

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

Interim Report Q2 2019

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

*AS OF JUNE 30, 2019 AND DECEMBER 31, 2018 AND  
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018*

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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>June 30, 2019</u>	<u>December 31, 2018</u>
<b>Assets</b>			
Cash and cash equivalents	6	\$ 715	\$ 540
Financial assets	6	573	424
Accounts receivable and other	6	1,357	1,171
Inventory		171	141
Current assets		2,816	2,276
Property, plant and equipment	2,7	16,337	12,814
Intangible assets	8	12,155	11,635
Investments in associates and joint ventures	9	4,623	4,591
Investment properties		403	190
Goodwill	5	4,005	3,859
Financial assets	6	828	921
Other assets		212	219
Deferred income tax asset		86	75
Total assets		\$ 41,465	\$ 36,580
<b>Liabilities and Partnership Capital</b>			
<b>Liabilities</b>			
Accounts payable and other	2,6	\$ 2,775	\$ 1,308
Non-recourse borrowings	6,10	1,028	985
Financial liabilities	6	175	124
Current liabilities		3,978	2,417
Corporate borrowings	6,10	1,546	1,993
Non-recourse borrowings	6,10	13,172	12,128
Financial liabilities	6	1,170	1,156
Other liabilities	2	1,878	777
Deferred income tax liability		3,468	3,421
Preferred shares	6	20	20
Total liabilities		25,232	21,912
<b>Partnership capital</b>			
Limited partners	14	4,521	4,513
General partner	14	23	22
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield	14	1,815	1,823
Exchange LP Units	14	21	71
Interest of others in operating subsidiaries		8,918	7,303
Preferred unitholders	14	935	936
Total partnership capital		16,233	14,668
Total liabilities and partnership capital		\$ 41,465	\$ 36,580

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

**BROOKFIELD INFRASTRUCTURE PARTNERS L.P.**

**UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF OPERATING RESULTS**

US\$ MILLIONS, UNAUDITED	Notes	For the three-month period ended June 30		For the six-month period ended June 30	
		2019	2018	2019	2018
Revenues	13	\$ 1,685	\$ 1,044	\$ 3,278	\$ 2,057
Direct operating costs		(840)	(467)	(1,638)	(876)
General and administrative expenses		(64)	(54)	(125)	(112)
Depreciation and amortization expense	7,8	(323)	(188)	(615)	(381)
		458	335	900	688
Interest expense		(241)	(125)	(453)	(239)
Share of earnings (losses) from investments in associates and joint ventures	9	34	1	52	(4)
Mark-to-market on hedging items	6	52	63	34	27
Gain on sale of associate	9	—	—	—	338
Other income (expense)		12	17	22	(7)
Income before income tax		315	291	555	803
Income tax (expense) recovery					
Current		(62)	(46)	(125)	(216)
Deferred		1	(26)	(11)	(41)
Net income		\$ 254	\$ 219	\$ 419	\$ 546
<b>Attributable to:</b>					
Limited partners		\$ 42	\$ 64	\$ 36	\$ 186
General partner		39	34	77	69
Non-controlling interest attributable to:					
Redeemable Partnership Units held by Brookfield		17	27	15	79
Exchange LP Units		—	—	—	—
Interest of others in operating subsidiaries		156	94	291	212
Basic and diluted earnings per limited partner unit:	14	\$ 0.12	\$ 0.21	\$ 0.07	\$ 0.63

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

**BROOKFIELD INFRASTRUCTURE PARTNERS L.P.**

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

<b>US\$ MILLIONS, UNAUDITED</b>	<b>Notes</b>	<b>For the three-month period ended June 30</b>		<b>For the six-month period ended June 30</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net income		<b>\$ 254</b>	<b>\$ 219</b>	<b>\$ 419</b>	<b>\$ 546</b>
Other comprehensive income (loss):					
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
Marketable securities, net of tax	<b>6</b>	<b>—</b>	<b>4</b>	<b>29</b>	<b>(12)</b>
Unrealized actuarial losses		<b>(4)</b>	<b>—</b>	<b>(12)</b>	<b>—</b>
		<b>(4)</b>	<b>4</b>	<b>17</b>	<b>(12)</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Foreign currency translation		<b>115</b>	<b>(1,175)</b>	<b>233</b>	<b>(1,062)</b>
Cash flow hedge	<b>6</b>	<b>(42)</b>	<b>(29)</b>	<b>(55)</b>	<b>(58)</b>
Net investment hedge	<b>6</b>	<b>(6)</b>	<b>99</b>	<b>(29)</b>	<b>47</b>
Taxes on the above items		<b>5</b>	<b>2</b>	<b>12</b>	<b>5</b>
Investment in associates and joint ventures	<b>9</b>	<b>(40)</b>	<b>50</b>	<b>(72)</b>	<b>63</b>
		<b>32</b>	<b>(1,053)</b>	<b>89</b>	<b>(1,005)</b>
Total other comprehensive income (loss)		<b>28</b>	<b>(1,049)</b>	<b>106</b>	<b>(1,017)</b>
Comprehensive income (loss)		<b>\$ 282</b>	<b>\$ (830)</b>	<b>\$ 525</b>	<b>\$ (471)</b>
<b>Attributable to:</b>					
Limited partners		<b>\$ 29</b>	<b>\$ (299)</b>	<b>\$ 26</b>	<b>\$ (161)</b>
General partner		<b>39</b>	<b>32</b>	<b>77</b>	<b>67</b>
Non-controlling interest attributable to:					
Redeemable Partnership Units held by Brookfield		<b>12</b>	<b>(125)</b>	<b>11</b>	<b>(68)</b>
Exchange LP Units		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Interest of others in operating subsidiaries		<b>202</b>	<b>(438)</b>	<b>411</b>	<b>(309)</b>

*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 JUNE 30, 2019 US\$ MILLIONS	Limited Partners				General Partner				Non-Controlling Interest – Redeemable Partnership Units held by Brookfield									
	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 <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	Non-controlling interest – Exchange LP Units	Non-controlling interest – in operating subsidiaries	Preferred Unitholders Capital	Total partners' capital
Balance as at March 31, 2019	\$ 4,935	\$ (1,036)	\$ 496	\$ 238	\$ 4,633	\$ 19	\$ —	\$ 3	\$ 22	\$ 2,078	\$ (447)	\$ 107	\$ 125	\$ 1,863	\$ 23	\$ 8,799	\$ 935	\$ 16,275
Net income	—	42	—	—	42	—	39	—	39	—	17	—	—	17	—	156	—	254
Other comprehensive (loss) income	—	—	—	(13)	(13)	—	—	—	—	—	—	—	(5)	(5)	—	46	—	28
Comprehensive income (loss)	—	42	—	(13)	29	—	39	—	39	—	17	—	(5)	12	—	202	—	282
Unit issuance <sup>(2)</sup>	2	—	—	—	2	—	—	—	—	—	—	—	—	—	—	—	—	2
Partnership distributions <sup>(3)</sup>	—	(141)	—	—	(141)	—	(38)	—	(38)	—	(58)	—	—	(58)	(1)	—	—	(238)
Partnership preferred distributions <sup>(3)</sup>	—	(9)	—	—	(9)	—	—	—	—	—	(4)	—	—	(4)	—	—	—	(13)
Acquisition of subsidiaries <sup>(4)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	40	—	40
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(123)	—	(123)
Other items	1	—	6	—	7	—	—	—	—	—	—	2	—	2	(1)	—	—	8
Balance as at June 30, 2019	\$ 4,938	\$ (1,144)	\$ 502	\$ 225	\$ 4,521	\$ 19	\$ 1	\$ 3	\$ 23	\$ 2,078	\$ (492)	\$ 109	\$ 120	\$ 1,815	\$ 21	\$ 8,918	\$ 935	\$ 16,233

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.

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 JUNE 30, 2018 US\$ MILLIONS	Limited Partners				General Partner				Non-Controlling Interest – Redeemable Partnership Units held by Brookfield					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	Non-controlling interest – in operating subsidiaries	Preferred Unitholders Capital
Balance as at March 31, 2018	\$ 4,911	\$ (513)	\$ 149	\$ 430	\$ 4,977	\$ 19	\$ 3	\$ 3	\$ 25	\$ 2,078	\$ (228)	\$ (40)	\$ 204	\$ 2,014	\$ 5,839	\$ 752	\$ 13,607
Net income	—	64	—	—	64	—	34	—	34	—	27	—	—	27	94	—	219
Other comprehensive loss	—	—	—	(363)	(363)	—	—	(2)	(2)	—	—	—	(152)	(152)	(532)	—	(1,049)
Comprehensive income (loss)	—	64	—	(363)	(299)	—	34	(2)	32	—	27	—	(152)	(125)	(438)	—	(830)
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>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	759	—	759
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(158)	—	(158)
Capital provided to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(877)	—	(877)
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

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.

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 SIX-MONTH PERIOD ENDED JUNE 30, 2019 US\$ MILLIONS	Limited Partners				General Partner					Non-Controlling Interest – Redeemable Partnership Units held by Brookfield								
	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	Non-controlling interest – Exchange LP Units	Non-controlling interest – in operating subsidiaries	Preferred Unitholders Capital	Total partners' capital
Balance as at January 1, 2019	4,911	(856)	249	209	4,513	19	—	3	22	2,078	(370)	3	112	1,823	71	7,303	936	14,668
Net income	—	36	—	—	36	—	77	—	77	—	15	—	—	15	—	291	—	419
Other comprehensive (loss) income	—	—	—	(10)	(10)	—	—	—	—	—	—	—	(4)	(4)	—	120	—	106
Comprehensive income (loss)	—	36	—	(10)	26	—	77	—	77	—	15	—	(4)	11	—	411	—	525
Unit issuance <sup>(2)</sup>	4	—	—	—	4	—	—	—	—	—	—	—	—	—	—	—	—	4
Unit Repurchases <sup>(2)</sup>	(28)	—	—	—	(28)	—	—	—	—	—	—	—	—	—	—	—	—	(29)
Partnership distributions <sup>(3)</sup>	—	(281)	—	—	(281)	—	(76)	—	(76)	—	(117)	—	—	(117)	(2)	—	—	(476)
Partnership preferred distributions <sup>(3)</sup>	—	(17)	—	—	(17)	—	—	—	—	—	(8)	—	—	(8)	—	—	—	(25)
Acquisition of subsidiaries <sup>(4)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,884	—	1,884
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(491)	—	(491)
Other items <sup>(5)</sup>	51	(26)	253	26	304	—	—	—	—	—	(12)	106	12	106	(48)	(189)	—	173
Balance as at June 30, 2019	<u>\$ 4,938</u>	<u>\$ (1,144)</u>	<u>\$ 502</u>	<u>\$ 225</u>	<u>\$ 4,521</u>	<u>\$ 19</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 23</u>	<u>\$ 2,078</u>	<u>\$ (492)</u>	<u>\$ 109</u>	<u>\$ 120</u>	<u>\$ 1,815</u>	<u>\$ 21</u>	<u>\$ 8,918</u>	<u>\$ 935</u>	<u>\$ 16,233</u>

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.      5. Refer to Note 4 Partial Disposition of our interest in Chilean Toll Road Business.

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 SIX-MONTH PERIOD ENDED JUNE 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 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	—	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	—	186	—	—	186	—	69	—	69	—	79	—	—	79	212	—	546
Other comprehensive loss	—	—	—	(347)	(347)	—	—	(2)	(2)	—	—	—	(147)	(147)	(521)	—	(1,017)
Comprehensive income (loss)	—	186	—	(347)	(161)	—	69	(2)	67	—	79	—	(147)	(68)	(309)	—	(471)
Unit issuance <sup>(2)</sup>	8	—	—	—	8	—	—	—	—	—	—	—	—	—	—	—	8
Partnership distributions <sup>(3)</sup>	—	(260)	—	—	(260)	—	(70)	—	(70)	—	(108)	—	—	(108)	—	—	(438)
Partnership preferred distributions <sup>(3)</sup>	—	(13)	—	—	(13)	—	—	—	—	—	(6)	—	—	(6)	—	—	(19)
Acquisition of subsidiaries <sup>(4)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	759	—	759
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(333)	—	(333)
Capital provided to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(877)	—	(877)
Preferred units issued <sup>(2)</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	157	157
Other items <sup>(5)</sup>	—	450	—	(450)	—	—	3	(3)	—	—	188	—	(188)	—	—	—	—
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

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.      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 CASH FLOWS**

US\$ MILLIONS, UNAUDITED	Notes	For the three-month period ended June 30		For the six-month period ended June 30	
		2019	2018	2019	2018
<b>Operating Activities</b>					
Net income		\$ 254	\$ 219	\$ 419	\$ 546
Adjusted for the following items:					
Earnings from investments in associates and joint ventures, net of distributions received	9	19	15	32	24
Depreciation and amortization expense	7,8	323	188	615	381
Mark-to-market on hedging items, provisions and other	6	(44)	(40)	10	29
Gain on sale of associate	9	—	—	—	(338)
Deferred income tax expense		(1)	26	11	41
Changes in non-cash working capital, net		29	(225)	54	(34)
Cash from operating activities		580	183	1,141	649
<b>Investing Activities</b>					
Acquisition of subsidiaries, net of cash acquired	5	(40)	(398)	(2,190)	(398)
Investments in associates and joint ventures	9	188	(40)	—	(55)
Disposal of investment held on behalf of parent	17	581	—	—	—
Disposal of investments in associates and joint ventures	9	135	—	135	1,289
Purchase of long-lived assets	7,8	(282)	(180)	(526)	(358)
Disposal of long-lived assets	7,8	6	2	13	5
Purchase of financial assets		(43)	(77)	(48)	(140)
Sale of financial assets		4	14	9	52
Settlement of foreign exchange hedging items	6	37	(18)	36	(72)
Cash from (used by) investing activities		586	(697)	(2,571)	323
<b>Financing Activities</b>					
Distributions to general partner	15	(38)	(35)	(76)	(70)
Distributions to other unitholders	15	(213)	(194)	(425)	(387)
Subsidiary distributions to non-controlling interest		(123)	(158)	(491)	(333)
Capital provided by non-controlling interest	5	13	146	1,285	146
Capital provided to non-controlling interest		—	(877)	—	(877)
Proceeds from partial disposition of subsidiaries to non-controlling interest, net of taxes	4	—	—	165	—
Deposit received from parent	17	456	—	823	—
Proceeds from corporate credit facility	10	743	62	2,619	669
Repayment of corporate credit facility	10	(1,708)	(62)	(3,129)	(1,458)
Proceeds from subsidiary borrowings	10	152	1,816	2,051	2,684
Repayment of subsidiary borrowings	10	(427)	(262)	(1,204)	(1,070)
Lease liability repaid	2	(33)	—	(69)	—
Preferred units and preferred shares issued, net of repurchases	14	—	—	72	157
Partnership units issued, net of issuance costs	14	2	4	4	8
Partnership units repurchased	14	—	—	(28)	—
Cash (used by) from financing activities		(1,176)	440	1,597	(531)
<b>Cash and cash equivalents</b>					
Change during the period		(10)	(74)	167	441
Impact of foreign exchange on cash		5	(34)	8	(33)
Balance, beginning of period		720	890	540	374
<b>Balance, end of period</b>		<b>\$ 715</b>	<b>\$ 782</b>	<b>\$ 715</b>	<b>\$ 782</b>

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

**NOTES TO THE UNAUDITED INTERIM CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS**  
*AS OF JUNE 30, 2019 AND DECEMBER 31, 2018 AND*  
*FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018*

**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, 2018, 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, 2018 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 August 13, 2019.

*b) Recently adopted accounting standards*

Brookfield Infrastructure applied, for the first time, certain new standards applicable to our partnership that became effective January 1, 2019. The impact of adopting these new standards on our partnership’s accounting policies are as follows:

***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 (“IAS 17”)* and related interpretations and is effective for periods beginning on or after January 1, 2019.

The partnership adopted 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. In applying IFRS 16 for the first time, the partnership has applied the following practical expedients permitted by the standard on a lease-by-lease basis. These practical expedients are only available upon adoption and cannot be applied for any new lease executed after adoption:

- The accounting for operating leases with a remaining lease term of less than 12 months as of January 1, 2019 as short-term leases; and
- The application of a single discount rate to a portfolio of leases with reasonably similar characteristics. Furthermore, the partnership has applied the policy choice options on adoption to measure right-of-use assets at an amount equal to the lease liability.

The partnership has elected to apply the following practical expedients in its application of the standard:

- To not allocate contract consideration between lease and non-lease components, but rather account for each lease and non-lease component as a single lease component;
- To recognize the payments associated with short-term and low-value leases on a straight-line basis as an expense over the lease term.

The adoption of IFRS 16 resulted in the recognition of lease liabilities that are recorded in accounts payable and other, other liabilities, and right-of-use assets (“ROU”) that are classified as property, plant, and equipment of \$1.2 billion. The adoption of IFRS 16 did not have an impact on partnership capital. The weighted average incremental borrowing rate used in determining the lease liabilities is approximately 5%. The difference between the present value of operating lease commitments disclosed applying IAS 17 as at December 31, 2018 and the lease liabilities recognized as at January 1, 2019 is due to finance lease liabilities recognized as at December 31, 2018, short-term and low-value leases recognized as expense, and adjustments as a result of different treatment for extension and termination options and variable lease payments relating to changes in indices or rates.

Our partnership assesses whether a contract is or contains a lease, at inception of a contract and recognizes an ROU asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low value. The lease liability is initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, if that rate can be determined, or otherwise the incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise of i) fixed lease payments, including in-substance fixed payments, less any lease incentives; ii) variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; iii) the amount expected to be payable by the lessee under residual value guarantees; iv) the exercise price of purchase options, if it is reasonably certain that the option will be exercised; and v) payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses.

The partnership remeasures lease liabilities and makes a corresponding adjustment to the related ROU assets when i) the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; ii) the lease payments have changed due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or iii) a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The partnership has applied critical judgments in the application of IFRS 16, including: i) identifying whether a contract (or part of a contract) includes a lease; ii) determining whether it is reasonably certain that lease extension or termination option will be exercised in determining lease term; and iii) determining whether variable payments are in-substance fixed. The partnership also uses critical estimates in the application of IFRS 16, including the estimation of lease term and determination of the appropriate rate to discount the lease payments.

### ***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. Our partnership has adopted the standard as of January 1, 2019 on a modified retrospective basis. The adoption did not have a significant impact on our partnership’s unaudited interim condensed 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 to be considered a business, an acquired set of activities and assets must include an input and a substantive process that together significantly contribute to the ability to create outputs. Effective January 1, 2019, our partnership has early adopted the standard prospectively. The adoption did not have a significant impact on our partnership’s unaudited interim condensed consolidated financial statements.

After the adoption of IFRS 3 amendments, the partnership continues to account for business combinations in which control is acquired under the acquisition method. When an acquisition is made, the partnership considers the inputs, processes and outputs of the acquiree in assessing whether it meets the definition of a business. When the acquired set of activities and assets lack a substantive process in place but will be integrated into the partnership's existing operations, the acquisition ceases to meet the definition of a business and is accounted for as an asset acquisition. Assets acquired through asset acquisitions are initially measured at cost, which includes the transaction costs incurred for the acquisitions. Acquisitions that continue to meet the definition of a business combination are accounted for under the same acquisition method.

### 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 JUNE 30, 2019 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	\$ 278	\$ 386	\$ 256	\$ 67	\$ —	\$ 987	\$ (369)	\$ 1,067	\$ 1,685
Costs attributed to revenues	(88)	(202)	(133)	(28)	—	(451)	180	(569)	(840)
General and administrative costs	—	—	—	—	(64)	(64)	—	—	(64)
Adjusted EBITDA	190	184	123	39	(64)	472	(189)	498	
Other (expense) income	(9)	2	6	1	19	19	(1)	(15)	3
Interest expense	(38)	(51)	(33)	(10)	(22)	(154)	46	(133)	(241)
FFO	143	135	96	30	(67)	337	(144)	350	
Depreciation and amortization	(44)	(94)	(65)	(30)	(1)	(234)	105	(194)	(323)
Deferred taxes	(27)	5	3	(1)	1	(19)	14	6	1
Mark-to-market on hedging items and other	44	(37)	(25)	(9)	41	14	(9)	(6)	(1)
Share of earnings from associates	—	—	—	—	—	—	34	—	34
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(156)	(156)
Net income (loss) attributable to partnership <sup>(3)</sup>	\$ 116	\$ 9	\$ 9	\$ (10)	\$ (26)	\$ 98	\$ —	\$ —	\$ 98

FOR THE THREE-MONTH PERIOD ENDED JUNE 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	\$ 245	\$ 410	\$ 137	\$ 45	\$ —	\$ 837	\$ (368)	\$ 575	\$ 1,044
Costs attributed to revenues	(68)	(237)	(68)	(22)	—	(395)	211	(283)	(467)
General and administrative costs	—	—	—	—	(54)	(54)	—	—	(54)
Adjusted EBITDA	177	173	69	23	(54)	388	(157)	292	
Other (expense) income	(8)	—	3	(1)	16	10	4	(26)	(12)
Interest expense	(30)	(40)	(18)	(3)	(13)	(104)	30	(51)	(125)
FFO	139	133	54	19	(51)	294	(123)	215	
Depreciation and amortization	(43)	(85)	(38)	(17)	—	(183)	91	(96)	(188)
Deferred taxes	(12)	(1)	(1)	—	1	(13)	(3)	(10)	(26)
Mark-to-market on hedging items and other	(10)	(23)	(20)	1	79	27	34	(15)	46
Share of earnings from associates	—	—	—	—	—	—	1	—	1
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(94)	(94)
Net income (loss) attributable to partnership <sup>(3)</sup>	\$ 74	\$ 24	\$ (5)	\$ 3	\$ 29	\$ 125	\$ —	\$ —	\$ 125

Total attributable to Brookfield Infrastructure									
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 US\$ MILLIONS							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	\$ 547	\$ 775	\$ 501	\$ 129	\$ —	\$1,952	\$ (737)	\$ 2,063	\$ 3,278
Costs attributed to revenues	(176)	(402)	(251)	(54)	—	(883)	357	(1,112)	(1,638)
General and administrative costs	—	—	—	—	(125)	(125)	—	—	(125)
Adjusted EBITDA	371	373	250	75	(125)	944	(380)	951	
Other (expense) income	(19)	1	14	2	40	38	2	(53)	(13)
Interest expense	(72)	(100)	(61)	(19)	(42)	(294)	87	(246)	(453)
FFO	280	274	203	58	(127)	688	(291)	652	
Depreciation and amortization	(89)	(185)	(124)	(55)	(1)	(454)	203	(364)	(615)
Deferred taxes	(40)	11	1	3	4	(21)	10	—	(11)
Mark-to-market on hedging items and other	33	(77)	(39)	(15)	13	(85)	26	3	(56)
Share of earnings from associates	—	—	—	—	—	—	52	—	52
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(291)	(291)
Net income (loss) attributable to partnership <sup>(3)</sup>	\$ 184	\$ 23	\$ 41	\$ (9)	\$ (111)	\$ 128	\$ —	\$ —	\$ 128

Total attributable to Brookfield Infrastructure									
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018 US\$ MILLIONS							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	\$ 517	\$ 834	\$ 290	\$ 88	\$ —	\$1,729	\$ (791)	\$ 1,119	\$ 2,057
Costs attributed to revenues	(137)	(483)	(142)	(42)	—	(804)	431	(503)	(876)
General and administrative costs	—	—	—	—	(112)	(112)	—	—	(112)
Adjusted EBITDA	380	351	148	46	(112)	813	(360)	616	
Other (expense) income	(11)	2	8	(2)	33	30	4	(51)	(17)
Interest expense	(61)	(83)	(36)	(6)	(30)	(216)	72	(95)	(239)
FFO	308	270	120	38	(109)	627	(284)	470	
Depreciation and amortization	(101)	(184)	(71)	(37)	—	(393)	202	(190)	(381)
Deferred taxes	(27)	12	(3)	2	1	(15)	(12)	(14)	(41)
Mark-to-market on hedging items and other	(57)	(62)	(38)	1	(67)	(223)	98	(54)	(179)
Gain on sale of associates	—	—	—	—	338	338	—	—	338
Share of earnings from associates	—	—	—	—	—	—	(4)	—	(4)
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(212)	(212)
Net income attributable to partnership <sup>(3)</sup>	\$ 123	\$ 36	\$ 8	\$ 4	\$ 163	\$ 334	\$ —	\$ —	\$ 334

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, non-controlling interests—Exchange LP Units, 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									
AS OF JUNE 30, 2019		Utilities	Transport	Energy	Data Infrastructure	Corporate	Total	Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials <sup>(1)</sup>
US\$ MILLIONS											
<b>Total assets</b>		<b>\$ 4,981</b>	<b>\$ 6,203</b>	<b>\$5,211</b>	<b>\$ 1,804</b>	<b>\$ (1,965)</b>	<b>\$ 16,234</b>	<b>\$ (2,324)</b>	<b>\$ 21,064</b>	<b>\$ 6,491</b>	<b>\$ 41,465</b>

  

		Total Attributable to Brookfield Infrastructure									
AS OF DECEMBER 31, 2018		Utilities	Transport	Energy	Data Infrastructure	Corporate	Total	Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials <sup>(1)</sup>
US\$ MILLIONS											
<b>Total assets</b>		<b>\$ 4,864</b>	<b>\$ 6,424</b>	<b>\$4,722</b>	<b>\$ 1,446</b>	<b>\$ (929)</b>	<b>\$ 16,527</b>	<b>\$ (2,350)</b>	<b>\$ 17,545</b>	<b>\$ 4,858</b>	<b>\$ 36,580</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. PARTIAL DISPOSITION OF OUR INTEREST IN CHILEAN TOLL ROAD BUSINESS

On February 7, 2019, Brookfield Infrastructure completed the sale of a 17% interest in its Chilean toll road business for total after-tax proceeds of \$365 million. Proceeds included a \$200 million distribution from a local financing completed at the business prior to the sale of our interest. Our partnership received \$165 million for our 17% interest following the completion of the local financing. Brookfield Infrastructure will retain control over the business subsequent to the sale. As a result of the disposition, a gain of \$354 million (net of taxes) was recognized directly in equity and accumulated other comprehensive losses of \$38 million were reclassified directly to retained earnings (deficit) on the Consolidated Statements of Partnership Capital.

## 5. ACQUISITION OF BUSINESSES

### 2019 Business Combinations

#### a) Acquisition of a natural gas pipeline in India

On March 22, 2019, Brookfield Infrastructure, along with institutional partners (the "EWPL consortium"), acquired an effective 24% interest in a cross country gas pipeline business in India, East-West Pipeline ("EWPL"), for total consideration of \$443 million (EWPL consortium total of \$1,879 million). The partnership's share of the acquisition was funded through equity of \$226 million (EWPL consortium total of \$959 million) and \$217 million (EWPL consortium total of \$920 million) of asset level debt raised 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 March 22, 2019. Acquisition costs of \$2 million were recorded as Other income (expense) within the Consolidated Statements of Operating Results.

Consideration transferred

US\$ MILLIONS

Cash	\$ 443
<b>Total Consideration</b>	<b>\$ 443</b>

Fair values of assets and liabilities acquired as of March 22, 2019 (provisional)<sup>(1)</sup>:

US\$ MILLIONS

Accounts receivable and other	\$ 94
Property, plant and equipment	2,134
Intangible assets	295
Accounts payable and other liabilities	(66)
Net assets acquired before non-controlling interest	2,457
Non-controlling interest <sup>(2)</sup>	(2,014)
Net assets acquired	\$ 443

1. The fair values of all acquired assets, liabilities, and non-controlling interest 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 property, plant and equipment, intangible assets, provisions, liabilities and non-controlling interest 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.

**b) Acquisition of DCI Data Centers**

On January 4, 2019, Brookfield Infrastructure, alongside institutional partners (the “DCI consortium”), acquired an effective 29% interest in DCI Data Centers (“DCI”), an Australian data storage business, for total consideration of \$78 million (DCI consortium total of \$272 million). The partnership’s share of the acquisition was funded through equity of \$48 million (DCI consortium total of \$166 million) and the remainder with asset level debt raised 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 January 4, 2019. Acquisition costs of \$11 million were recorded as Other income (expense) within the Consolidated Statements of Operating Results.

Consideration transferred

US\$ MILLIONS

Cash	\$ 78
<b>Total Consideration</b>	<b>\$ 78</b>

Fair values of assets and liabilities acquired as of January 4, 2019 (provisional)<sup>(1)</sup>:

US\$ MILLIONS

Accounts receivable and other	\$ 2
Investment properties	211
Goodwill	68
Accounts payable and other liabilities	(9)
Net assets acquired before non-controlling interest	272
Non-controlling interest <sup>(2)</sup>	(194)
Net assets acquired	\$ 78

1. The fair values of certain 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 investment properties, goodwill 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.

The goodwill recorded on acquisition is largely reflective of potential customer growth, arising from the business’ position as one of the key data storage providers in Australia, and the increasing rate of worldwide data consumption. None of the goodwill recognized is deductible for income tax purposes.

### c) Individually insignificant business combinations

The following table summarizes the purchase price allocation of individually insignificant business combinations that have been completed in 2019.

US\$ MILLIONS	
Cash	\$ 14
Pre-existing interest in business <sup>(1)</sup>	17
<b>Total consideration</b>	<b>\$ 31</b>

1. Prior to the acquisition, Brookfield held an interest in one of the acquirees which was accounted for using the equity method.

Fair value of assets and liabilities acquired during the quarter ended June 30, 2019 (provisional)<sup>(1)</sup>:

US\$ MILLIONS	
Cash and cash equivalents	\$ 5
Accounts receivable and other	3
Intangible assets	225
Goodwill	15
Accounts payable and other liabilities	(22)
Non-recourse borrowings	(105)
Deferred income tax liabilities	(20)
Net assets acquired before non-controlling interest	101
Non-controlling interest <sup>(2)</sup>	(70)
Net assets acquired	\$ 31

1. The fair values of certain acquired assets and liabilities have been determined on a provisional basis given the proximity of the acquisition to the reporting date. Our partnership is in the process of obtaining additional information primarily related to the fair value of intangible assets, goodwill and provisions as at the date of acquisition.

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

### 2018 Business Combinations

#### a) Acquisition of Evoque Data Center Solutions

On December 31, 2018, Brookfield Infrastructure, alongside institutional partners (the “Evoque consortium”), acquired an effective 29% interest in AT&T’s large-scale data center business for total consideration of \$315 million (Evoque consortium total of \$1,103 million). Under Brookfield’s ownership, the business was renamed Evoque Data Center Solutions (“Evoque”). The acquisition was funded through equity of \$164 million (Evoque consortium total of \$577 million of which \$413 million was provided by non-controlling interests subsequent to year-end), and \$151 million (Evoque consortium total of \$526 million) of asset level debt raised 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 December 31, 2018. Acquisition costs of \$10 million were recorded as Other income (expense) income within the Consolidated Statements of Operating Results in 2018.

Consideration transferred

<u>US\$ MILLIONS</u>	
Cash	\$ 315
<b>Total Consideration</b>	<b>\$ 315</b>

Fair values of assets and liabilities acquired as of December 31, 2018 (provisional)<sup>(1)</sup>:

<u>US\$ MILLIONS</u>	
Accounts receivable and other	\$ 3
Property, plant and equipment	440
Intangible assets	221
Goodwill	463
Accounts payable and other liabilities	(24)
Net assets acquired before non-controlling interest	1,103
Non-controlling interest <sup>(2)</sup>	(788)
Net assets acquired	<u>\$ 315</u>

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. Our partnership is in the process of obtaining additional information primarily related to the fair value of property, plant and equipment, intangible assets, goodwill 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.

The goodwill recorded on acquisition is largely reflective of potential customer growth, arising from the business' position as one of the largest colocation providers in the United States and the increasing rate of worldwide data consumption. All of the goodwill recognized is deductible for income tax purposes.

**b) Acquisition of Rayalseema Expressway Private Limited (“REPL”)**

On November 5, 2018, Brookfield Infrastructure, alongside institutional partners (the “REPL consortium”), acquired an effective 26% interest in an Indian toll road business, REPL, for total consideration of \$5 million (REPL consortium total of \$16 million). The consideration consists of \$3 million in cash (REPL consortium total of \$10 million) and contingent consideration of \$2 million (REPL consortium total of \$6 million), measured at fair value based on a probability-weighted basis. 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 November 5, 2018. Acquisition costs of less than \$1 million were recorded as Other income (expense) income within the Consolidated Statements of Operating Results in 2018.

Consideration transferred

<u>US\$ MILLIONS</u>	
Cash	\$ 3
Contingent consideration	2
<b>Total Consideration</b>	<b>\$ 5</b>

Fair values of assets and liabilities acquired as of November 5, 2018 (provisional)<sup>(1)</sup>:

<u>US\$ MILLIONS</u>	
Accounts receivable and other	\$ 3
Intangible assets	226
Accounts payable and other liabilities	(60)
Non-recourse borrowings	(151)
Net assets acquired before non-controlling interest	18
Non-controlling interest <sup>(2)</sup>	(13)
Net assets acquired	<u>\$ 5</u>

1. The fair values of certain acquired assets and liabilities for this operation have been determined on a provisional basis given the proximity of the acquisition to the reporting date. Our partnership is in the process of obtaining additional information primarily related to 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.

### c) 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 (“Exchange LP Units”) to be issued by a subsidiary of our partnership (“Exchange LP”) for each share of Enercare Inc. The Exchange LP Units provide holders with economic terms that are substantially equivalent to those of our units and are exchangeable, on a one-for-one basis, for units of our partnership. The acquisition was funded through equity of \$427 million (Enercare consortium total of \$2.0 billion), \$232 million of Exchange LP 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. 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 October 16, 2018. Acquisition costs of \$4 million were recorded as Other income (expense) income within the Consolidated Statements of Operating Results in 2018.

#### *Consideration transferred*

<u>US\$ MILLIONS</u>	
Cash	\$ 491
Exchange LP Units	232
<b>Total Consideration</b>	<b>\$ 723</b>

#### *Fair values of assets and liabilities acquired as of October 16, 2018:*

<u>US\$ MILLIONS</u>	
Cash and cash equivalents	\$ 24
Accounts receivable and other	187
Property, plant and equipment	669
Intangible assets	1,863
Inventory	23
Goodwill	1,260
Accounts payable and other liabilities	(235)
Deferred income tax liabilities	(472)
Non-recourse borrowings	(877)
Net assets acquired before non-controlling interest	2,442
Non-controlling interest <sup>(1)</sup>	(1,719)
Net assets acquired	\$ 723

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

The goodwill recorded on acquisition reflects potential growth prospects and a strong market position as a key provider of residential energy infrastructure in North America. None of the goodwill recognized is deductible for income tax purposes.

### d) Acquisition of Western Canadian natural gas midstream 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 midstream business for total consideration of \$559 million (NorthRiver consortium total of \$2.0 billion). Under Brookfield’s ownership, the business was renamed NorthRiver Midstream Inc. (“NorthRiver”). The acquisition was funded through equity of \$281 million (NorthRiver consortium total of \$982 million) and \$278 million (NorthRiver consortium total of \$974 million) of asset level debt raised 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 October 1, 2018. Acquisition costs of \$3 million were recorded as Other income (expense) income within the Consolidated Statements of Operating Results in 2018.

*Consideration transferred*

**US\$ MILLIONS**

Cash	<b>\$ 559</b>
<b>Total consideration</b>	<b>\$ 559</b>

*Fair value of assets and liabilities acquired as of October 1, 2018:*

**US\$ MILLIONS**

Cash and cash equivalents	<b>\$ 10</b>
Accounts receivable and other	<b>55</b>
Property, plant and equipment	<b>1,442</b>
Intangible assets	<b>157</b>
Goodwill	<b>524</b>
Accounts payable and other liabilities	<b>(46)</b>
Deferred income tax liabilities	<b>(186)</b>
Net assets acquired before non-controlling interest	<b>1,956</b>
Non-controlling interest <sup>(1)</sup>	<b>(1,397)</b>
Net assets acquired	<b>\$ 559</b>

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

The goodwill recorded on acquisition is largely reflective of the potential to obtain long-term contracts for the business' unused capacity and production growth in certain locations. None of the goodwill recognized is deductible for income tax purposes.

**e) Acquisition of Simhapuri Expressway Limited ("SEL")**

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

*Consideration transferred*

**US\$ MILLIONS**

Cash	<b>\$ 53</b>
<b>Total consideration</b>	<b>\$ 53</b>

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

<b>US\$ MILLIONS</b>	
Cash and cash equivalents	\$ 1
Accounts receivable and other	33
Intangible assets	488
Goodwill	23
Accounts payable and other liabilities	(61)
Deferred income tax liabilities	(23)
Non-recourse borrowings	(279)
Net assets acquired before non-controlling interest	182
Non-controlling interest <sup>(2)</sup>	(129)
Net assets acquired	<u>\$ 53</u>

1. The fair values of certain acquired assets and liabilities for this operation have been determined on a provisional basis given the proximity of the acquisition to the reporting date. Our partnership is in the process of obtaining additional information primarily related to the fair value of intangible assets, goodwill 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 SEL, a deferred tax liability of \$23 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 \$23 million, which is recoverable so long as the tax circumstances that gave rise to the goodwill do not change. To date, no such changes have occurred. None of the goodwill recognized is deductible for income tax purposes.

#### **f) 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 \$62 million (GN consortium total of \$213 million) with asset level debt raised concurrently on closing. On acquisition, 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 income (expenses) income within the Consolidated Statements of Operating Results in 2018.

#### *Consideration transferred*

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

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 the deemed disposition of this interest upon acquisition of control.

Fair value of assets and liabilities acquired as of June 1, 2018:

**US\$ MILLIONS**

Cash and cash equivalents	\$ 36
Accounts receivable and other	245
Property, plant and equipment	394
Intangible assets	253
Goodwill	621
Accounts payable and other liabilities	(165)
Deferred income tax liabilities	(143)
Non-recourse borrowings	(177)
Net assets acquired before non-controlling interest	<u>1,064</u>
Non-controlling interest <sup>(1)</sup>	<u>(914)</u>
Net assets acquired	<u>\$ 150</u>

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

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.

**g) Supplemental information**

Had the acquisitions of DCI and EWPL been effective January 1, 2019, the revenue and net income of Brookfield Infrastructure would have been \$3,350 million and \$425 million, respectively, for the six months ended June 30, 2019.

In determining the pro-forma revenue and net income, management has:

- Calculated depreciation of property, plant and equipment and amortization of 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 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 June 30, 2019:

### 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	\$ —	\$ —	\$ 715	\$ 715
Accounts receivable and other	—	—	1,357	1,357
Financial assets (current and non-current) <sup>(1)</sup>	1,019	20	178	1,217
Marketable securities	92	92	—	184
<b>Total</b>	<b>\$ 1,111</b>	<b>\$ 112</b>	<b>\$ 2,250</b>	<b>\$ 3,473</b>
<b>Financial liabilities</b>				
Corporate borrowings	\$ —	\$ —	\$ 1,546	\$ 1,546
Non-recourse borrowings (current and non-current)	—	—	14,200	14,200
Accounts payable and other	—	—	2,775	2,775
Preferred shares <sup>(2)</sup>	—	—	20	20
Financial liabilities (current and non-current) <sup>(1)</sup>	350	—	995	1,345
<b>Total</b>	<b>\$ 350</b>	<b>\$ —</b>	<b>\$ 19,536</b>	<b>\$ 19,886</b>

1. Derivative instruments which are elected for hedge accounting totaling \$694 million are included in financial assets and \$133 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, 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	\$ —	\$ —	\$ 540	\$ 540
Accounts receivable and other	—	—	1,171	1,171
Financial assets (current and non-current) <sup>(1)</sup>	989	17	166	1,172
Marketable securities	126	47	—	173
<b>Total</b>	<b>\$ 1,115</b>	<b>\$ 64</b>	<b>\$ 1,877</b>	<b>\$ 3,056</b>
<b>Financial liabilities</b>				
Corporate borrowings	\$ —	\$ —	\$ 1,993	\$ 1,993
Non-recourse borrowings (current and non-current)	—	—	13,113	13,113
Accounts payable and other	—	—	1,308	1,308
Preferred shares <sup>(2)</sup>	—	—	20	20
Financial liabilities (current and non-current) <sup>(1)</sup>	373	—	907	1,280
<b>Total</b>	<b>\$ 373</b>	<b>\$ —</b>	<b>\$ 17,341</b>	<b>\$ 17,714</b>

1. Derivative instruments which are elected for hedge accounting totaling \$718 million are included in financial assets and \$109 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 June 30, 2019 and December 31, 2018:

US\$ MILLIONS	June 30, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	\$ 715	\$ 715	\$ 540	\$ 540
Accounts receivable and other	1,357	1,357	1,171	1,171
Financial assets (current and non-current)	1,217	1,217	1,172	1,172
Marketable securities	184	184	173	173
<b>Total</b>	<b>\$ 3,473</b>	<b>\$ 3,473</b>	<b>\$ 3,056</b>	<b>\$ 3,056</b>
<b>Financial liabilities</b>				
Corporate borrowings <sup>(1)</sup>	\$ 1,546	\$ 1,593	\$ 1,993	\$ 1,978
Non-recourse borrowings <sup>(2)</sup>	14,200	14,615	13,113	13,372
Accounts payable and other (current and non-current)	2,775	2,775	1,308	1,308
Preferred shares <sup>(3)</sup>	20	20	20	20
Financial liabilities (current and non-current)	1,345	1,345	1,280	1,280
<b>Total</b>	<b>\$ 19,886</b>	<b>\$ 20,348</b>	<b>\$ 17,714</b>	<b>\$ 17,958</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 and at our North American residential energy infrastructure 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 six-month periods ended June 30, 2019, pre-tax net unrealized losses of \$42 million and \$55 million, respectively, (2018: \$29 million and \$58 million) were recorded in other comprehensive income for the effective portion of the cash flow hedges. As of June 30, 2019, there was a net derivative asset balance of \$545 million relating to derivative contracts designated as cash flow hedges (December 31, 2018: \$542 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 six-month periods ended June 30, 2019, losses of \$6 million and \$29 million, respectively, (2018: gains of \$99 million and \$47 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 six-month periods ended June 30, 2019, Brookfield Infrastructure received \$37 million and \$36 million, respectively, (2018: paid \$18 million and \$72 million) relating to the settlement of foreign exchange contracts in the periods. Consistent with our risk management objectives, these contracts are replaced at expiration; therefore, no reclassification to profit or loss has been recorded during the periods. As of June 30, 2019, there was a net unrealized derivative asset balance of \$16 million relating to derivative contracts designated as net investment hedges (December 31, 2018: net unrealized derivative asset balance of \$67 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	June 30, 2019	December 31, 2018
<b>Marketable securities</b>	Level 1 <sup>(1)</sup>	\$ 184	\$ 173
<b>Foreign currency forward contracts</b>	Level 2 <sup>(2)</sup>		
Financial asset		\$ 158	\$ 241
Financial liability		80	23
<b>Interest rate swaps &amp; other</b>	Level 2 <sup>(2)</sup>		
Financial asset		\$ 774	\$ 718
Financial liability		190	257
<b>Other contracts</b>	Level 3 <sup>(3)</sup>		
Financial asset		\$ 107	\$ 47
Financial liability		80	93

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 \$1,223 million (2018: \$1,179 million) of financial assets and \$350 million (2018: \$373 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 June 30, 2019, 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	June 30, 2019			December 31, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Marketable securities	\$ 184	\$ —	\$ —	\$ 173	\$ —	\$ —
Financial assets (current and non-current)	—	932	107	—	959	47
<b>Financial liabilities</b>						
Financial liabilities (current and non-current)	\$ —	\$ 270	\$ 80	\$ —	\$ 280	\$ 93

## 7. PROPERTY, PLANT AND EQUIPMENT

US\$ MILLIONS	Utilities Assets	Transport Assets	Energy Assets	Data Infrastructure Assets	Total Assets
<b>Gross Carrying Amount:</b>					
<b>Balance at January 1, 2018</b>	\$ 3,471	\$ 2,657	\$ 2,629	\$ —	\$ 8,757
Additions, net of disposals	441	77	140	4	662
Non-cash (disposals) additions	(19)	(4)	6	—	(17)
Acquisitions through business combinations <sup>(2)</sup>	394	—	2,111	440	2,945
Net foreign currency exchange differences	(267)	(245)	(205)	—	(717)
<b>Balance at December 31, 2018</b>	<b>\$ 4,020</b>	<b>\$ 2,485</b>	<b>\$ 4,681</b>	<b>\$ 444</b>	<b>\$ 11,630</b>
Change in accounting policies <sup>(1)</sup>	21	356	197	633	1,207
Additions, net of disposals	204	60	185	3	452
Acquisitions through business combinations <sup>(2)</sup>	—	—	2,134	—	2,134
Non-cash (disposals) additions	(1)	6	13	(21)	(3)
Net foreign currency exchange differences	(7)	(15)	131	(1)	108
<b>Balance at June 30, 2019</b>	<b>\$ 4,237</b>	<b>\$ 2,892</b>	<b>\$ 7,341</b>	<b>\$ 1,058</b>	<b>\$ 15,528</b>
<b>Accumulated depreciation:</b>					
<b>Balance at January 1, 2018</b>	\$ (510)	\$ (687)	\$ (383)	\$ —	\$ (1,580)
Depreciation expense	(149)	(147)	(134)	—	(430)
Non-cash additions	(2)	—	(1)	—	(3)
Disposals	7	22	8	—	37
Net foreign currency exchange differences	41	68	18	—	127
<b>Balance at December 31, 2018</b>	<b>\$ (613)</b>	<b>\$ (744)</b>	<b>\$ (492)</b>	<b>\$ —</b>	<b>\$ (1,849)</b>
Depreciation expense	(86)	(90)	(164)	(47)	(387)
Disposals	4	—	—	—	4
Non-cash (additions) disposals	(1)	1	3	—	3
Net foreign currency exchange differences	2	6	(15)	—	(7)
<b>Balance at June 30, 2019</b>	<b>\$ (694)</b>	<b>\$ (827)</b>	<b>\$ (668)</b>	<b>\$ (47)</b>	<b>\$ (2,236)</b>
<b>Accumulated fair value adjustments:</b>					
<b>Balance at January 1, 2018</b>	\$ 1,258	\$ 873	\$ 629	\$ —	\$ 2,760
Fair value adjustments	220	18	224	—	462
Net foreign currency exchange differences	(77)	(81)	(31)	—	(189)
<b>Balance at December 31, 2018</b>	<b>\$ 1,401</b>	<b>\$ 810</b>	<b>\$ 822</b>	<b>\$ —</b>	<b>\$ 3,033</b>
Net foreign currency exchange differences	2	(4)	14	—	12
<b>Balance at June 30, 2019</b>	<b>\$ 1,403</b>	<b>\$ 806</b>	<b>\$ 836</b>	<b>\$ —</b>	<b>\$ 3,045</b>
<b>Net book value:</b>					
December 31, 2018	4,808	2,551	5,011	444	12,814
<b>June 30, 2019<sup>(3)</sup></b>	<b>\$ 4,946</b>	<b>\$ 2,871</b>	<b>\$ 7,509</b>	<b>\$ 1,011</b>	<b>\$ 16,337</b>

1. Refer to Note 2 Summary of Accounting Policies.

2. Refer to Note 5 Acquisition of Businesses.

3. Includes right-of-use assets of \$21 million in our utilities segment, \$348 million in our transport segment, \$245 million in our energy segment and \$582 million in our data infrastructure segment. Current lease liabilities of \$111 million has been included in accounts payable and other and non-current lease liabilities of \$1,127 million have been included in other liabilities in the Consolidated Statement of Financial Position.

## 8. INTANGIBLE ASSETS

US\$ MILLIONS	As of	
	June 30, 2019	December 31, 2018
Cost	\$ 13,283	\$ 12,515
Accumulated amortization	(1,128)	(880)
<b>Total</b>	<b>\$ 12,155</b>	<b>\$ 11,635</b>

Intangible assets are allocated to the following cash generating units:

US\$ MILLIONS	As of	
	June 30, 2019	December 31, 2018
Brazilian regulated gas transmission operation	\$ 4,166	\$ 4,211
North American residential energy infrastructure operation	1,806	1,763
Australian regulated terminal	1,757	1,766
Peruvian toll roads	1,157	1,118
Chilean toll roads	926	928
Indian toll roads <sup>(1)</sup>	838	843
U.K. port operation	271	273
Other <sup>(2)</sup>	1,234	733
<b>Total</b>	<b>\$ 12,155</b>	<b>\$ 11,635</b>

1. Indian toll roads include \$739 million of intangible assets at our investment in Simhapuri Expressway Ltd and Rayalseema Expressway Private Limited and \$99 million at BIF India Holdings Pte Ltd.
2. Other intangibles are comprised of customer contracts at our Australian port operation, contracted order book at our U.K. regulated distribution operation, and concession rights to our Brazilian electricity transmission operation as well as our cross country gas pipeline business in India.

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

US\$ MILLIONS	For the six-month period ended June 30	
	2019	2018
Cost at beginning of the period	\$ 12,515	\$ 10,470
Additions through business combinations	520	17
Additions, net of disposals	57	32
Foreign currency translation	191	(964)
<b>Ending Balance</b>	<b>\$ 13,283</b>	<b>\$ 9,555</b>

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

US\$ MILLIONS	For the six-month period ended June 30	
	2019	2018
Accumulated amortization at beginning of the period	\$ (880)	\$ (576)
Amortization	(228)	(173)
Foreign currency translation	(20)	62
<b>Ending Balance</b>	<b>\$ (1,128)</b>	<b>\$ (687)</b>

## 9. INVESTMENTS 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 six-month period ended June 30, 2019		For the 12 month period ended December 31, 2018	
Balance at the beginning of the period	\$	4,591	\$	5,572
Share of earnings (loss) for the period <sup>(1)</sup>		52		(13)
Foreign currency translation and other		26		(296)
Share of other reserves for the period—OCI		(72)		260
Distributions		(84)		(59)
Disposition of interest <sup>(1),(2)</sup>		(125)		(951)
Acquisitions <sup>(3)</sup>		235		78
<b>Ending Balance</b>	<b>\$</b>	<b>4,623</b>	<b>\$</b>	<b>4,591</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.
- In June 2019, Brookfield Infrastructure sold its 40% interest in its European port operation to a third party. On disposition, Brookfield Infrastructure recognized a gain on sale of approximately \$10 million.
- In March 2019, Brookfield Infrastructure, alongside its institutional partners, acquired an effective 12% interest in a Brazilian data center operation, Ascenty Participacoes S.A (“Ascenty”), for total consideration payable of \$188 million. The investment was funded by the partnership through its participation in a Brookfield sponsored infrastructure fund. Please refer to Note 17, Related Party Transactions for additional information. Brookfield maintains 50% of the voting rights of Ascenty in a joint venture with Digital Realty Trust Inc. Brookfield Infrastructure has joint control through its position in the business. Accordingly, our partnership equity accounts for the entity.

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

US\$ MILLIONS	As of	
	June 30, 2019	December 31, 2018
Utilities	\$ 111	\$ 92
Transport	2,382	2,497
Energy	1,178	1,183
Data infrastructure	923	710
Corporate	29	109
<b>Ending Balance</b>	<b>\$ 4,623</b>	<b>\$ 4,591</b>

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

US\$ MILLIONS	As of	
	June 30, 2019	December 31, 2018
Financial position:		
Total assets	\$ 36,732	\$ 33,043
Total liabilities	(19,206)	(16,570)
Net assets	\$ 17,526	\$ 16,473

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2019	2018	2019	2018
Financial performance:				
Total revenue	\$ 1,319	\$ 1,406	\$ 2,850	\$ 2,973
Total income for the period	83	32	134	96
Brookfield Infrastructure’s share of net income before reclassification	34	1	52	31
Reclassification of previously recognized foreign currency movements <sup>(1)</sup>	—	—	—	(35)
Brookfield Infrastructure’s share of net income (loss)	\$ 34	\$ 1	\$ 52	\$ (4)

- 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 earnings (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 June 30, 2019, draws on the credit facility were \$nil (2018: \$510 million) and \$48 million of letters of credit were issued (2018: \$47 million).

	Maturity	Annual Rate	Currency	As of	
				June 30, 2019	December 31, 2018
Corporate revolving credit facility	June 30, 2023	LIBOR plus 1.2%	US\$	\$ —	\$ 510
Medium-term notes <sup>(1)</sup> :					
<b>Non-current:</b>					
Public - Canadian	October 30, 2020	3.5%	C\$	286	275
Public - Canadian	March 11, 2022	3.5%	C\$	344	330
Public - Canadian	February 22, 2024	3.3%	C\$	229	220
Public - Canadian	February 22, 2024	3.3%	C\$	305	293
Public - Canadian	September 11, 2028	4.2%	C\$	382	365
<b>Total</b>				<b>\$ 1,546</b>	<b>\$ 1,993</b>

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

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%.

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 June 30, 2019, there were \$nil (2018: \$nil) borrowings outstanding.

The decrease in corporate borrowings of \$447 million during the six-month period ended June 30, 2019 is due to repayment of the corporate revolving credit facility, partially offset by a 4% appreciation of the Canadian dollar relative to the U.S. dollar.

### b) Non-Recourse Borrowings

US\$ MILLIONS	As of	
	June 30, 2019	December 31, 2018
Current	\$ 1,028	\$ 985
Non-current	13,172	12,128
<b>Total</b>	<b>\$ 14,200</b>	<b>\$ 13,113</b>

Non-recourse borrowings have increased by \$1.1 billion since year-end. The increase is attributable to additional net borrowings of \$0.9 billion primarily associated with our recent acquisitions and an increase in foreign denominated debt as most currencies underlying non-recourse borrowings appreciated relative to the U.S. dollar during the six-month period ended June 30, 2019.

## 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	
	June 30, 2019	December 31, 2018
<b>Partnership Capital</b>	<b>\$ 16,233</b>	<b>\$ 14,668</b>
Remove impact of the following items since inception:		
Non-controlling interest - in operating subsidiaries	<b>(8,918)</b>	(7,303)
Deficit	<b>1,639</b>	1,228
Accumulated other comprehensive income	<b>(352)</b>	(328)
Ownership changes and other	<b>(398)</b>	(109)
<b>Invested Capital</b>	<b>\$ 8,204</b>	<b>\$ 8,156</b>

The following table presents the change in Invested Capital during the three and six-month periods ended June 30, 2019:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2019	2018	2019	2018
<b>Opening balance</b>	<b>\$ 8,202</b>	\$ 7,760	<b>\$ 8,156</b>	\$ 7,599
Issuance of preferred units and preferred shares, net of repurchases	—	—	72	157
Issuances of limited partnership units and redeemable partnership units, net of repurchases	2	4	(24)	8
<b>Ending balance</b>	<b>\$ 8,204</b>	\$ 7,764	<b>\$ 8,204</b>	\$ 7,764
<b>Weighted Average Invested Capital</b>	<b>\$ 8,202</b>	\$ 7,760	<b>\$ 8,192</b>	\$ 7,738

## 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", and Computershare Trust Company of Canada, as supplemented and amended from time to time ("Indenture")) provides for the issuance of one or more series of unsecured 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%.

As they matured, the Debt Issuers repaid C\$400 million of medium-term notes on October 10, 2017 and C\$125 million of medium-term notes on October 30, 2018.

These notes are fully and 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 (collectively, the “Guarantors”).

The Guarantors will also fully and unconditionally guarantee the payment obligations of Brookfield Infrastructure Preferred Equity Inc. (“Pref Finco” and collectively with the Debt Issuers, the “Fincos”) in respect of any Class A preference shares issued to the public by the Pref Finco, if and when issued.

A base shelf prospectus of BIP Investment Corporation (“BIPIC”) dated as of November 23, 2018 provides for the issuance of one or more series of senior preferred shares of BIPIC. The Guarantors will fully and unconditionally guarantee the payment obligations of BIPIC in respect of any senior preferred shares issued by BIPIC under the prospectus.

Each of the Fincos and BIPIC are subsidiaries of our partnership. In the tables below, information relating to the Fincos has been combined. The Fincos have not guaranteed the obligations of BIPIC, nor has BIPIC guaranteed the obligations of the Fincos.

On February 5, 2019, BIPIC issued 4 million Series 1 Senior Preferred Shares at C\$25 per share with a quarterly fixed dividend at a rate of 5.85% annually for the initial period ending March 31, 2024. In total, C\$100 million or \$75 million of gross proceeds were raised, \$2 million in underwriting costs were incurred and less than \$1 million in issuance costs were incurred. The preferred shares are retractable at the option of the holders and are therefore classified as liabilities.

The following tables set forth consolidated summary financial information for our partnership, the Fincos, and BIPIC:

<b>FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2019 US\$ MILLIONS</b>	<b>Our partnership<sup>(2)</sup></b>	<b>The Fincos</b>	<b>BIPIC</b>	<b>Subsidiaries of our partnership other than the Fincos and BIPIC<sup>(3)</sup></b>	<b>Consolidating adjustments<sup>(3)</sup></b>	<b>Our partnership consolidated</b>
Revenues	\$ —	\$ —	\$ —	\$ —	\$ 1,685	\$ 1,685
Net income (loss) attributable to partnership <sup>(1)</sup>	42	—	—	98	(42)	98
<b>FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2018</b>						
Revenues	\$ —	\$ —	\$ —	\$ —	\$ 1,044	\$ 1,044
Net income (loss) attributable to partnership <sup>(1)</sup>	64	—	—	125	(64)	125
<b>FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019</b>						
Revenues	\$ —	\$ —	\$ —	\$ —	\$ 3,278	\$ 3,278
Net income (loss) attributable to partnership <sup>(1)</sup>	36	—	—	128	(36)	128
<b>FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018</b>						
Revenues	\$ —	\$ —	\$ —	\$ —	\$ 2,057	\$ 2,057
Net income (loss) attributable to partnership <sup>(1)</sup>	186	—	—	334	(186)	334
<b>AS OF JUNE 30, 2019</b>						
Current assets	\$ —	\$ —	\$ —	\$ —	\$ 2,816	\$ 2,816
Non-current assets	5,456	—	684	8,253	24,256	38,649
Current liabilities	—	—	—	—	3,978	3,978
Non-current liabilities	—	1,546	76	—	19,632	21,254
Non-controlling interests – Redeemable Partnership Units held by Brookfield	—	—	—	—	1,815	1,815
Non-controlling interests – Exchange LP Units	—	—	—	—	21	21
Non-controlling interests – in operating subsidiaries	—	—	—	—	8,918	8,918
Preferred unitholders	—	—	—	—	935	935
<b>AS OF DECEMBER 31, 2018</b>						
Current assets	\$ —	\$ —	\$ —	\$ —	\$ 2,276	\$ 2,276
Non-current assets	5,449	—	568	8,281	20,006	34,304
Current liabilities	—	—	—	—	2,417	2,417
Non-current liabilities	—	1,483	—	—	18,012	19,495
Non-controlling interests – Redeemable Partnership Units held by Brookfield	—	—	—	—	1,823	1,823
Non-controlling interests – Exchange LP Units	—	—	—	—	71	71
Non-controlling interests – in operating subsidiaries	—	—	—	—	7,303	7,303
Preferred unitholders	\$ —	\$ —	\$ —	\$ —	\$ 936	\$ 936

1. Includes net income attributable to non-controlling interest Redeemable Partnership Units held by Brookfield, Exchange LP unitholders, 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 our operating segments:

US\$ MILLIONS	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Utilities	\$ 743	\$ 589	\$ 1,471	\$ 1,124
Transport	350	341	686	680
Energy	512	114	962	253
Data Infrastructure	80	—	159	—
<b>Total</b>	<b>\$ 1,685</b>	<b>\$ 1,044</b>	<b>\$ 3,278</b>	<b>\$ 2,057</b>

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

The following table disaggregates revenues by geographical region:

US\$ MILLIONS	For the three-month period ended June 30, 2019	For the three-month period ended June 30, 2018	For the six-month period ended June 30, 2019	For the six-month period ended June 30, 2018
Brazil	\$ 289	\$ 278	\$ 578	\$ 583
Australia	270	288	539	572
Colombia	259	127	508	171
United States of America	249	42	461	83
Canada	233	47	505	124
United Kingdom	171	166	333	325
India	112	11	152	24
Chile	42	43	84	88
Peru	28	18	57	44
Other	32	24	61	43
<b>Total</b>	<b>\$ 1,685</b>	<b>\$ 1,044</b>	<b>\$ 3,278</b>	<b>\$ 2,057</b>

### 14. PARTNERSHIP CAPITAL

As at June 30, 2019, 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

UNITS MILLIONS	Special General Partner Units		Limited Partnership Units		Total	
	As of and for the six-month period ended June 30, 2019	As of and for the 12 month period ended Dec. 31, 2018	As of and for the six-month period ended June 30, 2019	As of and for the 12 month period ended Dec. 31, 2018	As of and for the six-month period ended June 30, 2019	As of and for the 12 month period ended Dec. 31, 2018
<b>Opening balance</b>	<b>1.6</b>	1.6	<b>277.3</b>	276.6	<b>278.9</b>	278.2
Issued for cash	—	—	0.2	0.3	0.2	0.3
Conversion from Exchange LP Units	—	—	3.1	1.3	3.1	1.3
Repurchased and cancelled	—	—	(0.8)	(0.9)	(0.8)	(0.9)
<b>Ending balance</b>	<b>1.6</b>	1.6	<b>279.8</b>	277.3	<b>281.4</b>	278.9

The weighted average number of special general partner units outstanding for the three and six-month periods ended June 30, 2019 was 1.6 million (2018: 1.6 million). The weighted average number of limited partnership units outstanding for the three and six-month periods ended June 30, 2019 was 279.7 million and 278.9 million, respectively (2018: 276.7 million and 276.6 million).

US\$ MILLIONS	Special General Partner		Limited Partners		Total	
	As of and for the six-month period ended June 30, 2019	As of and for the 12 month period ended Dec. 31, 2018	As of and for the six-month period ended June 30, 2019	As of and for the 12 month period ended Dec. 31, 2018	As of and for the six-month period ended June 30, 2019	As of and for the 12 month period ended Dec. 31, 2018
<b>Opening balance</b>	\$ 19	\$ 19	\$ 4,911	\$ 4,907	\$ 4,930	\$ 4,926
Unit issuance	—	—	4	14	4	14
Conversion from Exchange LP Units	—	—	51	20	51	20
Repurchased and cancelled	—	—	(28)	(30)	(28)	(30)
<b>Ending balance</b>	<b>\$ 19</b>	<b>\$ 19</b>	<b>\$ 4,938</b>	<b>\$ 4,911</b>	<b>\$ 4,957</b>	<b>\$ 4,930</b>

During the six months ending June 30, 2019, our partnership repurchased and cancelled 0.8 million units for \$28 million, and incurred less than \$1 million in commission costs.

In July 2019, Brookfield Infrastructure issued 13.5 million L.P units at \$42.5 per unit under shelf registrations in the U.S. and Canada. In total, \$575 million of gross proceeds were raised through the issuance and \$24 million in equity issuance costs were incurred. Concurrently, Brookfield Infrastructure issued 6.1 million Redeemable Partnership Units to Brookfield for gross proceeds of \$250 million.

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 six-month period ending June 30, 2019, our partnership issued less than 1 million units for proceeds of \$4 million (2018: less than 1 million units for proceeds of \$8 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 six-month period ended June 30, 2019	As of and for the 12 month period ended Dec. 31, 2018
<b>Opening balance</b>	<b>115.8</b>	115.8
<b>Ending balance</b>	<b>115.8</b>	115.8

The weighted average number of Redeemable Partnership Units outstanding for the three and six-month periods ended June 30, 2019 was 115.8 million (2018: 115.8 million for the three and six-month periods).

US\$ MILLIONS	Non-controlling interest – Redeemable Partnership Units held by Brookfield	
	As of and for the six-month period ended June 30, 2019	As of and for the 12 month period ended Dec. 31, 2018
<b>Opening balance</b>	<b>\$ 2,078</b>	\$ 2,078
<b>Ending balance</b>	<b>\$ 2,078</b>	\$ 2,078

**(c) Non-controlling interest – Exchange LP Units**

<u>UNITS MILLIONS</u>	<b>Non-controlling interest – Exchange LP Units</b>	
	<b>As of and for the six-month period ended June 30, 2019</b>	<b>As of and for the 12 month period ended Dec. 31, 2018</b>
<b>Opening balance</b>	<b>4.4</b>	<b>—</b>
Issued for cash	—	5.7
Exchange LP conversion	<b>(3.1)</b>	<b>(1.3)</b>
<b>Ending balance</b>	<b>1.3</b>	<b>4.4</b>

<u>US\$ MILLIONS</u>	<b>Non-controlling interest – Exchange LP Units</b>	
	<b>As of and for the six-month period ended June 30, 2019</b>	<b>As of and for the 12 month period ended Dec. 31, 2018</b>
<b>Opening balance</b>	<b>\$ 212</b>	<b>\$ —</b>
Unit issuance	—	232
Exchange LP conversion	<b>(51)</b>	<b>(20)</b>
<b>Ending balance</b>	<b>\$ 161</b>	<b>\$ 212</b>

On October 16, 2018, Brookfield Infrastructure Partners Exchange LP (“Exchange LP”), a subsidiary of our partnership, issued 5.7 million Exchange LP Units for proceeds of \$232 million in connection with the privatization of Enercare Inc. The Exchange LP Units provide holders with economic terms that are substantially equivalent to those of our units and are exchangeable, on a one-for-one basis, for our units. Given the exchangeable feature, we present the Exchange LP Units as a component of non-controlling interests.

During the six months ended June 30, 2019, Exchange LP unitholders exchanged 3.1 million Exchange LP units for \$51 million limited partners’ capital.

**(d) Preferred Unitholders’ Capital**

<u>UNITS MILLIONS</u>	<b>Preferred Units</b>	
	<b>As of and for the six-month period ended June 30, 2019</b>	<b>As of and for the 12 month period ended Dec. 31, 2018</b>
<b>Opening balance</b>	<b>49.9</b>	<b>32.0</b>
Issued for cash	—	18.0
Repurchased and cancelled	—	<b>(0.1)</b>
<b>Ending balance</b>	<b>49.9</b>	<b>49.9</b>

<u>US\$ MILLIONS</u>	<b>Preferred Units</b>	
	<b>As of and for the six-month period ended June 30, 2019</b>	<b>As of and for the 12 month period ended Dec. 31, 2018</b>
<b>Opening balance</b>	<b>\$ 936</b>	<b>\$ 595</b>
Unit issuance	—	342
Repurchased and cancelled	<b>(1)</b>	<b>(1)</b>
<b>Ending balance</b>	<b>\$ 935</b>	<b>\$ 936</b>

During the six months ended June 30, 2019, our partnership repurchased and cancelled less than 0.1 million preferred units for \$1 million.

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.

## 15. DISTRIBUTIONS

For the three and six-month periods ended June 30, 2019, distributions to partnership and Exchange LP unitholders were \$200 million and \$400 million, respectively, (2018: \$185 million and \$370 million). This represents a quarterly distribution of \$0.5025 and \$1.005, respectively, per partnership unit (2018: \$0.47 and \$0.94 per partnership unit), a 7% increase from December 31, 2018.

Additionally, incentive distributions were made to the special general partner of \$38 million and \$76 million for the three and six-month periods ended June 30, 2019, respectively (2018: \$34 million and \$68 million).

For the three and six-month periods ended June 30, 2019, our partnership declared and paid preferred unit distributions of \$13 million and \$25 million, respectively (2018: \$10 million and \$19 million). This represented a distribution of \$0.26 and \$0.50, respectively, per preferred unit (2018: \$0.25 and \$0.48 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, 2019	\$ 667	\$ (1,336)	\$ 95	\$ (96)	\$ (33)	\$ (18)	\$ 930	\$ 209
Other comprehensive income (loss)	—	30	(21)	13	21	(2)	(51)	(10)
Other items	—	20	6	—	—	—	—	26
Balance at June 30, 2019	\$ 667	\$ (1,286)	\$ 80	\$ (83)	\$ (12)	\$ (20)	\$ 879	\$ 225

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>	—	(380)	34	(37)	(8)	—	44	(347)
Other items <sup>(1)</sup>	(450)	—	—	—	—	—	—	(450)
Balance at June 30, 2018	\$ 526	\$ (1,215)	\$ 62	\$ (63)	\$ (8)	\$ (27)	\$ 792	\$ 67

### 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, 2019	\$ 5	\$ (9)	\$ 2	\$ —	\$ —	\$ —	\$ 5	\$ 3
Other comprehensive income	—	—	—	—	—	—	—	—
Balance at June 30, 2019	\$ 5	\$ (9)	\$ 2	\$ —	\$ —	\$ —	\$ 5	\$ 3

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) income <sup>(1)</sup>	—	(2)	—	—	—	—	—	(2)
Other items <sup>(1)</sup>	(3)	—	—	—	—	—	—	(3)
Balance at June 30, 2018	\$ 4	\$ (8)	\$ 1	\$ —	\$ —	\$ —	\$ 4	\$ 1

**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, 2019	\$ 296	\$ (552)	\$ 40	\$ (43)	\$ (16)	\$ (4)	\$ 391	\$ 112
Other comprehensive income (loss)	—	12	(8)	6	8	(1)	(21)	(4)
Other items	—	9	3	—	—	—	—	12
Balance at June 30, 2019	<u>\$ 296</u>	<u>\$ (531)</u>	<u>\$ 35</u>	<u>\$ (37)</u>	<u>\$ (8)</u>	<u>\$ (5)</u>	<u>\$ 370</u>	<u>\$ 120</u>

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>	—	(159)	13	(16)	(4)	—	19	(147)
Other items <sup>(1)</sup>	(188)	—	—	—	—	—	—	(188)
Balance at June 30, 2018	<u>\$ 237</u>	<u>\$ (498)</u>	<u>\$ 24</u>	<u>\$ (30)</u>	<u>\$ (6)</u>	<u>\$ (8)</u>	<u>\$ 333</u>	<u>\$ 52</u>

**d) Attributable to Non-controlling interest – Exchange LP Units**

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, 2019	\$ 2	\$ 1	\$ —	\$ (1)	\$ —	\$ —	\$ 2	\$ 4
Other comprehensive income	—	—	—	—	—	—	—	—
Balance at June 30, 2019	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 4</u>

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.

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 six-month periods ended June 30, 2019 (2018: less than \$1 million for the three and six-month periods).

As of June 30, 2019, Brookfield Infrastructure had financial assets balance of \$21 million receivable from Brookfield. Brookfield Infrastructure also has loans payable of \$311 million to subsidiaries of Brookfield (December 31, 2018: \$73 million). The loans are repayable in full between 2019 and 2026 with interest rates ranging from 3.8% to 8.5% per annum.

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 \$62 million and \$121 million, respectively, for the three and six-month periods ended June 30, 2019 (2018: \$52 million and \$108 million). As of June 30, 2019, \$62 million was outstanding as payable to the Service Provider (December 31, 2018: \$51 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.

Brookfield Infrastructure, from time to time, will place deposits with, or receive deposits from, Brookfield. As of June 30, 2019, Brookfield Infrastructure's deposit balance from Brookfield was \$823 million (December 31, 2018: deposit with Brookfield of less than \$1 million). The deposit bears interest at market rates and was provided to Brookfield Infrastructure to fund our partnership's recent acquisitions. Brookfield Infrastructure incurred interest expense of \$4 million for the three and six-month periods ended June 30, 2019 (2018: interest income of less than \$1 million for the three and six-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 June 30, 2019, there were \$nil borrowings outstanding (December 31, 2018: \$nil).

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 six-month periods ended June 30, 2019, revenues of \$7 million and \$11 million, respectively, were generated (2018: \$2 million and \$4 million) and expenses of \$4 million and \$6 million, respectively, were incurred (2018: less than \$1 million and \$2 million).

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 six-month periods ended June 30, 2019, Brookfield Infrastructure paid less than \$1 million for these services (2018: less than \$1 million for the three and six-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 six-month periods ended June 30, 2019, revenues of \$1 million and \$2 million, respectively, were generated (2018: \$1 million and \$2 million).

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 six-month periods ended June 30, 2019, revenues of less than \$1 million were generated (2018: \$nil for the three and six-month periods) and expenses of \$14 million and \$25 million, respectively, were incurred (2018: \$3 million and \$6 million).

## **18. SUBSEQUENT EVENT**

On July 31, 2019, Brookfield Infrastructure, alongside its institutional partners, acquired an effective 14% interest in a New Zealand integrated data provider, Vodafone New Zealand ("VNZ"), for approximately \$200 million. Brookfield maintains 50% of the voting rights of VNZ in a joint venture with Infratil Limited. This market-leading business provides utility-like broadband and wireless services in a market with a stable regulatory framework and competitive environment.