

## **Brookfield Infrastructure Partners L.P.**

Interim Report Q3 2018

### **UNAUDITED INTERIM CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS**

*AS OF SEPTEMBER 30, 2018 AND DECEMBER 31, 2017 AND  
FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017*

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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 utilities, transport, energy and data 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**

<u>US\$ MILLIONS, UNAUDITED</u>	<u>Notes</u>	<u>As of</u>	
		<u>September 30, 2018</u>	<u>December 31, 2017</u>
<b>Assets</b>			
Cash and cash equivalents	6	\$ 1,144	\$ 374
Financial assets	6	334	192
Accounts receivable and other	6	965	838
Inventory		128	108
Current assets		2,571	1,512
Property, plant and equipment	7	10,155	9,937
Intangible assets	8	9,084	9,894
Investments in associates and joint ventures	9	4,305	5,572
Investment properties		185	192
Goodwill	5	1,954	1,301
Financial assets	6	793	730
Other assets		217	273
Deferred income tax asset		68	66
Total assets		\$ 29,332	\$ 29,477
<b>Liabilities and Partnership Capital</b>			
<b>Liabilities</b>			
Accounts payable and other	6	\$ 1,113	\$ 864
Corporate borrowings	6,10	97	99
Non-recourse borrowings	6,10	316	364
Financial liabilities	6	114	237
Current liabilities		1,640	1,564
Corporate borrowings	6,10	1,567	2,002
Non-recourse borrowings	6,10	9,544	7,699
Financial liabilities	6	1,074	1,076
Other liabilities		708	793
Deferred income tax liability		2,657	2,849
Preferred shares	6	20	20
Total liabilities		17,210	16,003
<b>Partnership capital</b>			
Limited partners	14	4,294	4,967
General partner	14	21	25
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield	14	1,726	2,012
Interest of others in operating subsidiaries		5,144	5,875
Preferred unitholders	14	937	595
Total partnership capital		12,122	13,474
Total liabilities and partnership capital		\$ 29,332	\$ 29,477

*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**

<b>US\$ MILLIONS, UNAUDITED</b>	<b>Notes</b>	<b>For the three-month period ended September 30</b>		<b>For the nine-month period ended September 30</b>	
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Revenues	<b>13</b>	\$ <b>1,167</b>	\$ 961	\$ <b>3,224</b>	\$ 2,551
Direct operating costs		<b>(603)</b>	(394)	<b>(1,479)</b>	(1,110)
General and administrative expenses		<b>(57)</b>	(63)	<b>(169)</b>	(173)
Depreciation and amortization expense	<b>7,8</b>	<b>(188)</b>	(215)	<b>(569)</b>	(541)
		<b>319</b>	289	<b>1,007</b>	727
Interest expense		<b>(140)</b>	(114)	<b>(379)</b>	(315)
Share of (losses) earnings from investments in associates and joint ventures	<b>9</b>	<b>(32)</b>	24	<b>(36)</b>	83
Mark-to-market on hedging items	<b>6</b>	<b>31</b>	(18)	<b>58</b>	(84)
Gain on sale of associate	<b>4</b>	<b>—</b>	—	<b>338</b>	—
Other (expense) income		<b>(26)</b>	—	<b>(33)</b>	19
Income before income tax		<b>152</b>	181	<b>955</b>	430
Income tax expense					
Current	<b>4</b>	<b>(53)</b>	(17)	<b>(269)</b>	(67)
Deferred		<b>(12)</b>	(13)	<b>(53)</b>	(31)
Net income		<b>\$ 87</b>	\$ 151	<b>\$ 633</b>	\$ 332
<b>Attributable to:</b>					
Limited partners		\$ <b>(20)</b>	\$ (5)	\$ <b>166</b>	\$ (19)
General partner		<b>34</b>	28	<b>103</b>	84
Non-controlling interest attributable to:					
Redeemable Partnership Units held by Brookfield		<b>(9)</b>	(4)	<b>70</b>	(11)
Interest of others in operating subsidiaries		<b>82</b>	132	<b>294</b>	278
Basic and diluted (loss) earnings per limited partner unit:	<b>14</b>	<b>\$ (0.10)</b>	\$ (0.04)	<b>\$ 0.53</b>	\$ (0.13)

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

**BROOKFIELD INFRASTRUCTURE PARTNERS L.P.**

**UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**

<b>US\$ MILLIONS, UNAUDITED</b>	<b>Notes</b>	<b>For the three-month period ended September 30</b>		<b>For the nine-month period ended September 30</b>	
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net income		\$ 87	\$ 151	\$ 633	\$ 332
Other comprehensive (loss) income:					
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
Marketable securities, net of tax	6	(2)	4	(14)	6
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Foreign currency translation		(300)	417	(1,362)	365
Cash flow hedge	6	25	43	(33)	71
Net investment hedge	6	14	(72)	61	(269)
Taxes on the above items		—	(1)	5	1
Investment in associates and joint ventures	9	12	(21)	75	(73)
		(249)	366	(1,254)	95
Total other comprehensive (loss) income		(251)	370	(1,268)	101
Comprehensive (loss) income		\$ (164)	\$ 521	\$ (635)	\$ 433
<b>Attributable to:</b>					
Limited partners		\$ (118)	\$ 109	\$ (279)	\$ (24)
General partner		34	28	101	83
Non-controlling interest attributable to:					
Redeemable Partnership Units held by Brookfield		(49)	45	(117)	(12)
Interest of others in operating subsidiaries		(31)	339	(340)	386

*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, 2018 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 (loss) <sup>(1)</sup>	Limited partners	General partner capital	Retained earnings	Accumulated other comprehensive income (loss) <sup>(1)</sup>	General partner	Redeemable units held by Brookfield	(Deficit)	Ownership changes	Accumulated other comprehensive income (loss) <sup>(1)</sup>				Non-controlling interest – Redeemable Partnership Units held by Brookfield
Balance as at June 30, 2018	\$ 4,915	\$ (586)	\$ 149	\$ 67	\$ 4,545	\$ 19	\$ 2	\$ 1	\$ 22	\$ 2,078	\$ (258)	\$ (40)	\$ 52	\$ 1,832	\$ 5,125	\$ 752	\$ 12,276
Net (loss) income	—	(20)	—	—	(20)	—	34	—	34	—	(9)	—	—	(9)	82	—	87
Other comprehensive loss	—	—	—	(98)	(98)	—	—	—	—	—	—	—	(40)	(40)	(113)	—	(251)
Comprehensive (loss) income	—	(20)	—	(98)	(118)	—	34	—	34	—	(9)	—	(40)	(49)	(31)	—	(164)
Unit issuance <sup>(2)</sup>	4	—	—	—	4	—	—	—	—	—	—	—	—	—	—	—	4
Partnership distributions <sup>(3)</sup>	—	(130)	—	—	(130)	—	(35)	—	(35)	—	(54)	—	—	(54)	—	—	(219)
Partnership preferred distributions <sup>(3)</sup>	—	(7)	—	—	(7)	—	—	—	—	—	(3)	—	—	(3)	—	—	(10)
Acquisition of subsidiaries <sup>(4)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	145	—	145
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(95)	—	(95)
Preferred units issued <sup>(2)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	185	185
Balance as at September 30, 2018	\$ 4,919	\$ (743)	\$ 149	\$ (31)	\$ 4,294	\$ 19	\$ 1	\$ 1	\$ 21	\$ 2,078	\$ (324)	\$ (40)	\$ 12	\$ 1,726	\$ 5,144	\$ 937	\$ 12,122

1. Refer to Note 16 Accumulated Other Comprehensive Income. 2. Refer to Note 14 Partnership Capital. 3. Refer to Note 15 Distributions.  
4. Refer to Note 5 Acquisition of Businesses.

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 <sup>(1)</sup>	Limited partners	General partner capital	Retained earnings	Accumulated other comprehensive income <sup>(1)</sup>	General partner	Redeemable units held by Brookfield	(Deficit)	Ownership changes	Accumulated other comprehensive income <sup>(1)</sup>				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 <sup>(2)</sup>	—	(5)	—	—	(5)	—	28	—	28	—	(4)	—	—	(4)	132	—	151
Other comprehensive income	—	—	—	114	114	—	—	—	—	—	—	—	49	49	207	—	370
Comprehensive (loss) income	—	(5)	—	114	109	—	28	—	28	—	(4)	—	49	45	339	—	521
Unit issuance <sup>(3)</sup>	677	—	—	—	677	—	—	—	—	300	—	—	—	300	—	—	977
Partnership distributions <sup>(4)</sup>	—	(113)	—	—	(113)	—	(28)	—	(28)	—	(47)	—	—	(47)	—	—	(188)
Partnership preferred distributions <sup>(4)</sup>	—	(6)	—	—	(6)	—	—	—	—	—	(2)	—	—	(2)	—	—	(8)
Disposition of interest <sup>(5)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(188)	—	(188)
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(243)	—	(243)
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 16 Accumulated Other Comprehensive Income. 2. Certain net income allocations have been reclassified to provide comparability with the current year Consolidated Statements of Partnership Capital.  
3. Refer to Note 14 Partnership Capital. 4. Refer to Note 15 Distributions. 5. Refer to Note 9 Investment in Associates and Joint Ventures.

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, 2018 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 (loss) <sup>(1)</sup>	Limited partners	General partner capital	Retained earnings	Accumulated other comprehensive income (loss) <sup>(1)</sup>	General partner	Redeemable units held by Brookfield	(Deficit)	Ownership changes				Accumulated other comprehensive income (loss) <sup>(1)</sup>	Non-controlling interest – Redeemable Partnership Units held by Brookfield
Balance as at December 31, 2017	\$ 4,907	\$ (953)	\$ 149	\$ 864	\$ 4,967	\$ 19	\$ —	\$ 6	\$ 25	\$ 2,078	\$ (413)	\$ (40)	\$ 387	\$ 2,012	\$ 5,875	\$ 595	\$ 13,474
Change in accounting policies <sup>(2)</sup>	—	4	—	—	4	—	—	—	—	—	2	—	—	2	10	—	16
Balance as at January 1, 2018	4,907	(949)	149	864	4,971	19	—	6	25	2,078	(411)	(40)	387	2,014	5,885	595	13,490
Net Income	—	166	—	—	166	—	103	—	103	—	70	—	—	70	294	—	633
Other comprehensive loss	—	—	—	(445)	(445)	—	—	(2)	(2)	—	—	—	(187)	(187)	(634)	—	(1,268)
Comprehensive income (loss)	—	166	—	(445)	(279)	—	103	(2)	101	—	70	—	(187)	(117)	(340)	—	(635)
Unit issuance <sup>(3)</sup>	12	—	—	—	12	—	—	—	—	—	—	—	—	—	—	—	12
Partnership distributions <sup>(4)</sup>	—	(390)	—	—	(390)	—	(105)	—	(105)	—	(162)	—	—	(162)	—	—	(657)
Partnership preferred distributions <sup>(4)</sup>	—	(20)	—	—	(20)	—	—	—	—	—	(9)	—	—	(9)	—	—	(29)
Acquisition of subsidiaries <sup>(5)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	904	—	904
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(428)	—	(428)
Capital provided to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(877)	—	(877)
Preferred units issued <sup>(3)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	342	342
Other items <sup>(6)</sup>	—	450	—	(450)	—	—	3	(3)	—	—	188	—	(188)	—	—	—	—
Balance as at September 30, 2018	\$ 4,919	\$ (743)	\$ 149	\$ (31)	\$ 4,294	\$ 19	\$ 1	\$ 1	\$ 21	\$ 2,078	\$ (324)	\$ (40)	\$ 12	\$ 1,726	\$ 5,144	\$ 937	\$ 12,122

1. Refer to Note 16 Accumulated Other Comprehensive Income. 2. Refer to Note 2 Summary of Accounting Policies. 3. Refer to Note 14 Partnership Capital.  
4. Refer to Note 15 Distributions. 5. Refer to Note 5 Acquisition of Businesses. 6. Refer to Note 4 Disposition of Chilean Electricity Transmission Operation.

FOR THE NINE-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 (loss) <sup>(1)</sup>	Limited partners	General partner capital	Retained earnings	Accumulated other comprehensive income (loss) <sup>(1)</sup>	General partner	Redeemable units held by Brookfield	(Deficit)	Ownership changes				Accumulated other comprehensive income (loss) <sup>(1)</sup>	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 <sup>(2)</sup>	—	(19)	—	—	(19)	—	84	—	84	—	(11)	—	—	(11)	278	—	332
Other comprehensive loss	—	—	—	(5)	(5)	—	—	(1)	(1)	—	—	—	(1)	(1)	108	—	101
Comprehensive (loss) income	—	(19)	—	(5)	(24)	—	84	(1)	83	—	(11)	—	(1)	(12)	386	—	433
Unit issuance <sup>(3)</sup>	688	—	—	—	688	—	—	—	—	300	—	—	—	300	—	—	988
Partnership distributions <sup>(4)</sup>	—	(339)	—	—	(339)	—	(84)	—	(84)	—	(141)	—	—	(141)	—	—	(564)
Partnership preferred distributions <sup>(4)</sup>	—	(16)	—	—	(16)	—	—	—	—	—	(6)	—	—	(6)	—	—	(22)
Acquisition of subsidiaries <sup>(5)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,429	—	3,429
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(445)	—	(445)
Disposition of interest <sup>(6)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(188)	—	(188)
Preferred units issued <sup>(3)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	220	220
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 16 Accumulated Other Comprehensive Income. 2. Certain net income allocations have been reclassified to provide comparability with the current year Consolidated Statements of Partnership Capital.  
3. Refer to Note 14 Partnership Capital. 4. Refer to Note 15 Distributions. 5. Refer to Note 5 Acquisition of Businesses.  
6. Refer to Note 9 Investment in Associates and Joint Ventures.

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	
		2018	2017	2018	2017
<b>Operating Activities</b>					
Net income		\$ 87	\$ 151	\$ 633	\$ 332
Adjusted for the following items:					
Loss (earnings) from investments in associates and joint ventures, net of distributions received	9	40	(20)	64	(41)
Depreciation and amortization expense	7,8	188	215	569	541
Mark-to-market on hedging items, provisions and other	6	28	27	57	102
Gain on sale of associate	4	—	—	(338)	—
Deferred income tax expense		12	13	53	31
Changes in non-cash working capital, net		(18)	(11)	(52)	7
Cash from operating activities		<u>337</u>	<u>375</u>	<u>986</u>	<u>972</u>
<b>Investing Activities</b>					
Acquisition of subsidiaries, net of cash acquired	5	(181)	—	(579)	(4,203)
Investments in associates and joint ventures	9	(8)	(33)	(63)	(351)
Disposal of investments in associates and joint ventures	4	—	—	1,289	—
Purchase of long-lived assets	7,8	(204)	(164)	(562)	(515)
Disposal of long-lived assets	7,8	8	—	13	41
Purchase of financial assets		(24)	(99)	(164)	(318)
Sale of financial assets		49	35	101	230
Settlement of foreign exchange hedging items	6	(5)	(3)	(77)	(43)
Cash used by investing activities		<u>(365)</u>	<u>(264)</u>	<u>(42)</u>	<u>(5,159)</u>
<b>Financing Activities</b>					
Distributions to general partner	15	(35)	(28)	(105)	(84)
Distributions to other unitholders	15	(194)	(168)	(581)	(502)
Subsidiary distributions to non-controlling interest		(95)	(243)	(428)	(445)
Capital provided by non-controlling interest	5	145	—	291	2,817
Capital provided to non-controlling interest	10	—	—	(877)	—
Proceeds from corporate borrowings	10	377	—	377	537
Proceeds from corporate credit facility	10	—	272	669	1,525
Repayment of corporate credit facility	10	—	(975)	(1,458)	(1,454)
Proceeds from subsidiary borrowings	10	76	138	2,760	479
Repayment of subsidiary borrowings	10	(61)	(73)	(1,131)	(205)
Preferred units issued	14	185	—	342	220
Partnership units issued, net of issuance costs	14	4	977	12	988
Cash from (used by) financing activities		<u>402</u>	<u>(100)</u>	<u>(129)</u>	<u>3,876</u>
<b>Cash and cash equivalents</b>					
Change during the period		374	11	815	(311)
Impact of foreign exchange on cash		(12)	13	(45)	17
Balance, beginning of period		782	468	374	786
<b>Balance, end of period</b>		<u>\$ 1,144</u>	<u>\$ 492</u>	<u>\$ 1,144</u>	<u>\$ 492</u>

*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, 2018 AND DECEMBER 31, 2017 AND*  
*FOR THE THREE AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017*

**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 utilities, transport, energy and data 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. Our partnership is a subsidiary of Brookfield Asset Management Inc. (“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, Series 7, Series 9, and Series 11 are listed on the Toronto Stock Exchange under the symbols “BIP.PR.A”, “BIP.PR.B”, “BIP.PR.C”, “BIP.PR.D”, “BIP.PR.E”, and “BIP.PR.F” 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”, “Series 7 Preferred Units”, “Series 9 Preferred Units”, and “Series 11 Preferred Units” are to cumulative Class A preferred limited partnership units, Series 5, cumulative Class A preferred limited partnership units, Series 7, cumulative Class A preferred limited partnership units, Series 9, and cumulative Class A preferred limited partnership units, Series 11, in our partnership, respectively.

**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, 2017, amended by the recently adopted accounting standards described in the section below. The accounting policies that our partnership applied in its annual consolidated financial statements as of and for the year ended December 31, 2017 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 14, 2018.

*b) Recently adopted accounting standards*

Brookfield Infrastructure applied, for the first time, certain new standards applicable to our partnership that became effective January 1, 2018. The impact of adopting these new standards on our partnership’s accounting policies are as follows:

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

IFRS 15 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. Our partnership adopted the standard on January 1, 2018, on a modified retrospective basis. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. Apart from additional disclosure requirements, the adoption did not have a significant impact on the partnership’s condensed and consolidated financial statements and therefore has not been included in the “Cumulative effect of changes” section below.

## ***Utilities***

Revenue from utilities infrastructure is derived from the transmission of energy and natural gas, the distribution of energy and from Brookfield Infrastructure's Australian regulated terminal operation. Distribution and transmission revenue each contain a single performance obligation that is recognized over time. The connection revenue relating to Brookfield Infrastructure's regulated distribution operation contains a distinct performance obligation that is recognized over the period that the connection is constructed, based on an input method of progress recognition on the basis that this methodology is most reflective of the underlying transfer of control. Terminal infrastructure revenue contains both a capacity charge and a handling charge associated with operating the terminal. The terminal infrastructure service contracts contain a performance obligation recognized over time pertaining to capacity for the period the services are provided and for handling services based on tons of coal shipped through the terminal when service is provided. The payment terms for all of our businesses in the utilities segment require payment upon completion, except for connections income whereby payment is typically collected up-front prior to the completion of any services.

## ***Transport***

Revenue from transport infrastructure consists primarily of freight, toll road operations and transportation services revenue. These services consist of a single performance obligation and revenue is recognized over time when services are rendered, based primarily on usage or volume during the period. The payment terms for all of our businesses in the transport segment require payment upon completion of the underlying transportation service.

## ***Energy***

Revenue from energy infrastructure consists primarily of energy transmission and storage as well as district energy services. Energy transmission services revenue consists of a single performance obligation and is recognized over time as services are rendered, based primarily on usage or volume throughput. Performance obligations relating to district energy contracts are satisfied over time as the services are rendered. Gas storage revenues contain both a capacity charge and a variable charge, however the associated services are highly interdependent and represent a single performance obligation that is satisfied over time as the services are provided. The payment terms for all of our businesses in the energy segment require payment upon completion of the underlying service within a given period.

## ***Data Infrastructure***

Revenue from data infrastructure is derived from contracts with media broadcasting and telecom customers to access infrastructure. These contracts consist of performance obligations that are satisfied over time in accordance with the underlying agreements. The payment terms for our businesses in the data infrastructure segment require upfront and recurring payments to lease space on towers to host the customers' equipment. The differing payment terms do not constitute separate performance obligations as revenue is recognized over time for the period the services are provided.

## ***IFRS 9 Financial Instruments ("IFRS 9")***

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. The standard includes changes regarding the classification of certain financial instruments as discussed below. These changes have not had a material impact on our partnership's consolidated financial statements. The standard also includes a new general hedge accounting standard which aligns 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 allows more hedging strategies that are used for risk management purposes to qualify for hedge accounting and introduces more judgment to assess the effectiveness of a hedging relationship. Our partnership has adopted the standards as of January 1, 2018 retrospectively with no restatement of comparative periods. Certain hedge accounting relationships relating to aggregated foreign currency exposures now qualify for hedge accounting under this new standard. Consequently, the partnership has applied hedge accounting to these relationships prospectively commencing on January 1, 2018. In addition, our partnership has elected certain gas storage contracts to be measured at fair value through profit or loss. A cumulative catch-up adjustment has been recorded through equity upon initial adoption as described in the cumulative effect of changes section.

## ***Financial Instrument Classification***

Our partnership classifies cash and cash equivalents and accounts receivable and other as amortized cost. Additionally, our partnership maintains a portfolio of marketable securities comprised of liquid equity and debt securities. The marketable securities are classified either as fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Derivative assets are classified as FVTPL, except for derivatives in certain hedging relationships. Other financial assets are classified as either amortized cost or FVTOCI.

Financial assets classified as FVTPL or FVTOCI are subsequently measured at fair value at each reporting date. For financial assets classified as FVTPL, the change in fair value is recorded through profit or loss. For financial assets classified as FVTOCI, the change in fair value is recorded in other comprehensive income. The cumulative gains or losses related to FVTOCI equity instruments are not reclassified to profit or loss on disposal, whereas the cumulative gains or losses on all other FVTOCI assets are reclassified to profit or loss on disposal. For financial instruments at amortized cost or debt instruments at FVTOCI, the partnership assesses if there have been significant increases in credit risk since initial recognition to determine whether lifetime or 12-month expected credit losses should be recognized. Any related loss allowances are recorded through profit or loss.

Borrowings, accounts payable and other, and preferred shares are classified as amortized cost, except for derivatives embedded in related financial instruments. Embedded derivatives and any other derivative liabilities are classified as FVTPL and are subsequently measured at fair value, except for derivatives in certain hedging relationships. Other financial liabilities are classified as either FVTPL or amortized cost.

Financial instruments classified as amortized cost upon adoption of IFRS 9 were previously classified as loans and receivables. Financial assets classified as FVTOCI and certain marketable securities classified as FVTPL were previously classified as available-for-sale securities. The changes in classification had no impact on the carrying values and there were no changes to the classification of the remainder of financial assets classified as FVTPL.

### ***Hedge Accounting***

Brookfield Infrastructure selectively utilizes derivative financial instruments primarily to manage financial risks, including interest rate and foreign exchange risks. Derivative financial instruments are recorded at fair value. Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure and that the hedging relationship meets all of the hedge effectiveness requirements. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as a hedge or the hedging relationship is terminated. Once discontinued, the cumulative change in fair value of a derivative that was previously recorded in other comprehensive income by the application of hedge accounting is recognized in profit or loss over the remaining term of the original hedging relationship as amounts related to the hedged item are recognized in profit or loss. The assets or liabilities relating to unrealized mark-to-market gains and losses on derivative financial instruments are recorded in financial assets and financial liabilities, respectively.

Realized and unrealized gains and losses on foreign exchange contracts, designated as hedges of currency risks relating to a net investment in a subsidiary with a functional currency other than the U.S. dollar are included in equity and are included in net income in the period in which the subsidiary is disposed of or to the extent partially disposed and control is not retained. Derivative financial instruments that are designated as hedges to offset corresponding changes in the fair value of assets and liabilities and cash flows are measured at estimated fair value with changes in fair value recorded in profit or loss or as a component of equity as applicable.

Unrealized gains and losses on interest rate contracts designated as hedges of future variable interest payments are included in equity as a cash flow hedge when the interest rate risk relates to an anticipated variable interest payment. The periodic exchanges of payments on interest rate swap contracts designated as hedges of debt are recorded on an accrual basis as an adjustment to interest expense.

### ***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 partnership has adopted the standard as of January 1, 2018 prospectively. The adoption did not have a significant impact on the partnership’s condensed and consolidated financial statements.

#### ***c) Cumulative effect of changes***

The changes made to our January 1, 2018 condensed and consolidated statement of financial position for the adoption of IFRS 9 was driven by our North American gas storage business, which elected to account for certain physical commodity contracts as financial instruments under IFRS 9. This election resulted in the recognition of the fair values of the contracts as financial assets or financial liabilities and the cumulative mark-to-market gains directly in partnership capital. The impacts of this election were increases of \$25 million, \$9 million and \$16 million in total assets, total liabilities and total partnership capital, respectively.

The adoption of all other accounting standards did not have an impact to our January 1, 2018 assets, liabilities or partnership capital.

*d) Standards issued but not yet adopted*

***IFRS 16 Leases (“IFRS 16”)***

In January 2016, the IASB published a new standard, IFRS 16. The new standard brings most leases on balance sheet, 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.

Our partnership is adopting the standard using a modified retrospective approach, whereby any transitional impact is recorded in equity as at January 1, 2019, and comparative periods are not restated. We will complete the transition using the current definition of a lease and expect to apply certain transition reliefs, practical expedients and policy choice options on adoption of the new standard.

After leading strategic planning sessions with its subsidiaries and associates, our partnership implemented an adoption project plan. Using the population of existing contractual arrangements, we have substantially completed the identification of leases that are required to be capitalized under the new standard. Our partnership is currently quantifying the present value of the identified lease contracts to determine the impact on the opening equity balance and is assessing the expected impact to other financial statement line items once the standard has been adopted. We are progressing as planned in our adoption project plan.

Next steps include assessing the impact to IT system requirements and internal controls, reviewing additional disclosures required by the new standard, and completing the analysis on the transitional adjustment. Our partnership continues to evaluate the overall impact of IFRS on its consolidated financial statements.

*e) Interpretations and amendments issued but not yet adopted*

***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.

***IFRS 3 Business Combinations (“IFRS 3”)***

In October 2018, the IASB issued an amendment to IFRS 3, effective for annual periods beginning on or after January 1, 2020. The amendment clarifies the definition of a business and assists companies in determining whether an acquisition is a business combination or an acquisition of a group of assets. The amendment emphasizes that the output of a business is to provide goods and services to customers and also provides supplementary guidance. Our partnership will adopt the standard prospectively and is currently evaluating the impact of this amendment on its consolidated financial statements.

### 3. 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 assess 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, 2018 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials <sup>(2)</sup>
	Utilities	Transport	Energy	Data Infrastructure <sup>(1)</sup>	Corporate	Total			
Revenues	\$ 270	\$ 385	\$ 144	\$ 40	\$ —	\$ 839	\$ (359)	\$ 687	\$ 1,167
Costs attributed to revenues	(98)	(227)	(71)	(17)	—	(413)	200	(390)	(603)
General and administrative costs	—	—	—	—	(57)	(57)	—	—	(57)
Adjusted EBITDA	172	158	73	23	(57)	369	(159)	297	
Other (expense) income	(9)	1	5	(1)	20	16	5	(30)	(9)
Interest expense	(33)	(40)	(19)	(3)	(12)	(107)	29	(62)	(140)
FFO	130	119	59	19	(49)	278	(125)	205	
Depreciation and amortization	(42)	(81)	(39)	(18)	—	(180)	87	(95)	(188)
Deferred taxes	(11)	28	(2)	1	1	17	(23)	(6)	(12)
Mark-to-market on hedging items and other	(10)	(112)	(13)	1	24	(110)	93	(22)	(39)
Share of losses from associates	—	—	—	—	—	—	(32)	—	(32)
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(82)	(82)
Net income (loss) attributable to partnership <sup>(3)</sup>	\$ 67	\$ (46)	\$ 5	\$ 3	\$ (24)	\$ 5	\$ —	\$ —	\$ 5

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 <sup>(2)</sup>
	Utilities	Transport	Energy	Data Infrastructure <sup>(1)</sup>	Corporate	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)	(40)	(81)	32	15	(34)
Share of earnings from associates	—	—	—	—	—	—	24	—	24
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(132)	(132)
Net income (loss) attributable to partnership <sup>(3)</sup>	\$ 92	\$ 29	\$ 4	\$ 2	\$ (108)	\$ 19	\$ —	\$ —	\$ 19

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS <sup>(2)</sup> financials
	Utilities	Transport	Energy	Data Infrastructure <sup>(1)</sup>	Corporate	Total			
Revenues	\$ 787	\$ 1,219	\$ 434	\$ 128	\$ —	\$2,568	\$ (1,150)	\$ 1,806	\$ 3,224
Costs attributed to revenues	(235)	(710)	(213)	(59)	—	(1,217)	631	(893)	(1,479)
General and administrative costs	—	—	—	—	(169)	(169)	—	—	(169)
Adjusted EBITDA	552	509	221	69	(169)	1,182	(519)	913	
Other (expense) income	(20)	3	13	(3)	53	46	9	(81)	(26)
Interest expense	(94)	(123)	(55)	(9)	(42)	(323)	101	(157)	(379)
FFO	438	389	179	57	(158)	905	(409)	675	
Depreciation and amortization	(143)	(265)	(110)	(55)	—	(573)	289	(285)	(569)
Deferred taxes	(38)	40	(5)	3	2	2	(35)	(20)	(53)
Mark-to-market on hedging items and other	(67)	(174)	(51)	2	(43)	(333)	191	(76)	(218)
Gain on sale of associates	—	—	—	—	338	338	—	—	338
Share of losses from associates	—	—	—	—	—	—	(36)	—	(36)
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(294)	(294)
Net income (loss) attributable to partnership <sup>(3)</sup>	\$ 190	\$ (10)	\$ 13	\$ 7	\$ 139	\$ 339	\$ —	\$ —	\$ 339

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 <sup>(2)</sup> financials
	Utilities	Transport	Energy	Data Infrastructure <sup>(1)</sup>	Corporate	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)	(121)	(250)	72	33	(145)
Share of earnings from associates	—	—	—	—	—	—	83	—	83
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(278)	(278)
Net income (loss) attributable to partnership <sup>(3)</sup>	\$ 225	\$ 103	\$ 22	\$ 7	\$ (303)	\$ 54	\$ —	\$ —	\$ 54

1. During the second quarter of 2018, our Communications Infrastructure segment was renamed to Data Infrastructure. There was no concurrent change in the operations which comprise the segment.
2. 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.
3. 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:

Total Attributable to Brookfield Infrastructure							Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials <sup>(1)</sup>
AS OF SEPTEMBER 30, 2018	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total				
US\$ MILLIONS										
<b>Total assets</b>	<b>\$ 4,729</b>	<b>\$ 6,336</b>	<b>\$3,118</b>	<b>\$ 1,064</b>	<b>\$ (767)</b>	<b>\$ 14,480</b>	<b>\$ (2,390)</b>	<b>\$ 12,365</b>	<b>\$ 4,877</b>	<b>\$ 29,332</b>

  

Total Attributable to Brookfield Infrastructure							Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials <sup>(1)</sup>
AS OF DECEMBER 31, 2017	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total				
US\$ MILLIONS										
<b>Total assets</b>	<b>\$ 6,542</b>	<b>\$ 6,990</b>	<b>\$3,134</b>	<b>\$ 1,049</b>	<b>\$ (1,083)</b>	<b>\$ 16,632</b>	<b>\$ (3,134)</b>	<b>\$ 11,668</b>	<b>\$ 4,311</b>	<b>\$ 29,477</b>

1. 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.

## 4. DISPOSITION OF CHILEAN ELECTRICITY TRANSMISSION OPERATION

On March 15, 2018, Brookfield Infrastructure sold its 27.8% interest in a Chilean electricity transmission operation, ETC Transmission Holdings, S.L. (ETC Holdings), the parent company of Transelec S.A. The Chilean electricity transmission operation was previously included in the utilities operating segment and was sold to a third party for proceeds of \$1.3 billion. After recognizing our share of earnings and foreign currency translation until March 15, 2018, the partnership's carrying value of ETC Holdings was \$951 million. On disposition of the business, the partnership recognized a gain of \$338 million in the Consolidated Statement of Operating Results, net of transaction costs of \$11 million, along with the associated income tax expense of \$129 million. As a result of the disposition, accumulated revaluation surplus of \$641 million (net of tax) was reclassified from accumulated other comprehensive income directly to retained earnings and recorded within Other items on the Consolidated Statements of Partnership Capital. Accumulated other comprehensive losses of \$35 million were reclassified to share of earnings (losses) from associates and joint ventures on the Consolidated Statement of Operating Results.

## 5. ACQUISITION OF BUSINESSES

### a) Acquisition of Indian toll road business

On September 7, 2018, Brookfield Infrastructure, along with institutional partners (the Indian toll road "consortium"), expanded its toll road operations through the acquisition of an effective 29% interest in an Indian toll road business (Simhapuri Expressway Ltd), for total consideration by Brookfield Infrastructure of \$53 million (consortium total of \$182 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 September 7, 2018. Acquisition costs of \$1 million were recorded as Other (expense) income within the Consolidated Statements of Operating Results in 2018.

## Consideration transferred

US\$ MILLIONS	
Cash	\$ 53
<b>Total Consideration</b>	<b>\$ 53</b>

Fair values of assets and liabilities acquired as of September 7, 2018 (provisional)<sup>(1)</sup>:

US\$ MILLIONS	
Cash and cash equivalents	\$ 1
Accounts receivable and other	33
Intangible assets	488
Goodwill	37
Accounts payable and other liabilities	(61)
Deferred income tax liabilities	(37)
Non-recourse borrowings	(279)
Net assets acquired before non-controlling interest	182
Non-controlling interest <sup>(2)</sup>	(129)
Net assets acquired	\$ 53

1. The fair values of all acquired assets and liabilities for this operation have been determined on a provisional basis given the proximity of the acquisition to the reporting date, pending finalization of the determination of the fair values of the acquired assets and liabilities. Our partnership is in the process of obtaining additional information in order to assess the fair value of intangible assets and provisions as at the date of acquisition.
2. Non-controlling interest represents the consideration paid for the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date.

Upon consolidation of Simhapuri Expressway Ltd, a deferred tax liability of \$37 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 \$37 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) Acquisition of Colombian natural gas distribution business

On June 1, 2018, Brookfield Infrastructure, alongside institutional partners (the “GN consortium”), acquired an effective 16% interest in Gas Natural, S.A. ESP (“GN”), a Colombian natural gas distribution business, for total consideration of \$150 million (GN consortium total of \$522 million). The acquisition was funded through equity of \$88 million (GN consortium total of \$309 million) and the remainder with asset level debt raised concurrently on closing. 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 1, 2018. Acquisition costs of \$2 million were recorded as Other expenses within the Consolidated Statements of Operating Results in 2018.

### Consideration transferred

#### US\$ MILLIONS

Cash	\$ 118
Pre-existing interest of GN <sup>(1)</sup>	32
<b>Total Consideration</b>	<b>\$ 150</b>

1. Brookfield Infrastructure acquired a 3% interest in GN in December 2017, which had a fair market value of \$32 million as at the date of acquisition. No gain or loss resulted from this acquisition.

### Fair values of assets and liabilities acquired as of June 1, 2018 (provisional)<sup>(1)</sup>:

#### US\$ MILLIONS

Cash and cash equivalents	\$ 21
Accounts receivable and other	275
Property, plant and equipment	487
Intangible assets	17
Goodwill	770
Accounts payable and other liabilities	(238)
Deferred income tax liabilities	(83)
Non-recourse borrowings	(185)
Net assets acquired before non-controlling interest	1,064
Non-controlling interest <sup>(2)</sup>	(914)
<b>Net assets acquired</b>	<b>\$ 150</b>

1. The fair values of all acquired assets and liabilities for this operation have been determined on a provisional basis given the proximity of the acquisition to the reporting date, pending finalization of the determination of the fair values of the acquired net assets. Our partnership is in the process of obtaining additional information in order to assess the fair value of property, plant and equipment, intangible assets and provisions as at the date of acquisition. Our partnership has engaged a third-party valuation company to support management's assessment of fair value of these elements.
2. Non-controlling interest represents the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date based on the enterprise value of the business as per the underwriting model.

The goodwill recorded on acquisition is largely reflective of potential customer growth and growth under existing contracts arising from the business' position as a key distributor of natural gas in various markets of Colombia. None of the goodwill recognized is deductible for income tax purposes.

### c) Acquisition of Brazilian regulated gas transmission business

On April 4, 2017, Brookfield Infrastructure, alongside institutional partners (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 2017.

### Consideration transferred

#### US\$ MILLIONS

Cash	\$ 1,306
Consideration payable <sup>(1)</sup>	262
<b>Total Consideration</b>	<b>\$ 1,568</b>

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 at 3.35% compounded annually. The financial liability will be subsequently measured at amortized cost.

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

<b>US\$ MILLIONS</b>	
Cash and cash equivalents	\$ 89
Accounts receivable and other	317
Intangible assets <sup>(1)</sup>	5,515
Goodwill	804
Accounts payable and other liabilities	(202)
Deferred income tax liabilities	(946)
Net assets acquired before non-controlling interest	5,577
Non-controlling interest <sup>(2)</sup>	(4,009)
Net assets acquired	<u>\$ 1,568</u>

1. Represents authorizations that expire between 2039 and 2041.

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

Upon consolidation of NTS, an additional deferred tax liability of \$893 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 \$804 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.

#### d) Individually insignificant business combinations

The following table summarizes the purchase price allocation of individually insignificant business combinations that were completed in 2017.

<b>US\$ MILLIONS</b>	
Cash	\$ 9
Consideration payable	21
<b>Total consideration</b>	<u>\$ 30</u>

Fair values of assets and liabilities acquired:

<b>US\$ MILLIONS</b>	
Accounts receivable and other	\$ 28
Goodwill	14
Property, plant and equipment	104
Deferred income tax and other liabilities	(30)
Non-recourse borrowings	(30)
Net assets acquired before non-controlling interest	86
Non-controlling interest <sup>(1)</sup>	(56)
Net assets acquired	<u>\$ 30</u>

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

#### e) Supplemental information

Had the acquisitions of the Indian toll road business and Colombian natural gas distribution business been effective January 1, 2018, the revenue and net income of Brookfield Infrastructure would have been \$3.7 billion and \$642 million, respectively, for the nine-month period ended September 30, 2018.

In determining the pro-forma revenue and net income attributable to the 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.

## 6. 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 securities designated as fair value through other comprehensive income 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, 2018:

#### US\$ MILLIONS

#### Financial Instrument Classification

MEASUREMENT BASIS	Fair value through profit or loss	Fair value through OCI	Amortized Cost	Total
<b>Financial assets</b>				
Cash and cash equivalents	\$ —	\$ —	\$ 1,144	\$ 1,144
Accounts receivable and other	—	—	965	965
Financial assets (current and non-current) <sup>(1)</sup>	765	34	171	970
Marketable securities	109	48	—	157
<b>Total</b>	<b>\$ 874</b>	<b>\$ 82</b>	<b>\$ 2,280</b>	<b>\$ 3,236</b>
<b>Financial liabilities</b>				
Corporate borrowings	\$ —	\$ —	\$ 1,664	\$ 1,664
Non-recourse borrowings (current and non-current)	—	—	9,860	9,860
Accounts payable and other	—	—	1,113	1,113
Preferred shares <sup>(2)</sup>	—	—	20	20
Financial liabilities (current and non-current) <sup>(1)</sup>	283	—	905	1,188
<b>Total</b>	<b>\$ 283</b>	<b>\$ —</b>	<b>\$ 13,562</b>	<b>\$ 13,845</b>

1. Derivative instruments which are elected for hedge accounting totaling \$595 million are included in financial assets and \$36 million of derivative instruments are included in financial liabilities.
2. \$20 million of preferred shares issued to wholly-owned subsidiaries of Brookfield.

The following table provides the allocation of financial instruments and their associated classifications as at December 31, 2017:

**US\$ MILLIONS**  
**Financial Instrument Classification**

MEASUREMENT BASIS	Fair value through profit or loss	Fair value through OCI	Amortized Cost	Total
<b>Financial assets</b>				
Cash and cash equivalents	\$ —	\$ —	\$ 374	\$ 374
Accounts receivable and other	—	—	838	838
Financial assets (current and non-current) <sup>(1)</sup>	608	57	172	837
Marketable securities	—	85	—	85
<b>Total</b>	<b>\$ 608</b>	<b>\$ 142</b>	<b>\$ 1,384</b>	<b>\$ 2,134</b>
<b>Financial liabilities</b>				
Corporate borrowings	\$ —	\$ —	\$ 2,101	\$ 2,101
Non-recourse borrowings (current and non-current)	—	—	8,063	8,063
Accounts payable and other	—	—	864	864
Preferred shares <sup>(2)</sup>	—	—	20	20
Financial liabilities (current and non-current) <sup>(1)</sup>	440	—	873	1,313
<b>Total</b>	<b>\$ 440</b>	<b>\$ —</b>	<b>\$ 11,921</b>	<b>\$ 12,361</b>

1. Derivative instruments which are elected for hedge accounting totaling \$464 million are included in financial assets and \$146 million of derivative instruments are included in financial liabilities.
2. \$20 million of preferred shares issued to wholly-owned subsidiaries of Brookfield.

The following table provides the carrying values and fair values of financial instruments as at September 30, 2018 and December 31, 2017:

US\$ MILLIONS	September 30, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	\$ 1,144	\$ 1,144	\$ 374	\$ 374
Accounts receivable and other	965	965	838	838
Financial assets (current and non-current)	970	970	837	837
Marketable securities	157	157	85	85
<b>Total</b>	<b>\$ 3,236</b>	<b>\$ 3,236</b>	<b>\$ 2,134</b>	<b>\$ 2,134</b>
<b>Financial liabilities</b>				
Corporate borrowings <sup>(1)</sup>	\$ 1,664	\$ 1,653	\$ 2,101	\$ 2,113
Non-recourse borrowings <sup>(2)</sup>	9,860	10,154	8,063	8,392
Accounts payable and other (current and non-current)	1,113	1,113	864	864
Preferred shares <sup>(3)</sup>	20	20	20	20
Financial liabilities (current and non-current)	1,188	1,188	1,313	1,313
<b>Total</b>	<b>\$ 13,845</b>	<b>\$ 14,128</b>	<b>\$ 12,361</b>	<b>\$ 12,702</b>

1. Corporate borrowings are classified under level 1 of the fair value hierarchy; quoted prices in an active market are available.
2. Non-recourse borrowings are classified under level 2 of the fair value hierarchy with the exception of certain borrowings at the U.K. port operation which are classified under level 1. For level 2 fair values, future cash flows are estimated based on observable forward interest rates at the end of the reporting period.
3. \$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 designated as a hedge of a specific exposure and the hedging relationship must meet all of the hedge effectiveness requirements 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 hedging relationship does not meet all of the hedge effectiveness requirements, 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, 2018, pre-tax net unrealized gains of \$25 million and losses of \$33 million, respectively, (2017: gains of \$43 million and \$71 million) were recorded in other comprehensive income for the effective portion of the cash flow hedges. As of September 30, 2018, there was a net derivative asset balance of \$498 million relating to derivative contracts designated as cash flow hedges (December 31, 2017: \$447 million).

## 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, 2018, gains of \$14 million and \$61 million, respectively, (2017: losses of \$72 million and \$269 million) were recorded in other comprehensive income relating to the effective portion of hedges of net investments in foreign operations. Further, for the three and nine-month periods ended September 30, 2018, Brookfield Infrastructure paid \$5 million and \$77 million, respectively, (2017: \$3 million and \$43 million) relating to the settlement of foreign exchange contracts in the period. Consistent with our risk management objectives, these contracts are replaced at expiration; therefore, no reclassification to profit or loss has been recorded during the period. As of September 30, 2018, there was a net unrealized derivative asset balance of \$61 million relating to derivative contracts designated as net investment hedges (December 31, 2017: net unrealized derivative liability balance of \$129 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, 2018	December 31, 2017
<b>Marketable securities</b>	Level 1 <sup>(1)</sup>	\$ 157	\$ 85
<b>Foreign currency forward contracts</b>	Level 2 <sup>(2)</sup>		
Financial asset		\$ 396	\$ 236
Financial liability		26	196
<b>Interest rate swaps &amp; other</b>	Level 2 <sup>(2)</sup>		
Financial asset		\$ 357	\$ 381
Financial liability		155	155
<b>Other contracts</b>	Level 3 <sup>(3)</sup>		
Financial asset		\$ 46	\$ 48
Financial liability		102	89

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 \$956 million (2017: \$750 million) of financial assets and \$283 million (2017: \$440 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, 2018, 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, 2018			December 31, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Marketable securities	\$ 157	\$ —	\$ —	\$ 85	\$ —	\$ —
Financial assets (current and non-current)	<u>—</u>	<u>753</u>	<u>46</u>	<u>—</u>	<u>617</u>	<u>48</u>
<b>Financial liabilities</b>						
Financial liabilities (current and non-current)	<u>\$ —</u>	<u>\$ 181</u>	<u>\$ 102</u>	<u>\$ —</u>	<u>\$ 351</u>	<u>\$ 89</u>

## 7. PROPERTY, PLANT AND EQUIPMENT

US\$ MILLIONS	Utilities Assets	Transport Assets	Energy Assets	Total Assets
<b>Gross Carrying Amount:</b>				
<b>Balance at January 1, 2017</b>	\$ 2,895	\$ 2,362	\$ 2,380	\$ 7,637
Additions, net of disposals	349	104	95	548
Non-cash (disposals), net of additions	—	—	(14)	(14)
Acquisitions through business combinations <sup>(1)</sup>	—	—	100	100
Net foreign currency exchange differences	227	191	68	486
<b>Balance at December 31, 2017</b>	<b>\$ 3,471</b>	<b>\$ 2,657</b>	<b>\$ 2,629</b>	<b>\$ 8,757</b>
Additions, net of disposals	340	43	65	448
Acquisitions through business combinations <sup>(1)</sup>	487	—	—	487
Non-cash (disposals), net of additions	(22)	(6)	(2)	(30)
Net foreign currency exchange differences	(140)	(189)	(44)	(373)
<b>Balance at September 30, 2018</b>	<b>\$ 4,136</b>	<b>\$ 2,505</b>	<b>\$ 2,648</b>	<b>\$ 9,289</b>
<b>Accumulated depreciation:</b>				
<b>Balance at January 1, 2017</b>	\$ (383)	\$ (517)	\$ (258)	\$ (1,158)
Depreciation expense	(118)	(147)	(117)	(382)
Non-cash disposals	19	21	—	40
Disposals	—	—	5	5
Net foreign currency exchange differences	(28)	(44)	(13)	(85)
<b>Balance at December 31, 2017</b>	<b>\$ (510)</b>	<b>\$ (687)</b>	<b>\$ (383)</b>	<b>\$ (1,580)</b>
Depreciation expense	(108)	(109)	(97)	(314)
Disposals	3	15	—	18
Net foreign currency exchange differences	13	51	6	70
<b>Balance at September 30, 2018</b>	<b>\$ (602)</b>	<b>\$ (730)</b>	<b>\$ (474)</b>	<b>\$ (1,806)</b>
<b>Accumulated fair value adjustments:</b>				
<b>Balance at January 1, 2017</b>	\$ 1,043	\$ 782	\$ 352	\$ 2,177
Fair value adjustments	137	24	257	418
Net foreign currency exchange differences	78	67	20	165
<b>Balance at December 31, 2017</b>	<b>\$ 1,258</b>	<b>\$ 873</b>	<b>\$ 629</b>	<b>\$ 2,760</b>
Net foreign currency exchange differences	(18)	(62)	(8)	(88)
<b>Balance at September 30, 2018</b>	<b>\$ 1,240</b>	<b>\$ 811</b>	<b>\$ 621</b>	<b>\$ 2,672</b>
<b>Net book value:</b>				
December 31, 2017	4,219	2,843	2,875	9,937
<b>Balance at September 30, 2018</b>	<b>\$ 4,774</b>	<b>\$ 2,586</b>	<b>\$ 2,795</b>	<b>\$ 10,155</b>

1. Refer to Note 5 Acquisition of Businesses.

## 8. INTANGIBLE ASSETS

US\$ MILLIONS	As of	
	September 30, 2018	December 31, 2017
Cost	\$ 9,835	\$ 10,470
Accumulated amortization	(751)	(576)
<b>Total</b>	<b>\$ 9,084</b>	<b>\$ 9,894</b>

Intangible assets are allocated to the following cash generating units:

US\$ MILLIONS	As of	
	September 30, 2018	December 31, 2017
Brazilian regulated gas transmission operation	\$ 4,118	\$ 5,134
Australian regulated terminal	1,807	1,957
Peruvian toll roads	1,135	1,144
Chilean toll roads	994	1,100
U.K. port operation	280	289
Indian toll roads <sup>(1)</sup>	588	130
Other <sup>(2)</sup>	162	140
<b>Total</b>	<b>\$ 9,084</b>	<b>\$ 9,894</b>

1. Indian toll roads include \$484 million of intangible assets at our investment in Simhapuri Expressway Ltd and \$104 million at BIF India Holdings Pte Ltd.
2. Other intangibles are comprised of customer contracts at our Australian port operation 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	
	2018	2017
Cost at beginning of the period	\$ 10,470	\$ 4,732
Additions through business combinations	505	5,539
Additions, net of disposals	83	61
Foreign currency translation	(1,223)	302
<b>Ending Balance</b>	<b>\$ 9,835</b>	<b>\$ 10,634</b>

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

US\$ MILLIONS	For the nine-month period ended September 30	
	2018	2017
Accumulated amortization at beginning of the period	\$ (576)	\$ (267)
Disposals	—	1
Amortization	(255)	(256)
Foreign currency translation	80	(21)
<b>Ending Balance</b>	<b>\$ (751)</b>	<b>\$ (543)</b>

## 9. 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, 2018		For the 12 month period ended December 31, 2017	
Balance at beginning of period	\$	5,572	\$	4,727
Share of (losses) earnings for the period <sup>(1)</sup>		(36)		118
Foreign currency translation and other		(407)		167
Share of other reserves for the period—OCI		75		183
Distributions		(28)		(66)
Disposition of interest <sup>(1),(2)</sup>		(951)		(177)
Acquisitions <sup>(3),(4)</sup>		80		620
<b>Ending Balance</b>	<b>\$</b>	<b>4,305</b>	<b>\$</b>	<b>5,572</b>

- In March 2018, Brookfield Infrastructure sold its ownership in ETC Transmission Holdings, a Chilean electricity transmission operation, for \$1.3 billion. On disposition, Brookfield Infrastructure recognized a gain on sale of \$338 million (\$209 million, net of taxes) presented within gain on sale of associate on the Consolidated Statements of Operating Results. In association with the gain, \$35 million of accumulated other comprehensive losses were reclassified to share of losses from associates and joint ventures on the Consolidated Statements of Operating Results. Please refer to Note 4 Disposition of Chilean Electricity Transmission Operation for additional details.
- In August 2017, Brookfield Infrastructure and its institutional partners 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.
- Throughout 2017, Brookfield Infrastructure, alongside an institutional partner, injected \$349 million into the Brazilian toll road operation for growth capital expenditure requirements increasing our partnership's ownership to 45%. No injection was made during the nine-month period ended September 30, 2018.

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

US\$ MILLIONS	As of	
	September 30, 2018	December 31, 2017
Brazilian toll road operation	\$ 1,370	\$ 1,715
North American natural gas transmission operation	1,045	1,013
European telecommunications infrastructure operation	641	614
Brazilian rail operation	363	436
Australian ports operation	171	191
Chilean electricity transmission operation	—	930
Other associates <sup>(1)</sup>	715	673
<b>Ending Balance</b>	<b>\$ 4,305</b>	<b>\$ 5,572</b>

- Other includes our partnership's Texas electricity transmission project, Brazilian 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, 2018		December 31, 2017	
<b>Financial position:</b>				
Total assets	\$	31,078	\$	40,375
Total liabilities		(16,018)		(20,575)
Net assets	\$	15,060	\$	19,800
US\$ MILLIONS	For the three-month period ended September 30		For the nine-month period ended September 30	
	2018	2017	2018	2017
<b>Financial performance:</b>				
Total revenue	\$	1,415	\$	4,388
Total (loss) income for the period		(47)		49
Brookfield Infrastructure's share of net (loss) income before reclassification		(32)		(1)
Reclassification of previously recognized foreign currency movements <sup>(1)</sup>		—		(35)
Brookfield Infrastructure's share of net (loss) income	\$	(32)	\$	(36)

1. In March 2018, Brookfield Infrastructure sold its ownership in ETC Transmission Holdings. In conjunction with the sale, \$35 million of accumulated other comprehensive losses were reclassified to the Consolidated Statement of Operating Results and recorded within share of losses from associates and joint ventures.

## 10. BORROWINGS

### a) Corporate Borrowings

Brookfield Infrastructure has a \$1.975 billion senior unsecured revolving credit facility used for general working capital purposes 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, 2023. 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 1.2%. Brookfield Infrastructure is required to pay an unused commitment fee under the facility of 18 basis points per annum. As at September 30, 2018, draws on the credit facility were \$nil (2017: \$789 million) and \$52 million of letters of credit were issued (2017: \$106 million).

	Maturity	Annual Rate	Currency	As of	
				September 30, 2018	December 31, 2017
Corporate revolving credit facility	June 30, 2023	LIBOR plus 1.2%	US\$	\$ —	\$ 789
Medium-term notes <sup>(1)</sup> :					
<b>Current:</b>					
Public - Canadian	October 30, 2018	3.0%	C\$	97	99
<b>Non-current:</b>					
Public - Canadian	October 30, 2020	3.5%	C\$	290	298
Public - Canadian	March 11, 2022	3.5%	C\$	348	358
Public - Canadian	February 22, 2024	3.3%	C\$	232	239
Public - Canadian	February 22, 2024	3.3%	C\$	310	318
Public - Canadian	September 11, 2028	4.2%	C\$	387	—
<b>Total</b>				\$ 1,664	\$ 2,101

1. See Note 12 Subsidiary Public Issuers for further details.

On October 30, 2018, Brookfield Infrastructure Finance ULC repaid C\$125 million of maturing medium-term notes.

On September 10, 2018, Brookfield Infrastructure Finance ULC issued C\$500 million of medium-term notes maturing September 11, 2028 with a coupon of 4.2%. The proceeds were swapped into U.S. dollars on a matched maturity basis at an all-in rate of 4.7%.

On April 17, 2017, Brookfield Infrastructure Finance ULC 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 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%.

Brookfield Infrastructure has entered into a \$500 million revolving credit facility with Brookfield to provide additional liquidity for general corporate purposes and capital expenditures, if required. The revolving credit facility automatically renews for four consecutive one-year terms, which would result in the facility ultimately maturing on February 8, 2023. Brookfield has the option to terminate the agreement prior to February 8 each year by providing Brookfield Infrastructure with written notice. Loans under this facility accrued interest on LIBOR plus 2.0% and no commitment fees were incurred for any undrawn balance. As of September 30, 2018, there were \$nil (2017: \$nil) borrowings outstanding.

The decrease in corporate borrowings of \$437 million during the nine-month period ended September 30, 2018 is due to the repayment of the corporate revolving credit facility, partially offset by the September 2018 medium-term note issuance of \$377 million and by the weakening of the Canadian dollar against the U.S. dollar.

## b) Non-Recourse Borrowings

US\$ MILLIONS	As of	
	September 30, 2018	December 31, 2017
Current	\$ 316	\$ 364
Non-current	9,544	7,699
Total	\$ 9,860	\$ 8,063

Non-recourse borrowings have increased by \$1.8 billion since year-end. The increase is primarily attributable to the issuance of \$1.5 billion five-year senior notes at our Brazilian regulated gas transmission business at a local rate of approximately 7.1% at the time of issuance, which was used to fund a return of capital to shareholders. The remaining increase is due to \$677 million of borrowings associated with our recent acquisitions, partially offset by \$85 million of net repayments and a decrease in foreign denominated debt as currencies we operate in depreciated relative to the U.S. dollar during the nine-month period ended September 30, 2018.

## 11. 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 estimated 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.

US\$ MILLIONS	As of	
	September 30, 2018	December 31, 2017
<b>Partnership Capital</b>	\$ 12,122	\$ 13,474
Remove impact of the following items since inception:		
Non-controlling interest - in operating subsidiaries	(5,144)	(5,875)
Deficit	1,066	1,366
Accumulated other comprehensive income	18	(1,257)
Ownership changes	(109)	(109)
Invested Capital	\$ 7,953	\$ 7,599

The following table presents the change in Invested Capital during the three and nine-month periods ended September 30, 2018:

US\$ MILLIONS	For the three-month period ended September 30		For the nine-month period ended September 30	
	2018	2017	2018	2017
<b>Opening balance</b>	\$ 7,764	\$ 6,618	\$ 7,599	\$ 6,387
Issuance of preferred units	185	—	342	220
Issuance of limited partnership units and redeemable partnership units	4	977	12	988
<b>Ending balance</b>	\$ 7,953	\$ 7,595	\$ 7,953	\$ 7,595
<b>Weighted Average Invested Capital</b>	\$ 7,801	\$ 6,778	\$ 7,760	\$ 6,646

## 12. 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 September 10, 2018, the Debt Issuers issued C\$500 million of medium-term notes under the Indenture maturing September 11, 2028 in the Canadian bond market with a coupon of 4.2%, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 4.7%.

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%, 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%.

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.

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

<b>FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2018 US\$ MILLIONS</b>	<b>Our partnership<sup>(2)</sup></b>	<b>The Issuers</b>	<b>Subsidiaries of our partnership other than the Issuers<sup>(3)</sup></b>	<b>Consolidating adjustments<sup>(4)</sup></b>	<b>Our partnership consolidated</b>
Revenues	\$ —	\$ —	\$ —	\$ 1,167	\$ 1,167
Net (loss) income attributable to partnership <sup>(1)</sup>	(20)	—	5	20	5
<b>FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017</b>					
Revenues	\$ —	\$ —	\$ —	\$ 961	\$ 961
Net (loss) income attributable to partnership <sup>(1)</sup>	(5)	—	19	5	19
<b>FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018</b>					
Revenues	\$ —	\$ —	\$ —	\$ 3,224	\$ 3,224
Net income (loss) attributable to partnership <sup>(1)</sup>	166	—	339	(166)	339
<b>FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017</b>					
Revenues	\$ —	\$ —	\$ —	\$ 2,551	\$ 2,551
Net (loss) income attributable to partnership <sup>(1)</sup>	(19)	—	54	19	54
<b>AS OF SEPTEMBER 30, 2018</b>					
Current assets	\$ —	\$ —	\$ —	\$ 2,571	\$ 2,571
Non-current assets	5,180	—	6,712	14,869	26,761
Current liabilities	—	—	—	1,640	1,640
Non-current liabilities	—	1,664	—	13,906	15,570
Non-controlling interests – Redeemable Partnership Units held by Brookfield	—	—	—	1,726	1,726
Non-controlling interests – in operating subsidiaries	—	—	—	5,144	5,144
Preferred unitholders	—	—	—	937	937
<b>AS OF DECEMBER 31, 2017</b>					
Current assets	\$ —	\$ —	\$ —	\$ 1,512	\$ 1,512
Non-current assets	5,514	—	5,987	16,464	27,965
Current liabilities	—	—	—	1,564	1,564
Non-current liabilities	—	1,313	—	13,126	14,439
Non-controlling interests – Redeemable Partnership Units held by Brookfield	—	—	—	2,012	2,012
Non-controlling interests – in operating subsidiaries	—	—	—	5,875	5,875
Preferred unitholders	—	—	—	595	595

1. Includes net income attributable to non-controlling interest Redeemable Partnership Units held by Brookfield, general partner and limited partners.

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

3. Includes investments in all subsidiaries of the Holding LP, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation and BIP Bermuda Holdings I Limited under the equity method.

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

### 13. REVENUE

The following table disaggregates revenues by segment:

<u>US\$ MILLIONS</u>	<u>For the three-month period ended September 30, 2018</u>	<u>For the nine-month period ended September 30, 2018</u>
Utilities	\$ 734	\$ 1,858
Transport	307	987
Energy	126	379
<b>Total</b>	<b>\$ 1,167</b>	<b>\$ 3,224</b>

Substantially all of our partnership's revenues are recognized over time as services are rendered.

The following table disaggregates revenues by geographical region:

<u>US\$ MILLIONS</u>	<u>For the three-month period ended September 30, 2018</u>	<u>For the nine-month period ended September 30, 2018</u>
Colombia	\$ 281	\$ 452
Australia	275	847
Brazil	260	843
United Kingdom	159	484
United States of America	52	135
Canada	50	174
Chile	40	128
Other <sup>(1)</sup>	50	161
<b>Total</b>	<b>\$ 1,167</b>	<b>\$ 3,224</b>

1. Includes revenues earned in India, New Zealand, and Peru.

### 14. PARTNERSHIP CAPITAL

As at September 30, 2018, our partnership's capital structure was comprised of three classes of partnership units: limited partnership units, preferred units and general partnership units. Limited partnership 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 to 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.

#### (a) Special General and Limited Partnership Capital

<u>UNITS MILLIONS</u>	<u>Special General Partner Units</u>		<u>Limited Partnership Units</u>		<u>Total</u>	
	<u>As of and for the nine-month period ended Sept. 30, 2018</u>	<u>As of and for the 12 month period ended Dec. 31, 2017</u>	<u>As of and for the nine-month period ended Sept. 30, 2018</u>	<u>As of and for the 12 month period ended Dec. 31, 2017</u>	<u>As of and for the nine-month period ended Sept. 30, 2018</u>	<u>As of and for the 12 month period ended Dec. 31, 2017</u>
<b>Opening balance</b>	<b>1.6</b>	1.6	<b>276.6</b>	259.4	<b>278.2</b>	261.0
Issued for cash	—	—	<b>0.3</b>	17.2	<b>0.3</b>	17.2
<b>Ending balance</b>	<b>1.6</b>	1.6	<b>276.9</b>	276.6	<b>278.5</b>	278.2

The weighted average number of special general partner units outstanding for the three and nine-month periods ended September 30, 2018 was 1.6 million (2017: 1.6 million). The weighted average number of limited partnership units outstanding for the three and nine-month periods ended September 30, 2018 was 276.8 million and 276.7 million, respectively (2017: 262.6 million and 260.6 million).

US\$ MILLIONS	Special General Partner		Limited Partners		Total	
	As of and for the nine-month period ended Sept. 30, 2018	As of and for the 12 month period ended Dec. 31, 2017	As of and for the nine-month period ended Sept. 30, 2018	As of and for the 12 month period ended Dec. 31, 2017	As of and for the nine-month period ended Sept. 30, 2018	As of and for the 12 month period ended Dec. 31, 2017
<b>Opening balance</b>	\$ 19	\$ 19	\$ 4,907	\$ 4,215	\$ 4,926	\$ 4,234
Unit issuance	—	—	12	692	12	692
<b>Ending balance</b>	<b>\$ 19</b>	<b>\$ 19</b>	<b>\$ 4,919</b>	<b>\$ 4,907</b>	<b>\$ 4,938</b>	<b>\$ 4,926</b>

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 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 ending September 30, 2018, our partnership issued 0.3 million units for proceeds of \$12 million (2017: 0.4 million units for proceeds of \$16 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, 2018	As of and for the 12 month period ended Dec. 31, 2017
<b>Opening balance</b>	<b>115.8</b>	108.4
Issued for cash	—	7.4
<b>Ending balance</b>	<b>115.8</b>	<b>115.8</b>

The weighted average number of Redeemable Partnership Units outstanding for the three and nine-month periods ended September 30, 2018 was 115.8 million (2017: 109.7 million and 108.8 million).

US\$ MILLIONS	Non-controlling interest – Redeemable Partnership Units held by Brookfield	
	As of and for the nine-month period ended Sept. 30, 2018	As of and for the 12 month period ended Dec. 31, 2017
<b>Opening balance</b>	<b>\$ 2,078</b>	\$ 1,778
Unit issuance	—	300
<b>Ending balance</b>	<b>\$ 2,078</b>	<b>\$ 2,078</b>

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

### c) Preferred Unitholders' Capital

UNITS MILLIONS	Preferred Units	
	As of and for the nine-month period ended Sept. 30, 2018	As of and for the 12 month period ended Dec. 31, 2017
<b>Opening balance</b>	<b>32.0</b>	20.0
Issued for cash	<b>18.0</b>	12.0
<b>Ending balance</b>	<b>50.0</b>	<b>32.0</b>

US\$ MILLIONS	Preferred Units	
	As of and for the nine-month period ended Sept. 30, 2018	As of and for the 12 month period ended Dec. 31, 2017
<b>Opening balance</b>	<b>\$ 595</b>	\$ 375
Unit issuance	<b>342</b>	220
<b>Ending balance</b>	<b>\$ 937</b>	<b>\$ 595</b>

In September 2018, our partnership issued 10 million Series 11 Preferred Units, at C\$25 per unit with a quarterly fixed distribution at a rate of 5.10% annually for the initial period ending December 31, 2023. In total, \$190 million or C\$250 million of gross proceeds were raised and \$5 million in underwriting and issuance costs were incurred.

In January 2018, our partnership issued 8 million Series 9 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, 2023. In total, \$161 million or C\$200 million of gross proceeds were raised and \$4 million in underwriting and issuance costs were incurred.

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 underwriting and issuance costs were incurred.

### 15. DISTRIBUTIONS

For the three and nine-month periods ended September 30, 2018, distributions to partnership unitholders were \$185 million and \$555 million, respectively (2017: \$160 million and \$480 million). This represents a quarterly distribution of \$0.47 per partnership unit (2017: \$0.435 per partnership unit), an 8% increase from December 31, 2017.

Additionally, incentive distributions were made to the special general partner of \$34 million and \$102 million for the three and nine-month periods ended September 30, 2018, respectively (2017: \$28 million and \$84 million).

For the three and nine-month periods ended September 30, 2018, our partnership declared preferred unit distributions of \$10 million and \$29 million, respectively (2017: \$8 million and \$22 million). This represented a distribution of \$0.23 and \$0.71, respectively, per preferred unit on a prorated basis (2017: \$0.26 and \$0.75 per preferred unit).

## 16. ACCUMULATED OTHER COMPREHENSIVE INCOME

### a) Attributable to Limited Partners

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2018	\$ 976	\$ (835)	\$ 28	\$ (26)	\$ —	\$ (27)	\$ 748	\$ 864
Other comprehensive (loss) income <sup>(1)</sup>	—	(514)	44	(19)	(10)	—	54	(445)
Other items <sup>(1)</sup>	(450)	—	—	—	—	—	—	(450)
Balance at September 30, 2018	\$ 526	\$ (1,349)	\$ 72	\$ (45)	\$ (10)	\$ (27)	\$ 802	\$ (31)

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	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

### b) Attributable to General Partner

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2018	\$ 7	\$ (6)	\$ 1	\$ —	\$ —	\$ —	\$ 4	\$ 6
Other comprehensive loss <sup>(1)</sup>	—	(2)	—	—	—	—	—	(2)
Other items <sup>(1)</sup>	(3)	—	—	—	—	—	—	(3)
Balance at September 30, 2018	\$ 4	\$ (8)	\$ 1	\$ —	\$ —	\$ —	\$ 4	\$ 1

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	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

### 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	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2018	\$ 425	\$ (339)	\$ 11	\$ (14)	\$ (2)	\$ (8)	\$ 314	\$ 387
Other comprehensive (loss) income <sup>(1)</sup>	—	(212)	17	(9)	(4)	—	21	(187)
Other items <sup>(1)</sup>	(188)	—	—	—	—	—	—	(188)
Balance at September 30, 2018	\$ 237	\$ (551)	\$ 28	\$ (23)	\$ (6)	\$ (8)	\$ 335	\$ 12

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	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	\$ 417	\$ (290)	\$ 9	\$ (36)	\$ (1)	\$ (9)	\$ 240	\$ 330

1. In relation to the sale of our Chilean electricity transmission business, \$641 million of revaluation surplus previously recognized within accumulated other comprehensive income was reclassified directly to retained earnings in the Consolidated Statements of Partnership Capital. Additionally, \$127 million of deferred tax expense previously recognized within accumulated other comprehensive income was reclassified as current income tax expense within accumulated other comprehensive income.

## 17. 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, 2018 (2017: 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 \$55 million and \$163 million, respectively, for the three and nine-month periods ended September 30, 2018 (2017: \$61 million and \$166 million). As of September 30, 2018, \$55 million was outstanding as payable to the Service Provider (December 31, 2017: \$64 million).

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.

As of September 30, 2018, less than \$1 million is payable to the Service Provider relating to third party general and administrative and acquisition related expenses that were paid for by Brookfield on behalf of Brookfield Infrastructure (2017: \$nil). These expenses were charged to Brookfield Infrastructure at cost.

As of September 30, 2018, Brookfield Infrastructure had a receivable balance of \$20 million from subsidiaries of Brookfield (December 31, 2017: \$20 million) and loans payable of \$73 million to subsidiaries of Brookfield (December 31, 2017: \$75 million). The loans are payable in full between 2018 and 2026 with interest rates ranging from 3.8% to 8.5% per annum.

Brookfield Infrastructure, from time to time, will place funds on deposit with Brookfield. As of September 30, 2018, Brookfield Infrastructure's deposit balance with Brookfield was less than \$1 million (December 31, 2017: less than \$1 million) and earned interest of less than \$1 million for the three and nine-month periods ended September 30, 2018 (2017: less than \$1 million and \$1 million for the three and nine-month periods).

Brookfield Infrastructure has entered into a \$500 million revolving credit facility with Brookfield to provide additional liquidity for general corporate purposes and capital expenditures, if required. As of September 30, 2018, there were \$nil (December 31, 2017: \$nil) borrowings outstanding.

Brookfield Infrastructure's subsidiaries provide heating, cooling and connection services in the normal course of operations on market terms to subsidiaries and associates of Brookfield Property Partners L.P. In addition, our subsidiaries lease office space and obtain construction, consulting and engineering services in the normal course of operations on market terms from subsidiaries and associates of Brookfield Property Partners L.P. For the three and nine-month periods ended September 30, 2018, revenues of \$6 million and \$10 million, respectively, were generated (2017: \$2 million and \$5 million for the three and nine-month periods) and expenses of \$1 million and \$3 million, respectively, were incurred (2017: \$2 million and \$3 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, 2018, Brookfield Infrastructure paid less than \$1 million for these services (2017: less than \$1 million for the three and nine-month periods).

Brookfield Infrastructure's U.K. port operation provides port marine services on market terms to a subsidiary acquired by Brookfield Business Partners L.P. For the three and nine-month periods ended September 30, 2018, revenues of \$1 million and \$3 million, respectively, were generated (2017: \$nil for the three and nine-month periods). In addition, Brookfield Infrastructure's Australian ports business provides transportation services on market terms to a subsidiary of Brookfield Business Partners L.P. in the normal course of its operations. For the three and nine-month periods ended September 30, 2018, revenues of less than \$1 million were generated (2017: \$nil for the three and nine-month periods).

Brookfield Infrastructure's subsidiaries purchase electricity from, and distribute electricity on behalf of, a subsidiary of Brookfield Renewable Partners L.P. in the normal course of operations on market terms. For the three and nine-month periods ended September 30, 2018, revenues of less than \$1 million were generated (2017: \$nil for the three and nine-month periods) and expenses of \$3 million and \$9 million, respectively, were incurred (2017: \$nil for the three and nine-month periods).

## **18. SUBSEQUENT EVENTS**

### **a) Acquisition of Western Canadian natural gas gathering and processing business**

On October 1, 2018, Brookfield Infrastructure, alongside institutional partners (the "NorthRiver consortium"), acquired an effective 29% interest in the provincially regulated portion of Enbridge Inc.'s Canadian natural gas gathering and processing business in the Montney, Peace River Arch, Horn River and Liard basins in British Columbia and Alberta ("G&P Business"), for total consideration of \$556 million (NorthRiver consortium total of \$1.9 billion). Under Brookfield's ownership, the G&P business will be named NorthRiver Midstream Inc. ("NorthRiver"). The acquisition was funded through equity of \$278 million (NorthRiver consortium total of \$972 million) and \$278 million (NorthRiver consortium total of \$974 million) of asset level debt raised on closing.

On closing, 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 will consolidate the entity effective October 1, 2018. At the date of the acquisition, Brookfield Infrastructure recognized \$2.1 billion of total assets, primarily related to property, plant and equipment, contract-related intangible assets and goodwill, and \$0.2 billion of total liabilities. Non-controlling interest, reflecting the fair value of the portion of the business not acquired by Brookfield Infrastructure, of \$1.3 billion was also recognized.

Due to the recent closing of the acquisition, the initial purchase price accounting for the business combination is not available as at the date of issuance of these interim condensed and consolidated financial statements. As a result, the partnership has not provided amounts recognized as at the acquisition date for certain classes of assets acquired and liabilities assumed and has not disclosed the pro-forma revenue and net income attributable to the partnership as if the acquisition had been effective January 1, 2018.

### **b) Acquisition of Enercare Inc.**

On October 16, 2018, Brookfield Infrastructure, alongside institutional partners (the "Enercare consortium"), acquired an effective 30% interest in Enercare Inc. ("Enercare"), a North American residential energy infrastructure business, for total consideration of \$723 million (Enercare consortium total of \$2.4 billion). As part of the transaction, certain Enercare shareholders were given the right to elect to receive, in lieu of cash consideration, 0.5509 exchangeable units ("Exchangeable Units") to be issued by a subsidiary of the partnership ("Exchange LP"). The Exchangeable Units provide holders with economic terms that are substantially equivalent to those of limited partnership units ("BIP Units") of the partnership and are exchangeable, on a one-for-one basis, for BIP Units. The total consideration consists of \$427 million in cash (Enercare consortium total of \$2.0 billion), \$232 million of Exchangeable Units (5.7 million units issued by Exchange LP), and \$64 million (Enercare consortium total of \$216 million) of asset level debt raised on closing.

On closing, 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 will consolidate the entity effective October 16, 2018. At the date of the acquisition, Brookfield Infrastructure recognized \$3.5 billion of total assets, primarily related to property, plant and equipment and customer related intangible assets and goodwill, and \$1.1 billion of total liabilities. Non-controlling interest, reflecting the fair value of the portion of the business not acquired by Brookfield Infrastructure, of \$1.7 billion was also recognized.

Due to the recent closing of the acquisition, the initial purchase price accounting for the business combination is not available as at the date of issuance of these interim condensed and consolidated financial statements. As a result, the partnership has not provided amounts recognized as at the acquisition date for certain classes of assets acquired and liabilities assumed and has not disclosed the pro-forma revenue and net income attributable to the partnership as if the acquisition had been effective January 1, 2018.

### **c) Acquisition of Indian toll road business**

On November 5, 2018, Brookfield Infrastructure, alongside institutional partners (the “Indian toll road consortium”), expanded its toll road operations through the acquisition of an effective 26% interest in another Indian toll road business (Rayalseema Expressway Private Limited) for total consideration of \$5 million (Indian toll road consortium total of \$16 million). The consideration consists of \$3 million in cash (consortium total of \$10 million) and contingent consideration of \$2 million (consortium total of \$6 million), measured at fair value based on a probability-weighted average.

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 will consolidate the entity effective November 5, 2018. At the date of the acquisition, Brookfield Infrastructure recognized \$0.2 billion of total assets, primarily related to intangible assets, and \$0.2 billion of total liabilities. Non-controlling interest, reflecting the fair value of the portion of the business not acquired by Brookfield Infrastructure, of \$13 million was also recognized.

Due to the recent closing of the acquisition, the initial purchase price accounting for the business combination is not available as at the date of issuance of these interim condensed and consolidated financial statements. As a result, the partnership has not provided amounts recognized as at the acquisition date for certain classes of assets acquired and liabilities assumed and has not disclosed the pro-forma revenue and net income attributable to the partnership as if the acquisition had been effective January 1, 2018.