Current assets		<u>1,623</u>	1,632
Property, plant and equipment	5	9,434	8,656
Intangible assets	6	10,091	4,465
Investments in associates and joint ventures	7	5,085	4,727
Investment properties		168	154
Goodwill	3	1,324	502
Financial assets	4	763	900
Other assets		209	165
Deferred income tax assets		76	74
Total assets		<u>\$ 28,773</u>	<u>\$ 21,275</u>
Liabilities and Partnership Capital			
Liabilities			
Accounts payable and other	4	\$ 894	\$ 712
Corporate borrowings	4,8	322	295
Non-recourse borrowings	4,8	180	279
Financial liabilities	4	340	229
Current liabilities		<u>1,736</u>	1,515
Corporate borrowings	4,8	1,394	707
Non-recourse borrowings	4,8	7,751	7,045
Financial liabilities	4	1,064	152
Other liabilities		659	580
Deferred income tax liabilities		2,654	1,612
Preferred shares	4	20	20
Total liabilities		<u>15,278</u>	<u>11,631</u>
Partnership capital			
Limited partners	12	4,926	4,611
General partner	12	26	27
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield	12	1,995	1,860
Interest of others in operating subsidiaries		5,953	2,771
Preferred unitholders	12	595	375
Total partnership capital		<u>13,495</u>	9,644
Total liabilities and partnership capital		<u>\$ 28,773</u>	<u>\$ 21,275</u>

The accompanying notes are an integral part of the financial statements.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF OPERATING RESULTS

US\$ MILLIONS, UNAUDITED	Notes	For the three-month period ended September 30		For the nine-month period ended September 30	
		2017	2016	2017	2016
Revenues		\$ 961	\$ 522	\$ 2,551	\$ 1,438
Direct operating costs		(394)	(267)	(1,110)	(667)
General and administrative expenses		(63)	(45)	(173)	(122)
Depreciation and amortization expense	5,6	(215)	(126)	(541)	(334)
		289	84	727	315
Interest expense		(114)	(98)	(315)	(294)
Share of earnings from investments in associates and joint ventures	7	24	32	83	142
Mark-to-market on hedging items	4	(18)	(39)	(84)	1
Other income	3	—	109	19	171
Income before income tax		181	88	430	335
Income tax (expense) recovery					
Current		(17)	(8)	(67)	(20)
Deferred		(13)	23	(31)	35
Net income		\$ 151	\$ 103	\$ 332	\$ 350
Attributable to:					
Limited partners		\$ (11)	\$ 40	\$ (35)	\$ 177
General partner		28	22	84	62
Non-controlling interest attributable to:					
Redeemable Partnership Units held by Brookfield		(6)	16	(17)	73
Interest of others in operating subsidiaries		132	21	278	30
Preferred unitholders		8	4	22	8
Basic and diluted (loss) earnings per limited partner unit:	12	\$ (0.04)	\$ 0.16	\$ (0.13)	\$ 0.73

The accompanying notes are an integral part of the financial statements.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

US\$ MILLIONS, UNAUDITED	Notes	For the three-month period ended September 30		For the nine-month period ended September 30	
		2017	2016	2017	2016
Net income		\$ 151	\$ 103	\$ 332	\$ 350
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Taxes on revaluation of property, plant and equipment		—	7	—	7
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation		417	(75)	365	181
Cash flow hedge	4	43	10	71	10
Net investment hedge	4	(72)	(19)	(269)	—
Available-for-sale securities		4	(20)	6	9
Taxes on the above items		(1)	2	1	14
Investment in associates and joint ventures	7	(21)	(4)	(73)	(17)
		<u>370</u>	<u>(106)</u>	<u>101</u>	<u>197</u>
Total other comprehensive income (loss)		<u>370</u>	<u>(99)</u>	<u>101</u>	<u>204</u>
Comprehensive income		<u>\$ 521</u>	<u>\$ 4</u>	<u>\$ 433</u>	<u>\$ 554</u>
Attributable to:					
Limited partners		\$ 103	\$ (4)	\$ (40)	\$ 299
General partner		28	22	83	64
Non-controlling interest attributable to:					
Redeemable Partnership Units held by Brookfield		43	(2)	(18)	123
Interest of others in operating subsidiaries		339	(16)	386	60
Preferred unitholders		<u>8</u>	<u>4</u>	<u>22</u>	<u>8</u>

The accompanying notes are an integral part of the financial statements.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 US\$ MILLIONS	Limited Partners				General Partner				Non-Controlling Interest – Redeemable Partnership Units held by Brookfield				Non-controlling interest – in operating subsidiaries	Preferred Unitholders Capital	Total partners' capital		
	Limited partners' capital	(Deficit)	Ownership changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner capital	Retained earnings	Accumulated other comprehensive income ⁽¹⁾	General partner	Redeemable units held by Brookfield	(Deficit)	Ownership changes				Accumulated other comprehensive income ⁽¹⁾	Non-controlling interest – Redeemable Partnership Units held by Brookfield
Balance as at June 30, 2017	\$ 4,226	\$ (733)	\$ 143	\$ 617	\$ 4,253	\$ 19	\$ 1	\$ 6	\$ 26	\$ 1,778	\$ (320)	\$ (34)	\$ 281	\$ 1,705	\$ 6,045	\$ 595	\$ 12,624
Net (loss) income	—	(11)	—	—	(11)	—	28	—	28	—	(6)	—	—	(6)	132	8	151
Other comprehensive income	—	—	—	114	114	—	—	—	—	—	—	—	49	49	207	—	370
Comprehensive (loss) income	—	(11)	—	114	103	—	28	—	28	—	(6)	—	49	43	339	8	521
Unit issuance ⁽²⁾	677	—	—	—	677	—	—	—	—	300	—	—	—	300	—	—	977
Partnership distributions ⁽³⁾	—	(113)	—	—	(113)	—	(28)	—	(28)	—	(47)	—	—	(47)	—	(8)	(196)
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(243)	—	(243)
Disposition of interest ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(188)	—	(188)
Other items	—	—	6	—	6	—	—	—	—	—	—	(6)	—	(6)	—	—	—
Balance as at September 30, 2017	\$ 4,903	\$ (857)	\$ 149	\$ 731	\$ 4,926	\$ 19	\$ 1	\$ 6	\$ 26	\$ 2,078	\$ (373)	\$ (40)	\$ 330	\$ 1,995	\$ 5,953	\$ 595	\$ 13,495

1. Refer to Note 14 Accumulated Other Comprehensive Income.
2. Refer to Note 12 Partnership Capital.

3. Refer to Note 13 Distributions.
4. Refer to Note 7 Investment in Associates and Joint Ventures.

FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 US\$ MILLIONS	Limited Partners				General Partner				Non-Controlling Interest – Redeemable Partnership Units held by Brookfield				Non-controlling interest – in operating subsidiaries	Preferred Unitholders Capital	Total partners' capital		
	Limited partners' capital	(Deficit)	Ownership changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner capital	Retained earnings	Accumulated other comprehensive income ⁽¹⁾	General partner	Redeemable units held by Brookfield	(Deficit)	Ownership changes				Accumulated other comprehensive income ⁽¹⁾	Non-controlling interest – Redeemable Partnership Units held by Brookfield
Balance as at June 30, 2016	\$ 3,721	\$ (509)	\$ 127	\$ 622	\$ 3,961	\$ 19	\$ 1	\$ 5	\$ 25	\$ 1,528	\$ (223)	\$ (18)	\$ 281	\$ 1,568	\$ 2,320	\$ 189	\$ 8,063
Net income	—	40	—	—	40	—	22	—	22	—	16	—	—	16	21	4	103
Other comprehensive (loss)	—	—	—	(44)	(44)	—	—	—	—	—	—	—	(18)	(18)	(37)	—	(99)
Comprehensive income (loss)	—	40	—	(44)	(4)	—	22	—	22	—	16	—	(18)	(2)	(16)	4	4
Unit issuance	8	—	—	—	8	—	—	—	—	—	—	—	—	—	—	—	8
Partnership distributions ⁽²⁾	—	(95)	—	—	(95)	—	(22)	—	(22)	—	(39)	—	—	(39)	—	(4)	(160)
Acquisition of subsidiaries ⁽³⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	573	—	573
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(56)	—	(56)
Preferred units issued ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	186	186
Balance as at September 30, 2016	\$ 3,729	\$ (564)	\$ 127	\$ 578	\$ 3,870	\$ 19	\$ 1	\$ 5	\$ 25	\$ 1,528	\$ (246)	\$ (18)	\$ 263	\$ 1,527	\$ 2,821	\$ 375	\$ 8,618

1. Refer to Note 14 Accumulated Other Comprehensive Income.
2. Refer to Note 13 Distributions.

3. Refer to Note 3 Acquisition of Businesses.
4. Refer to Note 12 Partnership Capital.

The accompanying notes are an integral part of the financial statements.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 US\$ MILLIONS, UNAUDITED	Limited Partners				General Partner					Non-Controlling Interest – Redeemable Partnership Units held by Brookfield				Non-controlling interest – in operating subsidiaries	Preferred Unitholders Capital	Total partners' capital	
	Limited partners' capital	(Deficit)	Ownership changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner capital	Retained earnings	Accumulated other comprehensive income ⁽¹⁾	General partner	Redeemable units held by Brookfield	(Deficit)	Ownership changes	Accumulated other comprehensive income ⁽¹⁾				Non-controlling interest – Redeemable Partnership Units held by Brookfield
Balance as at January 1, 2017	\$ 4,215	\$ (483)	\$ 143	\$ 736	\$ 4,611	\$ 19	\$ 1	\$ 7	\$ 27	\$ 1,778	\$ (215)	\$ (34)	\$ 331	\$ 1,860	\$ 2,771	\$ 375	\$ 9,644
Net (loss) income	—	(35)	—	—	(35)	—	84	—	84	—	(17)	—	—	(17)	278	22	332
Other comprehensive (loss) income	—	—	—	(5)	(5)	—	—	(1)	(1)	—	—	—	(1)	(1)	108	—	101
Comprehensive (loss) income	—	(35)	—	(5)	(40)	—	84	(1)	83	—	(17)	—	(1)	(18)	386	22	433
Unit issuance	688	—	—	—	688	—	—	—	—	300	—	—	—	300	—	—	988
Partnership distributions ⁽²⁾	—	(339)	—	—	(339)	—	(84)	—	(84)	—	(141)	—	—	(141)	—	(22)	(586)
Acquisition of interest ⁽³⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,429	—	3,429
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(445)	—	(445)
Disposition of interest ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(188)	—	(188)
Other items	—	—	6	—	6	—	—	—	—	—	—	(6)	—	(6)	—	—	—
Preferred unit issuance ⁽⁵⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	220	220
Balance as at September 30, 2017	\$ 4,903	\$ (857)	\$ 149	\$ 731	\$ 4,926	\$ 19	\$ 1	\$ 6	\$ 26	\$ 2,078	\$ (373)	\$ (40)	\$ 330	\$ 1,995	\$ 5,953	\$ 595	\$ 13,495

1. Refer to Note 14 Accumulated Other Comprehensive Income.
2. Refer to Note 13 Distributions.
3. Refer to Note 3 Acquisition of Businesses.

4. Refer to Note 7 Investment in Associates and Joint Ventures.
5. Refer to Note 12 Partnership Capital.

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 US\$ MILLIONS, UNAUDITED	Limited Partners				General Partner					Non-Controlling Interest – Redeemable Partnership Units held by Brookfield				Non-controlling interest – in operating subsidiaries	Preferred Unitholders Capital	Total partners' capital	
	Limited partners' capital	(Deficit)	Ownership changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner capital	Retained earnings	Accumulated other comprehensive income ⁽¹⁾	General partner	Redeemable units held by Brookfield	(Deficit)	Ownership changes	Accumulated other comprehensive income ⁽¹⁾				Non-controlling interest – Redeemable Partnership Units held by Brookfield
Balance as at January 1, 2016	\$ 3,716	\$ (559)	\$ 126	\$ 555	\$ 3,838	\$ 19	\$ —	\$ 4	\$ 23	\$ 1,528	\$ (245)	\$ (19)	\$ 254	\$ 1,518	\$ 1,608	\$ 189	\$ 7,176
Net income	—	177	—	—	177	—	62	—	62	—	73	—	—	73	30	8	350
Other comprehensive income	—	—	—	122	122	—	—	2	2	—	—	—	50	50	30	—	204
Comprehensive income	—	177	—	122	299	—	62	2	64	—	73	—	50	123	60	8	554
Unit issuance	19	—	—	—	19	—	—	—	—	—	—	—	—	—	—	—	19
Unit repurchases ⁽²⁾	(6)	—	—	—	(6)	—	—	—	—	—	—	—	—	—	—	—	(6)
Partnership distributions ⁽³⁾	—	(281)	—	—	(281)	—	(62)	—	(62)	—	(115)	—	—	(115)	—	(8)	(466)
Acquisition of subsidiaries ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,264	—	1,264
Disposition of interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(24)	—	(24)
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(94)	—	(94)
Preferred units issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	186	186
Other items	—	99	1	(99)	1	—	1	(1)	—	—	41	1	(41)	1	7	—	9
Balance as at September 30, 2016	3,729	(564)	127	578	3,870	19	1	5	25	1,528	(246)	(18)	263	1,527	2,821	375	8,618

1. Refer to Note 14 Accumulated Other Comprehensive Income.
2. Refer to Note 12 Partnership Capital.
3. Refer to Note 13 Distributions.
4. Refer to Note 3 Acquisition of Businesses.

The accompanying notes are an integral part of the financial statements.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF CASH FLOWS

US\$ MILLIONS, UNAUDITED	Notes	For the three-month period ended September 30		For the nine-month period ended September 30	
		2017	2016	2017	2016
Operating Activities					
Net income		\$ 151	\$ 103	\$ 332	\$ 350
Adjusted for the following items:					
Earnings from investments in associates and joint ventures, net of distributions received	7	(20)	(20)	(41)	(110)
Depreciation and amortization expense	5,6	215	126	541	334
Mark-to-market on hedging items, provisions and other	4	27	66	102	34
Deferred tax expense (recovery)		13	(23)	31	(35)
Changes in non-cash working capital, net		(11)	91	7	91
Cash from operating activities		375	343	972	664
Investing Activities					
Acquisition of subsidiaries, net of cash acquired	3	—	(219)	(4,203)	(539)
Disposal of subsidiaries, net of cash disposed of		—	—	—	127
Investments in associates and joint ventures	7	(33)	(212)	(351)	(716)
Purchase of long lived assets	5,6	(164)	(173)	(515)	(467)
Disposal of long lived assets	5,6	—	—	41	2
Purchase of financial assets		(99)	(14)	(318)	(49)
Sale of financial assets		35	450	230	478
Net settlement of foreign exchange hedging items		(3)	79	(43)	109
Cash used by investing activities		(264)	(89)	(5,159)	(1,055)
Financing Activities					
Distributions to general partner	13	(28)	(22)	(84)	(62)
Distributions to other unitholders	13	(168)	(138)	(502)	(404)
Subsidiary distributions to non-controlling interest		(243)	(56)	(445)	(94)
Capital provided by non-controlling interest	3	—	439	2,817	796
Capital provided to non-controlling interest		—	—	—	(18)
Proceeds from corporate borrowings	8	—	—	537	—
Proceeds from corporate credit facility	8	272	869	1,525	2,284
Repayment of corporate credit facility	8	(975)	(1,582)	(1,454)	(2,199)
Proceeds from subsidiary borrowings	8	138	157	479	752
Repayment of subsidiary borrowings	8	(73)	(48)	(205)	(588)
Repayment of other financing activities		—	—	—	(38)
Preferred units issued	12	—	186	220	186
Partnership units issued, net of issuance costs	12	977	8	988	19
Partnership units repurchased		—	—	—	(6)
Cash (used by) from financing activities		(100)	(187)	3,876	628
Cash and cash equivalents					
Change during the period		11	67	(311)	237
Impact of foreign exchange on cash		13	(4)	17	5
Balance, beginning of period		468	378	786	199
Balance, end of period		\$ 492	\$ 441	\$ 492	\$ 441

The accompanying notes are an integral part of the financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2017 AND DECEMBER 31, 2016 AND
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

Brookfield Infrastructure Partners L.P. (our “partnership” and, together with its subsidiaries and operating entities, “Brookfield Infrastructure”) owns and operates utility, transport, energy and communications infrastructure businesses in North and South America, Europe and the Asia Pacific region. Our partnership was formed as a limited partnership established under the laws of Bermuda, pursuant to a limited partnership agreement dated May 17, 2007, as amended and restated. Brookfield Infrastructure is a subsidiary of Brookfield Asset Management Inc. (together with its affiliates other than Brookfield Infrastructure, “Brookfield”). Our partnership’s units are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbols “BIP” and “BIP.UN”, respectively. Our cumulative Class A preferred limited partnership units, Series 1, Series 3, Series 5 and Series 7 are listed on the Toronto Stock Exchange under the symbols “BIP.PR.A”, “BIP.PR.B”, “BIP.PR.C” and “BIP.PR.D”, respectively. Our partnership’s registered office is 73 Front Street, Hamilton, HM12, Bermuda.

In these notes to the interim condensed and consolidated financial statements, references to “units” are to the limited partnership units in our partnership other than the preferred units, references to our “preferred units” are to preferred limited partnership units in our partnership and references to our “unitholders” and “preferred unitholders” are to the holders of our units and preferred units, respectively. References to “Series 5 Preferred Units” and “Series 7 Preferred Units” are to cumulative Class A preferred limited partnership units, Series 5, and cumulative Class A preferred limited partnership units, Series 7, in our partnership, respectively.

On September 14, 2016, our partnership completed a three-for-two split of our units by way of a subdivision of units (the “Unit Split”), whereby unitholders received an additional one-half of a unit for each unit held, resulting in the issuance of approximately 115 million additional units. Our preferred units were not affected by the Unit Split. All historical per unit disclosures have been adjusted to effect for the change in units due to the Unit Split.

2. SUMMARY OF ACCOUNTING POLICIES

a) Statement of compliance

These interim condensed and consolidated financial statements of our partnership and its subsidiaries (together “Brookfield Infrastructure”) have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies Brookfield Infrastructure applied in its consolidated financial statements as of and for the year ended December 31, 2016. The accounting policies that our partnership applied in its annual consolidated financial statements as of and for the year ended December 31, 2016 are disclosed in Note 3 of such financial statements, with which reference should be made in reading these interim condensed and consolidated financial statements.

These interim condensed and consolidated financial statements were authorized for issuance by the Board of Directors of our partnership on November 9, 2017.

b) Recently adopted accounting standard amendments

Brookfield Infrastructure applied, for the first time, certain amendments to Standards applicable to our partnership that became effective January 1, 2017. The impact of adopting these amendments on our partnership’s accounting policies and disclosures are as follows:

IAS 7 Statement of Cash Flows (“IAS 7”)

In January 2016, the IASB issued amendments to IAS 7, effective for annual periods beginning on or after January 1, 2017. The amendment requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. Amendments to IAS 7 were applied prospectively and Brookfield Infrastructure’s 2017 annual financial statement disclosures will contain information to reflect this amendment.

c) Standards issued but not yet adopted

IFRS 15 Revenue from Contracts with Customers (“IFRS 15”)

IFRS 15, *Revenue from Contracts with Customers* specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. This standard also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. IFRS 15 supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts* and a number of revenue-related interpretations. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied for periods beginning on or after January 1, 2018 with early application permitted.

Our partnership has a global team in place to evaluate the financial statements and any corollary impact of adopting IFRS 15, has participated in strategic planning sessions with Brookfield and developed an adoption plan. Our partnership has also identified major revenue streams to be assessed, and has completed the process of identifying and accumulating detailed information on major contracts that may be impacted by the changes at the transition date. Our partnership is currently in the process of evaluating and documenting the impact of this standard in relation to the contractual terms identified that warrant further analysis. The key areas of focus within the context of this standard are primarily in relation to the identification of performance obligation and the evaluation of the appropriate period of recognition of revenue for each of these performance obligations. Next steps involve the finalization of these documented analyses, assessing any impact on internal controls, and drafting pro-forma disclosures that will be required upon initial adoption and thereafter. We are progressing as planned toward the implementation of IFRS 15.

Our partnership has chosen to apply the modified retrospective transition method, in which a cumulative catch-up adjustment, if any, will be recorded through equity upon initial adoption and whereby comparative periods will not be restated. No material financial statement adjustments required upon adoption have been identified to date, however further technical analysis and quantitative assessments are required to conclude on the overall impact. Additionally, our partnership continues to monitor international developments in the interpretation of IFRS 15 as a component of our ongoing impact evaluation.

IFRS 9 Financial Instruments (“IFRS 9”)

In July 2014, the IASB issued the final publication of IFRS 9, superseding IAS 39, *Financial Instruments*. This standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with an entity’s risk management activities. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will allow more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The standard has a mandatory effective date for annual periods beginning on or after January 1, 2018.

Our partnership has a global team in place to evaluate the financial statements and any corollary impact of IFRS 9 on its consolidated financial statements and business processes. To date, management has participated in a number of strategic planning and analysis sessions with its subsidiaries and associates in order to evaluate the impact of IFRS 9 with a primary focus on the appropriateness of financial asset classification and the consideration of the financial asset impairment requirements under this standard. Changes resulting from IFRS 9 relating to hedge accounting are being evaluated centrally and it has been determined that certain hedge accounting relationships relating to aggregated foreign currency exposures will qualify for hedge accounting under this new standard and, consequently, the partnership is in the process of finalizing the hedge documentation for these relationships with the view to apply hedge accounting to these relationships prospectively commencing on January 1, 2018. Next steps involve the finalization of documented analyses, assessing any impact on internal controls, and drafting pro-forma disclosures that will be required upon initial adoption of this standard and thereafter. We are progressing as planned toward the implementation of IFRS 9.

Our partnership has decided to adopt IFRS 9 retrospectively with no restatement of comparatives. A cumulative catch-up adjustment, if any, will be recorded through equity upon initial adoption. No material adjustments required upon adoption have been noted to date, however further technical analysis and quantitative assessments are required to conclude on the overall impact.

IFRS 16 Leases (“IFRS 16”)

The IASB has published a new standard, IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17, *Leases and related interpretations* and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. Brookfield Infrastructure is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

d) Interpretations, not yet adopted

IFRIC 22 Foreign Currency Transactions (“IFRIC 22”)

In December 2016, the IASB issued IFRIC 22, effective for annual periods beginning on or after January 1, 2018. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The Interpretation may be applied either retrospectively or prospectively. Brookfield Infrastructure is currently evaluating the impact of IFRIC 22 on its consolidated financial statements, including the adoption method.

IFRIC 23 Uncertainty over Income Tax Treatments (“IFRIC 23”)

In June 2017, the IASB published IFRIC 23, effective for annual periods beginning on or after January 1, 2019. The interpretation requires an entity to assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings and to exercise judgment in determining whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. An entity also has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, assuming that the taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. The interpretation may be applied on either a fully retrospective basis or a modified retrospective basis without restatement of comparative information. Brookfield Infrastructure is currently evaluating the impact of IFRIC 23 on its consolidated financial statements.

3. ACQUISITION OF BUSINESSES

a) Acquisition of Brazilian regulated gas transmission business

On April 4, 2017, Brookfield Infrastructure, alongside institutional partners and a Brookfield-sponsored infrastructure fund (the “consortium”), acquired an effective 28% interest in Nova Transportadora do Sudeste S.A. (“NTS”), a Brazilian regulated gas transmission business, for total consideration by Brookfield Infrastructure of \$1.6 billion (consortium total of \$5.1 billion). Brookfield Infrastructure’s consideration consists of \$1.3 billion in cash (consortium total of \$4.2 billion) and deferred consideration of \$0.3 billion (consortium total of \$0.9 billion) payable five years from the close of the transaction. Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective April 4, 2017. Acquisition costs of \$8 million were recorded as Other expenses within the Consolidated Statements of Operating Results in the second quarter of 2017.

Consideration transferred

US\$ MILLIONS

Cash	\$ 1,302
Consideration payable ⁽¹⁾	262
Total Consideration	<u>\$ 1,564</u>

Fair value of assets and liabilities acquired as of April 4, 2017:

US\$ MILLIONS	
Cash and cash equivalents	\$ 89
Accounts receivable and other ⁽²⁾	317
Intangible assets ^{(2),(3)}	5,539
Goodwill ⁽²⁾	797
Accounts payable and other liabilities ⁽²⁾	(245)
Deferred income tax liabilities ⁽²⁾	(940)
Net assets acquired before non-controlling interest	5,557
Non-controlling interest ⁽⁴⁾	(3,993)
Net assets acquired	<u>1,564</u>

1. The deferred consideration is payable on the fifth anniversary of the date of acquisition and has therefore been initially recorded at fair value within non-current financial liabilities on the consolidated statements of financial position. The deferred consideration is denominated in U.S. dollars and accrues interest annually at 3.35% compounded annually. The financial liability will be subsequently measured at amortized cost.
2. The fair values of accounts receivable and other, intangible assets, goodwill, accounts payable and other liabilities and deferred income tax liabilities for this business have been determined on a provisional basis, pending finalization of the determination of the fair values of the acquired net assets.
3. Represents guaranteed transfer agreements for 100% of available capacity.
4. Non-controlling interest represents the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date.

Upon acquisition of an interest in NTS, an additional deferred tax liability of \$887 million was recorded. The deferred income tax liability arose as the tax bases of the net assets acquired were lower than their fair values. The inclusion of this liability in the net book value of the acquired business gave rise to goodwill of \$797 million, which is recoverable so long as the tax circumstances that gave rise to the goodwill do not change. To date, no such changes have occurred. None of the goodwill recognized is deductible for income tax purposes.

b) Individually insignificant business combinations

The following table summarizes the purchase price allocation of individually insignificant business combinations that have been completed during the nine-month periods ended September 30, 2017.

US\$ MILLIONS	
Cash	\$ 9
Consideration payable	17
Total consideration	<u>\$ 26</u>

Fair value of assets and liabilities acquired (provisional):

US\$ MILLIONS	
Accounts receivable and other	\$ 3
Goodwill	8
Property, plant and equipment	103
Deferred income tax and other liabilities	(9)
Non-recourse borrowings	(30)
Net assets acquired before non-controlling interest	75
Non-controlling interest ⁽¹⁾	(49)
Net assets acquired	<u>\$ 26</u>

1. Non-controlling interest represents the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date.

c) Acquisition of Australian ports business

On August 18, 2016, Brookfield Infrastructure, alongside institutional partners and a Brookfield-sponsored infrastructure fund, and Qube Holdings Limited, along with its respective institutional partners, acquired certain assets from Asciano Limited. As part of this transaction, Brookfield Infrastructure tendered its 20% interest in Asciano acquired in the fourth quarter of 2015. As a result of tendering its interest in Asciano Limited, a gain of \$123 million was recorded in Other income on the Consolidated Statements of Operating Results during the third quarter of 2016, representing the reclassification of available for sale mark-to-market gains of \$44 million and foreign exchange gains of \$79 million to net income from accumulated other comprehensive income.

Concurrently, Brookfield Infrastructure acquired an effective 27% interest in Linx Cargo Care, alongside other members of the Brookfield Consortium, through a Brookfield-sponsored infrastructure fund for total consideration of \$145 million, comprising of \$13 million in cash and a portion of our partnership's previously existing interest in shares of Asciano Limited with an acquisition date fair value of \$132 million (Brookfield consortium total consideration of \$63 million cash and \$442 million in fair value of shares, funded through our partnership). Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective August 18, 2016. Acquisition costs of \$17 million were recorded as Other expenses within the Consolidated Statements of Operating Results in 2016.

Consideration transferred

US\$ MILLIONS	
Cash	\$ 13
Common shares of Asciano Limited	132
Total consideration	<u>\$ 145</u>

Fair value of assets and liabilities acquired as of August 18, 2016:

US\$ MILLIONS	
Cash and cash equivalents	\$ 12
Accounts receivable and other	233
Assets classified as held for sale ⁽¹⁾	115
Property, plant and equipment	225
Intangible assets	69
Goodwill	199
Liabilities directly associated with assets classified as held for sale ⁽¹⁾	(58)
Deferred income tax and other liabilities	(109)
Non-recourse borrowings	(181)
Net assets acquired before non-controlling interest	505
Non-controlling interest ⁽²⁾	(360)
Net assets acquired	<u>\$ 145</u>

- \$115 million of equity accounted investments and \$58 million of non-recourse borrowings relate to a non-core business acquired as part of the acquisition of the Australian ports business which was sold in the fourth quarter of 2016. The net proceeds recorded approximated the carrying value of the business and therefore no gain or loss on disposition was recorded.*
- Non-controlling interest represents the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date.*

The additional goodwill recorded on acquisition primarily represents expected growth arising from the business' position as an incumbent in a fragmented bulk port services industry. None of the goodwill recognized is expected to be deductible for income tax purposes.

d) Acquisition of North American gas storage business

On July 19, 2016, Brookfield Infrastructure expanded its gas storage business through an acquisition of an effective 40% interest in Niska Gas Storage ("Niska") for consideration of \$227 million through a Brookfield-sponsored infrastructure fund. The consideration was comprised of \$141 million of Niska senior notes owned by Brookfield Infrastructure, \$19 million of a working capital credit facility provided to Niska by Brookfield Infrastructure prior to the acquisition date, and cash of \$67 million⁽¹⁾. Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective July 19, 2016. Acquisition costs of \$11 million were recorded as Other expenses within the Consolidated Statements of Operating Results in 2016.

Consideration transferred

<u>US\$ MILLIONS</u>	
Cash	\$ 67
Senior notes ⁽²⁾	141
Working capital credit facility	19
Total consideration	\$ 227

1. The total consideration through the Brookfield-sponsored partnership includes \$170 million cash, \$357 million in fair value of the Senior notes and \$48 million of a working capital facility.
2. On the date of acquisition of the North American gas storage operation, Brookfield Infrastructure held a pre-existing interest in the Senior notes of \$117 million, representing the original cost of \$104 million and \$13 million of income recorded as Other income on the Consolidated Statements of Operating Results in prior periods. On the acquisition date, Brookfield Infrastructure recorded an additional \$24 million of Other income on the Consolidated Statements of Operating Results associated with the recycling of accumulated mark-to-market gains on revaluation of the Senior notes.

Fair value of assets and liabilities acquired as of July 19, 2016:

<u>US\$ MILLIONS</u>	
Cash and cash equivalents	\$ 15
Accounts receivable and other	99
Inventory	39
Property, plant and equipment	825
Goodwill	82
Deferred income tax and other liabilities	(148)
Non-recourse borrowings	(337)
Net assets acquired before non-controlling interest	575
Non-controlling interest ⁽¹⁾	(348)
Net assets acquired	\$ 227

1. Non-controlling interest represents the interest not acquired by Brookfield Infrastructure and was measured at fair value on the acquisition date.

Upon acquisition of the North American gas storage business by Brookfield Infrastructure, a deferred tax liability of \$82 million was recorded. The deferred income tax liability arose because tax bases of the net assets acquired were lower than their fair values. The inclusion of this liability in the net book value of the acquired business gave rise to goodwill of \$82 million, which is recoverable so long as the tax circumstances that gave rise to the goodwill do not change. To date, no such changes have occurred. None of the goodwill recognized is deductible for income tax purposes.

e) Acquisition of Peruvian toll road business

On June 28, 2016, Brookfield Infrastructure expanded its toll road business to Peru as it acquired an effective 17% interest in Rutas de Lima S.A.C. ("Rutas"), through a Brookfield-sponsored infrastructure fund, for total consideration of \$127 million, comprised of \$118 million of cash (total of \$400 million funded through a Brookfield-sponsored infrastructure fund) and an amount payable of \$9 million (fund total of \$30 million). Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective June 28, 2016. Acquisition costs of less than \$1 million were recorded as Other expenses within the Consolidated Statements of Operating Results in 2016.

Consideration transferred

<u>US\$ MILLIONS</u>	
Cash	\$ 118
Consideration payable ⁽¹⁾	9
Total consideration	\$ 127

Fair value of assets and liabilities acquired as of June 28, 2016:

US\$ MILLIONS	
Cash and cash equivalents ⁽²⁾	\$ 115
Accounts receivable and other	121
Property, plant and equipment	6
Intangible assets ⁽³⁾	973
Goodwill	139
Deferred income tax and other liabilities	(160)
Non-recourse borrowings	(441)
Net assets acquired before non-controlling interest	753
Non-controlling interest ⁽⁴⁾	(626)
Net assets acquired	<u>\$ 127</u>

1. The purchase price is payable in a series of four payments, one on the date of acquisition as well as three equal payments made 18 months, 27 months and 36 months subsequent to this date and consequently an amount payable of \$9 million is recorded as a financial liability within the Consolidated Statements of Financial Position as at September 30, 2017.
2. Includes \$114 million of restricted cash primarily related to toll road construction obligations.
3. Represents a 30 year Peruvian toll road service concession agreement expiring in January 2043. The agreement obligates Rutas to maintain the toll roads to an acceptable standard in exchange for the ability to charge regulated tariffs to the users of the toll road.
4. Non-controlling interest represents the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date.

Upon acquisition of the Peruvian toll road business by Brookfield Infrastructure, a deferred tax liability of \$139 million was recorded. The deferred income tax liability arose because tax bases of the net assets acquired were lower than their fair values. The inclusion of this liability in the net book value of the acquired business gave rise to goodwill of \$139 million, which is recoverable so long as the tax circumstances that gave rise to the goodwill do not change. To date, no such changes have occurred. None of the goodwill recognized is deductible for income tax purposes.

f) Supplemental information

Had the acquisition of the Brazilian regulated gas transmission business and the individually insignificant business combinations been effective January 1, 2017, the revenue and net income of Brookfield Infrastructure would have been \$2,902 million and \$486 million, respectively, for the nine-month period ended September 30, 2017.

In determining the pro-forma revenue and net income attributable to our partnership, management has:

- Calculated depreciation of property, plant and equipment and intangible assets acquired on the basis of the fair values at the time of the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements and;
- Based borrowing costs on the funding levels, credit ratings and debt and equity position of Brookfield Infrastructure after the business combination.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are determined by reference to quoted bid or ask prices, as appropriate. Where bid and ask prices are unavailable, the closing price of the most recent transaction of that instrument is used. In the absence of an active market, fair values are determined based on prevailing market rates such as bid and ask prices, as appropriate for instruments with similar characteristics and risk profiles or internal or external valuation models, such as option pricing models and discounted cash flow analyses, using observable market inputs.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, Brookfield Infrastructure looks primarily to external readily observable market inputs such as interest rate yield curves, currency rates, and price and rate volatilities as applicable. The fair value of interest rate swap contracts which form part of financing arrangements is calculated by way of discounted cash flows using market interest rates and applicable credit spreads.

Classification of Financial Instruments

Financial instruments classified as fair value through profit or loss are carried at fair value on the Interim Condensed and Consolidated Statements of Financial Position. Changes in the fair values of financial instruments classified as fair value through profit or loss are recognized in profit or loss. Mark-to-market adjustments on hedging items for those in an effective hedging relationship and changes in the fair value of available-for-sale securities are recognized in other comprehensive income.

Carrying Value and Fair Value of Financial Instruments

The following table provides the allocation of financial instruments and their associated classifications as at September 30, 2017:

US\$ MILLIONS Financial Instrument Classification	FVTPL	Available-for-sale securities	Loans and Receivables/ Other Liabilities		
MEASUREMENT BASIS	(Fair Value)	(Fair Value through OCI)	(Amortized Cost)		Total
Financial assets					
Cash and cash equivalents	\$ —	\$ —	\$ 492	\$ 492	\$ 492
Accounts receivable and other	—	—	790	790	790
Financial assets (current and non-current) ⁽¹⁾	636	62	162	162	860
Marketable securities	—	97	—	—	97
Total	\$ 636	\$ 159	\$ 1,444	\$ 1,444	\$ 2,239
Financial liabilities					
Corporate borrowings	\$ —	\$ —	\$ 1,716	\$ 1,716	\$ 1,716
Non-recourse borrowings (current and non-current)	—	—	7,931	7,931	7,931
Accounts payable and other	—	—	894	894	894
Preferred shares ⁽²⁾	—	—	20	20	20
Financial liabilities (current and non-current) ⁽¹⁾	553	—	851	851	1,404
Total	\$ 553	\$ —	\$ 11,412	\$ 11,412	\$ 11,965

1. Derivative instruments which are elected for hedge accounting totaling \$508 million are included in financial assets and \$271 million of derivative instruments are included in financial liabilities.
2. \$20 million of preferred shares issued to wholly-owned subsidiaries of Brookfield.

Hedging Activities

Brookfield Infrastructure uses derivatives and non-derivative financial instruments to manage or maintain exposures to interest and currency risks. For certain derivatives which are used to manage exposures, Brookfield Infrastructure determines whether hedge accounting can be applied. When hedge accounting can be applied, a hedge relationship can be designated as a fair value hedge, cash flow hedge or a hedge of foreign currency exposure of a net investment in a foreign operation with a functional currency other than the U.S. dollar. To qualify for hedge accounting the derivative must be highly effective in accomplishing the objective of offsetting changes in the fair value or cash flows attributable to the hedged risk both at inception and over the life of the hedge. If it is determined that the derivative is not highly effective as a hedge, hedge accounting is discontinued prospectively.

Cash Flow Hedges

Brookfield Infrastructure uses interest rate swaps to hedge the variability in cash flows related to a variable rate asset or liability and highly probable forecasted issuances of debt. The settlement dates coincide with the dates on which the interest is payable on the underlying debt, and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss. For the three and nine-month periods ended September 30, 2017, pre-tax net unrealized gains of \$43 million and \$71 million (2016: losses of \$3 million and 3 million, respectively) were recorded in other comprehensive income for the effective portion of the cash flow hedges. As of September 30, 2017, there was a net derivative asset balance of \$403 million relating to derivative contracts designated as cash flow hedges (December 31, 2016: \$464 million asset).

Net Investment Hedges

Brookfield Infrastructure uses foreign exchange contracts and foreign currency denominated debt instruments to manage its foreign currency exposures arising from net investments in foreign operations having a functional currency other than the U.S. dollar. For the three and nine-month periods ended September 30, 2017, unrealized net losses of \$75 million and \$233 million (2016: losses of \$104 million and \$73 million) were recorded in other comprehensive income for the effective portion of hedges of net investments in foreign operations. Further, for the three and nine-month periods ended September 30, 2017, Brookfield Infrastructure recognized a \$3 million gain and \$36 million loss, respectively, (2016: gain of \$76 million and \$64 million) in other comprehensive income relating to the net settlement of foreign exchange contracts in the period. As of September 30, 2017, there was a net unrealized derivative liability balance of \$166 million relating to derivative contracts designated as net investment hedges (December 31, 2016: net unrealized derivative asset balance of \$73 million).

Fair Value Hierarchical Levels—Financial Instruments

Fair value hierarchical levels are directly determined by the amount of subjectivity associated with the valuation inputs of these assets and liabilities, and are as follows:

- Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 – Inputs other than quoted prices included in Level 1 are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life. Fair valued assets and liabilities that are included in this category are primarily certain derivative contracts and other financial assets carried at fair value in an inactive market.
- Level 3 – Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to determining the estimate. Fair valued assets and liabilities that are included in this category are interest rate swap contracts, derivative contracts, certain equity securities carried at fair value which are not traded in an active market and the non-controlling interest's share of net assets of limited life funds.

The fair value of our partnership's financial assets and financial liabilities are measured at fair value on a recurring basis. The following table summarizes the valuation techniques and significant inputs for Brookfield Infrastructure's financial assets and financial liabilities:

US\$ MILLIONS	Fair value hierarchy	September 30, 2017	December 31, 2016
Marketable securities	Level 1 ⁽¹⁾	\$ 97	\$ 3
Foreign currency forward contracts	Level 2 ⁽²⁾		
Financial asset		\$ 267	\$ 210
Financial liability		231	48
Interest rate swaps & other	Level 2 ⁽²⁾		
Financial asset		\$ 385	\$ 653
Financial liability		233	287
Other contracts	Level 3 ⁽³⁾		
Financial asset		\$ 46	\$ 42
Financial liability		89	46

1. Valuation technique: Quoted bid prices in an active market.
2. Valuation technique: Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects our credit risk and the credit risk of various counterparties.
3. Valuation technique: Discounted cash flow. Future cash flows primarily driven by assumptions concerning the amount and timing of estimated future cash flows and discount rates.

Assets and liabilities measured at fair value on a recurring basis include \$795 million (2016: \$908 million) of financial assets and \$553 million (2016: \$381 million) of financial liabilities which are measured at fair value using valuation inputs based on management's best estimates.

During the three-month period ended September 30, 2017, no transfers were made between level 1 and 2 or level 2 and 3. The following table categorizes financial assets and liabilities, which are carried at fair value, based upon the level of input.

US\$ MILLIONS	September 30, 2017			December 31, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Marketable securities	\$ 97	\$ —	\$ —	\$ 3	\$ —	\$ —
Financial assets (current and non-current)	—	652	46	—	863	42
Financial liabilities						
Financial liabilities (current and non-current)	\$ —	\$ 464	\$ 89	\$ —	\$ 335	\$ 46

5. PROPERTY, PLANT AND EQUIPMENT

US\$ MILLIONS	Utility Assets	Transport Assets	Energy Assets	Total Assets
Gross Carrying Amount:				
Balance at January 1, 2016	\$ 2,945	\$ 2,150	\$ 1,457	\$ 6,552
Additions, net of disposals	399	76	89	564
Non-cash (disposals), net of additions	(31)	3	—	(28)
Acquisitions through business combinations	—	242	825	1,067
Net foreign currency exchange differences	(418)	(109)	9	(518)
Balance at December 31, 2016	\$ 2,895	\$ 2,362	\$ 2,380	\$ 7,637
Additions, net of disposals	236	77	73	386
Non-cash (disposals), net of additions	(2)	6	(8)	(4)
Acquisition through business combinations ⁽¹⁾	—	—	103	103
Net foreign currency exchange differences	221	199	62	482
Balance at September 30, 2017	\$ 3,350	\$ 2,644	\$ 2,610	\$ 8,604
Accumulated depreciation:				
Balance at January 1, 2016	\$ (291)	\$ (418)	\$ (159)	\$ (868)
Depreciation expense	(128)	(127)	(99)	(354)
Non-cash disposals	—	4	—	4
Net foreign currency exchange differences	36	24	—	60
Balance at December 31, 2016	\$ (383)	\$ (517)	\$ (258)	\$ (1,158)
Depreciation expense	(85)	(111)	(89)	(285)
Disposals	16	10	—	26
Net foreign currency exchange differences	(25)	(43)	(13)	(81)
Balance at September 30, 2017	\$ (477)	\$ (661)	\$ (360)	\$ (1,498)
Accumulated fair value adjustments:				
Balance at January 1, 2016	\$ 945	\$ 777	\$ 226	\$ 1,948
Fair value adjustments	185	25	125	335
Net foreign currency exchange differences	(87)	(20)	1	(106)
Balance at December 31, 2016	\$ 1,043	\$ 782	\$ 352	\$ 2,177
Net foreign currency exchange differences	64	69	18	151
Balance at September 30, 2017	\$ 1,107	\$ 851	\$ 370	\$ 2,328
Net book value:				
December 31, 2016	\$ 3,555	\$ 2,627	\$ 2,474	\$ 8,656
September 30, 2017	\$ 3,980	\$ 2,834	\$ 2,620	\$ 9,434

1. Refer to Note 3 Acquisition of Businesses.

6. INTANGIBLE ASSETS

US\$ MILLIONS	As of	
	September 30, 2017	December 31, 2016
Cost	\$ 10,634	\$ 4,732
Accumulated amortization	(543)	(267)
Total	\$ 10,091	\$ 4,465

Intangible assets are allocated to the following cash generating units:

US\$ MILLIONS	As of	
	September 30, 2017	December 31, 2016
Brazilian regulated gas transmission operation	\$ 5,377	\$ —
Australian regulated terminal	1,967	1,817
Peruvian toll roads	1,116	1,049
Chilean toll roads	1,073	1,054
U.K. port operation	286	265
Indian toll roads	130	136
Other ⁽¹⁾	142	144
Total	\$ 10,091	\$ 4,465

1. Other intangibles are comprised of customer contracts at our Australian ports operations and contracted order book at our U.K. regulated distribution operation.

The following table presents the change in the cost balance of intangible assets:

US\$ MILLIONS	For the nine-month period ended September 30, 2017
Cost at beginning of the period	\$ 4,732
Additions through business combinations	5,539
Additions, net of disposals	61
Foreign currency translation	302
Balance at September 30, 2017	\$ 10,634

The following table presents the accumulated amortization for Brookfield Infrastructure's intangible assets:

US\$ MILLIONS	For the nine-month period ended September 30, 2017
Accumulated amortization at beginning of the period	\$ (267)
Disposals	1
Amortization	(256)
Foreign currency translation	(21)
Balance at September 30, 2017	\$ (543)

7. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The following table represents the change in the balance of investments in associates and joint ventures:

US\$ MILLIONS	For the nine-month period ended September 30, 2017		For the 12 month period ended December 31, 2016	
Balance at beginning of period	\$	4,727	\$	2,973
Share of earnings for the period ⁽¹⁾		83		248
Foreign currency translation and other		216		219
Share of other reserves for the period—OCI		(73)		225
Distributions		(42)		(46)
Disposition of interest ⁽²⁾		(177)		—
Acquisitions ^{(1),(3),(4)}		351		1,108
Ending Balance	\$	5,085	\$	4,727

- In May 2016, Brookfield Infrastructure, alongside an institutional investor and a partner in the business, executed a privatization of the Brazilian toll road operation. The privatization resulted in our partnership's ownership interest increasing from 40% to 48% in exchange for cash consideration of \$73 million. During 2016 and subsequent to the privatization, Brookfield Infrastructure, alongside an institutional partner, injected \$394 million into the Brazilian toll road operation for growth capital expenditure requirements and to repay maturing debt, increasing our partnership's ownership interest from 48% to 49%.
- In August 2017, Brookfield Infrastructure, alongside institutional partners and a Brookfield-sponsored infrastructure fund, reorganized the holding entities of its investment in the Brazilian toll road operation. This transaction resulted in no gain or loss being recorded within the Consolidated Statements of Operating Results. The reorganization resulted in Brookfield Infrastructure no longer consolidating a portion of the investment attributable to an institutional partner representing approximately an 8% stake. The reorganization concurrently reduced the investments in associates and joint venture and non-controlling interest partnership capital balances by \$177 million during the third quarter of 2017.
- In May 2017, Brookfield Infrastructure and its partner in its North American natural gas transmission operation each injected \$200 million into the business to pay down operating level debt. A similar transaction was completed in April 2016 by Brookfield Infrastructure and its partner in the amount of \$312 million.
- In August 2016, Brookfield Infrastructure expanded its ports operations in Australia as it acquired an effective 13% interest in PTH No 1 Pty Ltd ("Patrick") through a Brookfield-sponsored infrastructure fund, alongside institutional partners, for total consideration of \$202 million. The Brookfield Consortium maintains 50% of the voting rights of Patrick in a joint venture with Qube Holdings Limited. Brookfield Infrastructure has joint control through its position in the business. Accordingly, Brookfield Infrastructure equity accounts for the entity.

The following table represents the carrying value of our partnership's investments in associates and joint ventures:

US\$ MILLIONS	As of	
	September 30, 2017	December 31, 2016
Brazilian toll road operation ⁽¹⁾	\$ 1,510	\$ 1,505
North American natural gas transmission operation ⁽²⁾	1,018	806
Chilean transmission operation	746	699
European telecommunications infrastructure operation	567	536
Brazilian rail operation	394	376
Australian ports operation	190	181
Other associates ⁽³⁾	660	624
Ending Balance	\$ 5,085	\$ 4,727

- As a result of a reorganization of the holding entities in the Brazilian toll road operation structure, Brookfield Infrastructure's carrying value represents its 42% interest. Prior to the reorganization, this balance reflected a 49% interest, inclusive of an institutional partner's 8% interest in the operation. The increase from December 31, 2016 is primarily the result of equity injections of \$107 million, alongside our partners in the business, and the impact of foreign exchange of \$35 million, mostly offset by \$177 million due to the reorganization per footnote 2 above.
- The increase in the carrying value of our North American natural gas transmission operation from December 31, 2016 is primarily a result of the \$200 million equity injection described in footnote 3 above, alongside our partner in the business.
- Other includes our partnership's Texas electricity transmission project, Brazil electricity transmission operation, European port operation, North American west coast container terminal, U.S. gas storage operation and other investments in associates and joint ventures held by consolidated subsidiaries.

The following tables summarize the aggregate balances of investments in associates on a 100% basis:

US\$ MILLIONS	As of			
	September 30, 2017		December 31, 2016	
Financial position:				
Total assets	\$	38,273	\$	35,434
Total liabilities		(20,200)		(19,069)
Net assets	\$	18,073	\$	16,365
US\$ MILLIONS	For the three-month period ended September 30		For the nine-month period ended September 30	
	2017	2016	2017	2016
Financial performance:				
Total revenue	\$	1,796	\$	4,870
Total income for the period		93		274
Brookfield Infrastructure's share of net income	\$	24	\$	83
				142

8. BORROWINGS

a) Corporate Borrowings

Brookfield Infrastructure has a \$1.975 billion senior unsecured revolving credit facility used for general working capital including acquisitions. The \$1.975 billion is available on a revolving basis for the full term of the facility. All amounts outstanding under this facility will be repayable on June 30, 2022. All obligations of Brookfield Infrastructure under the facility are guaranteed by our partnership. Loans under this facility accrue interest at a floating rate based on LIBOR plus 1.20%. Brookfield Infrastructure is required to pay an unused commitment fee under the facility of 18 basis points per annum. As at September 30, 2017, draws on the credit facility were \$71 million (2016: \$nil) and \$47 million of letters of credit were issued (2016: \$46 million).

	Maturity	Annual Rate	Currency	As of	
				September 30, 2017	December 31, 2016
Corporate revolving credit facility	June 30, 2022	LIBOR plus 1.2%	US\$	\$ 71	\$ —
Medium-term notes ⁽¹⁾ :					
Public - Canadian	October 10, 2017	3.5%	C\$	322	295
Public - Canadian	October 30, 2018	3.0%	C\$	100	93
Public - Canadian	October 30, 2020	3.5%	C\$	301	279
Public - Canadian	March 11, 2022	3.5%	C\$	360	335
Public - Canadian	February 22, 2024	3.3%	C\$	321	—
Public - Canadian	February 22, 2024	3.3%	C\$	241	—
Total				\$ 1,716	\$ 1,002

1. See Note 11, *Subsidiary Public Issuers* for further details.

On April 17, 2017, Brookfield Infrastructure Finance ULC, a wholly-owned subsidiary of Brookfield Infrastructure, issued C\$400 million of medium-term notes maturing February 22, 2024 with a coupon of 3.3%. The notes were issued at a premium with an effective interest rate of 3.1% per annum, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 4.0%.

On February 22, 2017, Brookfield Infrastructure Finance ULC, a wholly-owned subsidiary of Brookfield Infrastructure, issued C\$300 million of medium-term notes maturing February 22, 2024 with a coupon of 3.3%, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 4.1%.

The strengthening of the Canadian dollar against the U.S. dollar during the nine-month period ended September 30, 2017 resulted in an increase in corporate borrowings of \$106 million from December 31, 2016.

Subsequent to September 30, 2017, our partnership repaid the medium-term notes maturing on October 10, 2017.

b) Non-Recourse Borrowings

US\$ MILLIONS	As of	
	September 30, 2017	December 31, 2016
Current	\$ 180	\$ 279
Non-current	7,751	7,045
Total	\$ 7,931	\$ 7,324

Non-recourse borrowings have increased by \$607 million since year-end. This increase is attributable to a \$333 million increase of foreign denominated debt balances, predominately the Australian dollar and the British pound, and increased borrowings of \$274 million at our operating entities to fund growth capital projects.

9. SEGMENT INFORMATION

IFRS 8, *Operating Segments*, requires operating segments to be determined based on information that is regularly reviewed by the Executive Management and the Board of Directors for the purpose of allocating resources to the segment and to assessing its performance. Key measures used by the Chief Operating Decision Maker (“CODM”) in assessing performance and in making resource allocation decisions are funds from operations (“FFO”) and earnings before interest, tax, depreciation and amortization (“Adjusted EBITDA”), which enable the determination of return on the equity deployed. FFO is calculated as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. Adjusted EBITDA is calculated as net income excluding the impact of depreciation and amortization, interest expense, current and deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses.

FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Energy	Comm. Infrastructure	Other	Total			
Revenues	\$ 261	\$ 411	\$ 133	\$ 42	\$ —	\$ 847	\$ (403)	\$ 517	\$ 961
Costs attributed to revenues	(61)	(232)	(71)	(19)	—	(383)	213	(224)	(394)
General and administrative costs	—	—	—	—	(63)	(63)	—	—	(63)
Adjusted EBITDA	200	179	62	23	(63)	401	(190)	293	
Other (expense) income	(2)	(2)	5	(1)	8	8	1	(10)	(1)
Interest expense	(28)	(41)	(19)	(3)	(17)	(108)	39	(45)	(114)
FFO	170	136	48	19	(72)	301	(150)	238	
Depreciation and amortization	(58)	(82)	(36)	(19)	—	(195)	94	(114)	(215)
Deferred taxes	(15)	3	(1)	3	4	(6)	—	(7)	(13)
Mark-to-market on hedging items and other	(5)	(28)	(7)	(1)	(48)	(89)	32	23	(34)
Share of earnings from associates	—	—	—	—	—	—	24	—	24
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(140)	(140)
Net income (loss) attributable to partnership⁽²⁾	\$ 92	\$ 29	\$ 4	\$ 2	\$ (116)	\$ 11	\$ —	\$ —	\$ 11

FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Energy	Comm. Infrastructure	Other	Total			
Revenues	\$ 180	\$ 334	\$ 123	\$ 40	\$ —	\$ 677	\$ (355)	\$ 200	\$ 522
Costs attributed to revenues	(49)	(172)	(59)	(17)	—	(297)	175	(145)	(267)
General and administrative costs	—	—	—	—	(45)	(45)	—	—	(45)
Adjusted EBITDA	131	162	64	23	(45)	335	(180)	55	
Other income (expense)	2	(8)	2	—	20	16	7	2	25
Interest expense	(31)	(42)	(26)	(4)	(13)	(116)	51	(33)	(98)
FFO	102	112	40	19	(38)	235	(122)	24	
Depreciation and amortization	(38)	(69)	(32)	(19)	—	(158)	84	(52)	(126)
Deferred taxes	2	16	4	1	(5)	18	(5)	10	23
Mark-to-market on hedging items and other	(22)	(37)	(17)	—	59	(17)	11	43	37
Share of earnings from associates	—	—	—	—	—	—	32	—	32
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(25)	(25)
Net income (loss) attributable to partnership ⁽²⁾	\$ 44	\$ 22	\$ (5)	\$ 1	\$ 16	\$ 78	\$ —	\$ —	\$ 78

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Energy	Comm. Infrastructure	Other	Total			
Revenues	\$ 715	\$ 1,181	\$ 398	\$ 122	\$ —	\$ 2,416	\$ (1,191)	\$ 1,326	\$ 2,551
Costs attributed to revenues	(182)	(666)	(187)	(54)	—	(1,089)	624	(645)	(1,110)
General and administrative costs	—	—	—	—	(173)	(173)	—	—	(173)
Adjusted EBITDA	533	515	211	68	(173)	1,154	(567)	681	
Other (expense) income	(9)	(4)	11	(2)	35	31	8	(26)	13
Interest expense	(86)	(118)	(69)	(9)	(46)	(328)	132	(119)	(315)
FFO	438	393	153	57	(184)	857	(427)	536	
Depreciation and amortization	(147)	(233)	(104)	(55)	—	(539)	273	(275)	(541)
Deferred taxes	(33)	10	(1)	8	2	(14)	(1)	(16)	(31)
Mark-to-market on hedging items and other	(33)	(67)	(26)	(3)	(143)	(272)	72	55	(145)
Share of earnings from associates	—	—	—	—	—	—	83	—	83
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(300)	(300)
Net income (loss) attributable to partnership ⁽²⁾	\$ 225	\$ 103	\$ 22	\$ 7	\$ (325)	\$ 32	\$ —	\$ —	\$ 32

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Energy	Comm. Infrastructure	Other	Total			
Revenues	\$ 521	\$ 894	\$ 365	\$ 123	\$ —	\$ 1,903	\$ (959)	\$ 494	\$ 1,438
Costs attributed to revenues	(122)	(453)	(163)	(56)	—	(794)	475	(348)	(667)
General and administrative costs	—	—	—	—	(122)	(122)	—	—	(122)
Adjusted EBITDA	399	441	202	67	(122)	987	(484)	146	
Other income (expense)	4	(17)	3	(1)	67	56	15	—	71
Interest expense	(101)	(116)	(82)	(9)	(36)	(344)	141	(91)	(294)
FFO	302	308	123	57	(91)	699	(328)	55	
Depreciation and amortization	(116)	(183)	(92)	(57)	—	(448)	237	(123)	(334)
Deferred taxes	(6)	22	9	7	(1)	31	(15)	19	35
Mark-to-market on hedging items and other	(67)	31	(25)	(4)	95	30	(36)	87	81
Share of earnings from associates	—	—	—	—	—	—	142	—	142
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(38)	(38)
Net income (loss) attributable to partnership ⁽²⁾	\$ 113	\$ 178	\$ 15	\$ 3	\$ 3	\$ 312	\$ —	\$ —	\$ 312

- The above table provides each segment's results in the format that management organizes its segments to make operating decisions and assess performance. Each segment is presented on a proportionate basis, taking into account Brookfield Infrastructure's ownership in operations accounted for using the consolidation and equity methods under IFRS. The above table reconciles Brookfield Infrastructure's proportionate results to our partnership's Consolidated Statements of Operating Results on a line by line basis by aggregating the components comprising the earnings from our partnership's investments in associates and reflecting the portion of each line item attributable to non-controlling interests.
- Includes net income (loss) attributable to non-controlling interests—Redeemable Partnership Units held by Brookfield, general partner and limited partners.

Segment assets

For the purpose of monitoring segment performance and allocating resources between segments, the CODM monitors the assets, including investments accounted for using the equity method, attributable to each segment.

The following is an analysis of Brookfield Infrastructure's assets by reportable operating segment for the periods under review:

AS OF SEPTEMBER 30, 2017 US\$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Energy	Comm. Infrastructure	Corporate & Other	Brookfield Infrastructure				
Total assets	\$ 6,316	\$ 6,639	\$ 3,074	\$ 999	\$ (938)	\$ 16,090	\$ (3,075)	\$ 11,590	\$ 4,168	\$ 28,773

AS OF DECEMBER 31, 2016 US\$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Energy	Comm. Infrastructure	Corporate & Other	Brookfield Infrastructure				
Total assets	\$ 4,605	\$ 6,160	\$ 3,032	\$ 933	\$ (510)	\$ 14,220	\$ (2,996)	\$ 6,496	\$ 3,555	\$ 21,275

- The above table provides each segment's assets in the format that management organizes its segments to make operating decisions and assess performance. Each segment is presented on a proportionate basis, taking into account Brookfield Infrastructure's ownership in operations using consolidation and the equity method whereby our partnership either controls or exercises significant influence over the investment respectively. The above table reconciles Brookfield Infrastructure's proportionate assets to total assets presented on our partnership's Consolidated Statements of Financial Position by removing net liabilities contained within investments in associates and joint ventures and reflecting the assets attributable to non-controlling interests, and adjusting for working capital assets which are netted against working capital liabilities.

10. CAPITAL MANAGEMENT

Our partnership's approach to capital management is focused on maximizing returns to unitholders and ensuring capital is deployed in a manner consistent with achieving our investment return objectives.

Invested Capital, which tracks the amount of capital that has been contributed to our partnership, is a measure we utilize to assess returns on capital deployed, relative to targeted returns. Investment decisions are based on, amongst other measures and factors, targeted returns on Invested Capital of 12% to 15% annually over the long-term. We measure return on Invested Capital as adjusted funds from operations ("AFFO"), less estimated¹ returns of capital on operations that are not perpetual in life, divided by the weighted average Invested Capital for the period.

We define Invested Capital as partnership capital removing the impact of the following items: non-controlling interest - in operating subsidiaries, retained earnings or deficit, accumulated other comprehensive income and ownership changes.

1. *Estimated based on the discounted cash flow models which we utilize in order to value and measure the performance of our operations.*

US\$ MILLIONS	As of	
	September 30, 2017	December 31, 2016
Partnership Capital	\$ 13,495	\$ 9,644
Remove impact of the following items since inception:		
Non-controlling interest - in operating subsidiaries	(5,953)	(2,771)
Deficit	1,229	697
Accumulated Other Comprehensive Income	(1,067)	(1,074)
Ownership Changes	(109)	(109)
Invested Capital	\$ 7,595	\$ 6,387

The following table presents the change in Invested Capital during the three and nine-month periods ended September 30, 2017:

US\$ MILLIONS	For the three-month period ended September 30		For the nine-month period ended September 30	
	2017	2016	2017	2016
Opening balance	\$ 6,618	\$ 5,457	\$ 6,387	\$ 5,452
Issuance of preferred units	—	186	220	186
Issuance of limited partnership units and redeemable partnership units	977	8	988	13
Ending balance, September 30	7,595	5,651	7,595	5,651
Weighted Average Invested Capital	6,778	5,578	6,646	5,495

11. SUBSIDIARY PUBLIC ISSUERS

An indenture dated as of October 10, 2012 between certain wholly-owned subsidiaries of our partnership, Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Pty Ltd and Brookfield Infrastructure Finance Limited (collectively, the “Debt Issuers” together with Brookfield Infrastructure Preferred Equity Inc. the “Issuers”), and Computershare Trust Company of Canada, as supplemented and amended from time to time (“Indenture”) provides for the distribution of one or more series of unsecured debentures or notes of the Debt Issuers.

On April 17, 2017, the Debt Issuers issued C\$400 million of medium-term notes under the Indenture maturing February 22, 2024 in the Canadian bond market with a coupon of 3.3%. The notes were issued at a premium with an effective interest rate of 3.1% per annum, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 4.0%.

On February 22, 2017, the Debt Issuers issued C\$300 million of medium-term notes under the Indenture maturing February 22, 2024 in the Canadian bond market with a coupon of 3.3%, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 4.1%.

On October 30, 2015, the Debt Issuers issued C\$500 million of medium-term notes under the Indenture in the Canadian bond market in two tranches: C\$125 million of three year notes maturing October 30, 2018 with a coupon of 3.0%; and C\$375 million of five year notes maturing October 30, 2020 with a coupon of 3.5%. The three-year and five-year bonds were swapped into U.S. dollars on a matched maturity basis at an all-in rate of 3.8%.

On March 11, 2015, the Debt Issuers issued C\$450 million of medium-term notes under the Indenture maturing March 11, 2022 in the Canadian bond market with a coupon of 3.5%, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 3.9%.

On October 10, 2012, the Debt Issuers issued C\$400 million of medium-term notes under the Indenture maturing October 10, 2017 in the Canadian bond market with a coupon of 3.5%, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 2.7%.

These notes are unconditionally guaranteed by our partnership and its subsidiaries, Brookfield Infrastructure L.P. (the “Holding LP”), Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation and BIP Bermuda Holdings I Limited and, in the case of the notes issued in October 2012, Brookfield Infrastructure LLC.

The following tables set forth consolidated summary financial information for our partnership and the Issuers:

FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 US\$ MILLIONS	Our partnership⁽¹⁾	The Issuers	Subsidiaries of our partnership other than the Issuers⁽²⁾	Consolidating adjustments⁽⁵⁾	Our partnership consolidated
Revenues	\$ —	\$ —	\$ —	\$ 961	\$ 961
Net (loss) income attributable to partnership ⁽⁴⁾	(11)	—	11	11	11
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016					
Revenues	\$ —	\$ —	\$ —	\$ 522	\$ 522
Net income (loss) attributable to partnership ⁽⁴⁾	40	—	78	(40)	78
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017					
Revenues	\$ —	\$ —	\$ —	\$ 2,551	\$ 2,551
Net (loss) income attributable to partnership ⁽⁴⁾	(35)	—	32	35	32
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016					
Revenues	\$ —	\$ —	\$ —	\$ 1,438	\$ 1,438
Net income (loss) attributable to partnership ⁽⁴⁾	177	—	312	(177)	312
AS OF SEPTEMBER 30, 2017					
Current assets	\$ —	\$ 328	\$ —	\$ 1,295	\$ 1,623
Non-current assets	5,466	—	5,035	16,649	27,150
Current liabilities	—	330	—	1,406	1,736
Non-current liabilities	—	1,324	—	12,218	13,542
Non-controlling interests – Redeemable Partnership Units held by Brookfield	—	—	—	1,995	1,995
Non-controlling interests – in operating subsidiaries	—	—	—	5,953	5,953
Preferred unitholders	—	—	—	595	595
AS OF DECEMBER 31, 2016					
Current assets	\$ —	\$ 3	\$ —	\$ 1,629	\$ 1,632
Non-current assets	4,937	297	5,248	9,161	19,643
Current liabilities	—	5	—	1,510	1,515
Non-current liabilities	—	1,004	—	9,112	10,116
Non-controlling interests – Redeemable Partnership Units held by Brookfield	—	—	—	1,860	1,860
Non-controlling interests – in operating subsidiaries	—	—	—	2,771	2,771
Preferred unitholders	—	—	—	375	375

1. Includes investments in all subsidiaries of our partnership under the equity method.

2. Includes investments in all subsidiaries of the Holding LP, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation, BIP Bermuda Holdings I Limited and Brookfield Infrastructure LLC under the equity method except for Brookfield Infrastructure US Holdings I Corporation's investment in Brookfield Infrastructure LLC, which is presented on a combined basis as Brookfield Infrastructure LLC is a guarantor of the medium term notes issued in October 2012. For the three and nine-month periods ended September 30, 2017 and 2016, the presentation of Brookfield Infrastructure US Holdings I Corporation's investment in Brookfield Infrastructure LLC on a combined basis was equivalent to its presentation under the equity method.

3. Includes elimination of intercompany transactions and balances necessary to present our partnership on a consolidated basis.

4. Includes net income (loss) attributable to non-controlling interest—Redeemable Partnership Units held by Brookfield, general partner and limited partners.

12. PARTNERSHIP CAPITAL

As at September 30, 2017, our partnership's capital structure was comprised of three classes of partnership units: limited partnership units, preferred units and general partnership units. Units entitle the holder to their proportionate share of distributions. Preferred units entitle the holder to cumulative preferential cash distributions in accordance with their terms. General partnership units entitle the holder the right to govern the financial and operating policies of our partnership. The Holding LP's capital structure is composed of four classes of partnership units: special general partner units, Holding LP Class A preferred units, managing general partner units and redeemable partnership units held by Brookfield.

On September 14, 2016, our partnership completed a three-for-two split of our units by way of a subdivision of units (the "Unit Split"), whereby unitholders received an additional one-half of a unit for each unit held, resulting in the issuance of approximately 115 million additional units. Our preferred units were not affected by the Unit Split. All historical per unit disclosures have been adjusted to effect for the change in units due to the Unit Split. The managing general partner units, special general partner units and redeemable partnership units of the Holding LP were concurrently split to reflect the Unit Split.

(a) Special General and Limited Partnership Capital

UNITS MILLIONS	Special General Partner Units		Limited Partnership Units		Total	
	As of and for the nine-month period ended Sept 30, 2017	As of and for the 12 month period ended Dec. 31, 2016	As of and for the nine-month period ended Sept 30, 2017	As of and for the 12 month period ended Dec. 31, 2016	As of and for the nine-month period ended Sept 30, 2017	As of and for the 12 month period ended Dec. 31, 2016
Opening balance	1.6	1.6	259.4	243.2	261.0	244.8
Issued for cash	—	—	17.1	16.4	17.1	16.4
Repurchased and cancelled	—	—	—	(0.2)	—	(0.2)
Ending balance	1.6	1.6	276.5	259.4	278.1	261.0

The weighted average number of special general partner units outstanding for the three and nine-month periods ended September 30, 2017 was 1.6 million (2016: 1.6 million). The weighted average number of limited partnership units outstanding for the three and nine-month periods ended September 30, 2017 was 262.6 million and 260.6 million, respectively (2016: 243.4 million and 243.3 million for the three and nine-month periods).

US\$ MILLIONS	Special General Partner		Limited Partners		Total	
	As of and for the nine-month period ended Sept 30, 2017	As of and for the 12 month period ended Dec. 31, 2016	As of and for the nine-month period ended Sept 30, 2017	As of and for the 12 month period ended Dec. 31, 2016	As of and for the nine-month period ended Sept 30, 2017	As of and for the 12 month period ended Dec. 31, 2016
Opening balance	\$ 19	\$ 19	\$ 4,215	\$ 3,716	\$ 4,234	\$ 3,735
Unit issuance	—	—	688	505	688	505
Repurchased and cancelled	—	—	—	(6)	—	(6)
Ending balance	\$ 19	\$ 19	\$ 4,903	\$ 4,215	\$ 4,922	\$ 4,234

In September 2017, our partnership issued 16.6 million units at \$42 per unit under shelf registrations in the U.S. and Canada. In total, \$700 million of gross proceeds were raised through the issuance and \$28 million in equity issuance costs were incurred.

In December 2016, our partnership issued 15.6 million units at \$32 per unit under shelf registrations in the U.S. and Canada. In total, \$500 million of gross proceeds were raised through the issuance and \$20 million in equity issuance costs were incurred.

In June 2010, we implemented a distribution reinvestment plan (the "Plan") that allows eligible holders of our partnership to purchase additional units by reinvesting their cash distributions. Under the Plan, units are acquired at a price per unit calculated by reference to the volume weighted average of the trading price for our units on the New York Stock Exchange for the five trading days immediately preceding the relevant distribution date. During the nine-month period ended September 30, 2017, our partnership issued less than 1 million units for proceeds of \$16 million (2016: less than 1 million units for proceeds of \$19 million).

(b) Non-controlling interest – Redeemable Partnership Units held by Brookfield

UNITS MILLIONS	Non-controlling interest – Redeemable Partnership Units held by Brookfield	
	As of and for the nine-month period ended Sept 30, 2017	As of and for the 12 month period ended Dec. 31, 2016
Opening balance	108.4	100.3
Issued for cash	7.4	8.1
Ending balance	115.8	108.4

The weighted average number of Redeemable Partnership Units outstanding for the three and nine-month periods ended September 30, 2017 was 109.7 million and 108.8 million, respectively (2016: 100.3 million for the three and nine-month periods).

US\$ MILLIONS	Non-controlling interest – Redeemable Partnership Units held by Brookfield	
	As of and for the nine-month period ended Sept 30, 2017	As of and for the 12 month period ended Dec. 31, 2016
Opening balance	\$ 1,778	\$ 1,528
Unit issuance	300	250
Ending balance	\$ 2,078	\$ 1,778

In September 2017, Brookfield Infrastructure issued 7.4 million Redeemable Partnership Units to Brookfield for proceeds of \$300 million.

In December 2016, Brookfield Infrastructure issued 8.1 million Redeemable Partnership Units to Brookfield for proceeds of \$250 million.

c) Preferred Unitholders' Capital

UNITS MILLIONS	Preferred Units	
	As of and for the nine-month period ended Sept 30, 2017	As of and for the 12 month period ended Dec. 31, 2016
Opening balance	20.0	10.0
Issued for cash	12.0	10.0
Ending balance	32.0	20.0

US\$ MILLIONS	Preferred Units	
	As of and for the nine-month period ended Sept 30, 2017	As of and for the 12 month period ended Dec. 31, 2016
Opening balance	\$ 375	\$ 189
Unit issuance	220	186
Ending balance	\$ 595	\$ 375

In January 2017, our partnership issued 12 million Series 7 Preferred Units, at C\$25 per unit with a quarterly fixed distribution at a rate of 5.00% annually for the initial period ending March 31, 2022. In total, \$225 million or C\$300 million of gross proceeds were raised and \$5 million in issuance costs were incurred.

In August 2016, our partnership issued 10 million Series 5 Preferred Units at C\$25 per unit with a quarterly fixed distribution at a rate of 5.35% annually for the initial period ending September 30, 2021. In total, \$190 million or C\$250 million of gross proceeds were raised and \$4 million in issuance costs were incurred.

13. DISTRIBUTIONS

For the three and nine-month periods ended September 30, 2017, distributions to partnership unitholders were \$160 million and \$480 million, respectively, or \$0.435 and \$1.305, respectively, per partnership unit (2016: \$135 million and \$399 million, respectively, or \$0.3933, per partnership unit).

Additionally, incentive distributions were made to an affiliate of Brookfield, in its capacity as the special general partner of the Holding LP, in the amount of \$28 million and \$84 million for the three and nine-month periods ended September 30, 2017 (2016: \$21 million and \$59 million, respectively).

For the three and nine-month periods ended September 30, 2017, our partnership declared distributions of \$8 million and \$22 million, respectively, or \$0.26 and \$0.75, respectively, per preferred unit on a prorated basis (2016: \$4 million and \$8 million, respectively, or \$0.20, per preferred unit).

14. ACCUMULATED OTHER COMPREHENSIVE INCOME

a) Attributable to Limited Partners

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Available for sale	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2017	\$ 957	\$ (891)	\$ 215	\$ (130)	\$ (4)	\$ (30)	\$ 619	\$ 736
Other comprehensive income (loss)	—	178	(188)	53	4	—	(52)	(5)
Balance at September 30, 2017	\$ 957	\$ (713)	\$ 27	\$ (77)	\$ —	\$ (30)	\$ 567	\$ 731

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Available for sale	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2016	\$ 1,042	\$ (889)	\$ 99	\$ (140)	\$ (9)	\$ (13)	\$ 465	\$ 555
Other comprehensive income (loss)	4	106	(1)	23	5	(1)	(14)	122
Other items	(99)	—	—	—	—	—	—	(99)
Balance at September 30, 2016	\$ 947	\$ (783)	\$ 98	\$ (117)	\$ (4)	\$ (14)	\$ 451	\$ 578

b) Attributable to General Partner

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Available for sale	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2017	\$ 7	\$ (5)	\$ 3	\$ (1)	\$ —	\$ —	\$ 3	\$ 7
Other comprehensive income (loss)	—	1	(2)	—	—	—	—	(1)
Balance at September 30, 2017	\$ 7	\$ (4)	\$ 1	\$ (1)	\$ —	\$ —	\$ 3	\$ 6

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Available for sale	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2016	\$ 7	\$ (5)	\$ 1	\$ (1)	\$ —	\$ —	\$ 2	\$ 4
Other comprehensive income	—	1	1	—	—	—	—	2
Other items	(1)	—	—	—	—	—	—	(1)
Balance at September 30, 2016	\$ 6	\$ (4)	\$ 2	\$ (1)	\$ —	\$ —	\$ 2	\$ 5

c) Attributable to Non-controlling interest – Redeemable Partnership Units held by Brookfield

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Available for sale	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2017	\$ 417	\$ (365)	\$ 88	\$ (58)	\$ (3)	\$ (9)	\$ 261	\$ 331
Other comprehensive income (loss)	—	75	(79)	22	2	—	(21)	(1)
Balance at September 30, 2017	<u>\$ 417</u>	<u>\$ (290)</u>	<u>\$ 9</u>	<u>\$ (36)</u>	<u>\$ (1)</u>	<u>\$ (9)</u>	<u>\$ 240</u>	<u>\$ 330</u>

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Available for sale	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2016	\$ 447	\$ (358)	\$ 38	\$ (61)	\$ (4)	\$ (2)	\$ 194	\$ 254
Other comprehensive income (loss)	1	42	—	10	2	—	(5)	50
Other items	(41)	—	—	—	—	—	—	(41)
Balance at September 30, 2016	<u>\$ 407</u>	<u>\$ (316)</u>	<u>\$ 38</u>	<u>\$ (51)</u>	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ 189</u>	<u>\$ 263</u>

15. RELATED PARTY TRANSACTIONS

In the normal course of operations, Brookfield Infrastructure entered into the transactions below with related parties. The immediate parent of Brookfield Infrastructure is our partnership. The ultimate parent of Brookfield Infrastructure is Brookfield. Other related parties of Brookfield Infrastructure represent its subsidiary and operating entities.

a) Transactions with the immediate parent

Throughout the year, the General Partner, in its capacity as our partnership's general partner, incurs director fees, a portion of which are charged at cost to our partnership in accordance with the limited partnership agreement. Less than \$1 million in director fees were incurred during the three and nine-month periods ended September 30, 2017 (2016: less than \$1 million for the three and nine-month periods).

b) Transactions with other related parties

Since inception, Brookfield Infrastructure has had a management agreement (the "Master Services Agreement") with certain service providers (the "Service Provider"), which are wholly-owned subsidiaries of Brookfield.

Pursuant to the Master Services Agreement, on a quarterly basis, Brookfield Infrastructure pays a base management fee, referred to as the Base Management Fee, to the Service Provider equal to 0.3125% per quarter (1.25% annually) of the market value of our partnership. The Base Management Fee was \$61 million and \$166 million, respectively, for the three and nine-month periods ended September 30, 2017 (2016: \$43 million and 116 million, respectively).

For purposes of calculating the Base Management Fee, the market value of our partnership is equal to the aggregate value of all the outstanding units of our partnership (assuming full conversion of Brookfield's Redeemable Partnership Units in the Holdings LP into units of our partnership), preferred units and securities of the other Service Recipients (as defined in Brookfield Infrastructure's Master Services Agreement) that are not held by Brookfield Infrastructure, plus all outstanding third party debt with recourse to a Service Recipient, less all cash held by such entities.

Brookfield Infrastructure, from time to time, will place funds on deposit with Brookfield. As at September 30, 2017, Brookfield Infrastructure's deposit balance with Brookfield was less than \$1 million (December 31, 2016: \$255 million) and earned interest of less than \$1 million and \$1 million, respectively, for the three and nine-month periods ended September 30, 2017 (2016: less than \$1 million for the three and nine-month periods).

Brookfield Infrastructure's North American district energy operation provides heating and cooling services and leases office space on market terms with subsidiaries of Brookfield Office Properties Inc. The North American district energy operation also utilizes consulting and engineering services provided by a wholly-owned subsidiary of Brookfield on market terms. For the three and nine-month periods ended September 30, 2017, revenues of \$2 million and \$5 million, respectively, were generated (2016: less than \$1 million for the three and nine-month periods) and expenses of \$2 million and \$3 million were incurred, respectively (2016: less than \$1 million for the three and nine-month periods).

Brookfield Infrastructure utilizes a wholly-owned subsidiary of Brookfield to negotiate and purchase insurance and assess the adequacy of insurance on behalf of our partnership and certain subsidiaries. During the three and nine-month periods ended September 30, 2017, Brookfield Infrastructure paid less than \$1 million for these services (2016: less than \$1 million for the three and nine-month periods).