

MANAGEMENT'S DISCUSSION AND ANALYSIS

*AS OF JUNE 30, 2020 AND DECEMBER 31, 2019 AND
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019*

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") is the responsibility of management of Brookfield Infrastructure Partners L.P. (our "partnership" collectively with its subsidiary and operating entities "Brookfield Infrastructure"). This MD&A is dated August 13, 2020 and has been approved by the Board of Directors of the general partner of our partnership for issuance as of that date. The Board of Directors carries out its responsibility for review of this document principally through its audit committee, comprised exclusively of independent directors. The audit committee reviews and, prior to its publication, approves this document, pursuant to the authority delegated to it by the Board of Directors. The terms "Brookfield Infrastructure," "we," "us" and "our" refer to Brookfield Infrastructure Partners L.P., and our partnership's direct and indirect subsidiaries and operating entities as a group. This MD&A should be read in conjunction with Brookfield Infrastructure Partners L.P.'s most recently issued annual and interim financial statements. Additional information, including Brookfield Infrastructure's Form 20-F, is available on its website at www.bip.brookfield.com, on SEDAR's website at www.sedar.com and on EDGAR's website at www.sec.gov/edgar.shtml.

Business Overview

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 and 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. Our mission is to own and operate a globally diversified portfolio of high-quality infrastructure assets that will generate sustainable and growing distributions over the long term for our unitholders. To accomplish this objective, we will seek to leverage our operating platforms to acquire infrastructure assets and actively manage them to extract additional value following our initial investment. An integral part of our strategy is to participate with institutional investors in Brookfield Asset Management Inc. (together with its affiliated entities other than us, "Brookfield") sponsored partnerships that target acquisitions that suit our profile. We will focus on partnerships in which Brookfield has sufficient influence or control to deploy an operations-oriented approach.

Performance Targets and Key Measures

We target a total return of 12% to 15% per annum on the infrastructure assets that we own, measured over the long term. We intend to generate this return from the in-place cash flows from our operations plus growth through investments in upgrades and expansions of our asset base, as well as acquisitions. We determine our distributions to unitholders based primarily on an assessment of our operating performance. Funds from operations ("FFO") is used to assess our operating performance and can be used on a per unit basis as a proxy for future distribution growth over the long term. In addition, we have performance measures that track the key value drivers for each of our operating segments. Refer to the "Segmented Disclosures" section of this MD&A for more detail.

Distribution Policy

Our distributions are underpinned by stable, highly regulated and contracted cash flows generated from operations. The partnership's objective is to pay a distribution that is sustainable on a long-term basis. The partnership has set its target payout ratio target at 60-70% of FFO. In sizing what we believe to be a conservative payout ratio, we typically retain approximately 15-20% of AFFO that we utilize to fund some or all of our internally funded growth capital expenditures. In light of the current prospects for our business, the Board of Directors of our General Partner approved a 7% increase in our annual distribution for 2020 to \$2.15 per unit, or \$0.5375 per unit quarterly, starting with the distribution paid in March 2020. On March 31, 2020, our partnership completed the previously announced creation of Brookfield Infrastructure Corporation ("BIPC") with a special distribution (the "special distribution") of class A exchangeable subordinate voting shares of BIPC ("exchangeable shares," "Shares," or the "class A shares of BIPC"). Each unitholder of record on March 20, 2020 received one Share for every nine units held. As a result of the special distribution, our partnership's regular quarterly distribution per unit has been reduced such that the aggregate distribution received by a holder of units and Shares, when taken together, will remain approximately the same as it would have been had the special distribution never occurred. Therefore, the annual distribution for 2020 will now be \$1.94 per unit, or \$0.4850 per unit quarterly, which has been adjusted to reflect the special distribution. Dividends on the class A shares of BIPC are expected to be declared and paid at the same time and in the same amount per share as distributions on each unit. The increase in the per unit distribution from 2019 reflects the forecasted contribution from our recently commissioned capital projects, as well as the expected cash yield on acquisitions that we closed in the past year. Since inception, we have increased our quarterly distribution from \$0.16 per unit to \$0.4850 per unit (\$0.5375 per unit prior to adjusting for the impact of the special distribution), a compound annual growth rate of 10%. We target 5% to 9% annual distribution growth in light of the per unit and per Share growth we foresee in our operations.

Basis of Presentation

Our unaudited interim condensed and consolidated financial statements are 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, 2019. Our unaudited interim condensed and consolidated financial statements include the accounts of Brookfield Infrastructure and the entities over which it has control. Brookfield Infrastructure accounts for investments over which it exercises significant influence, but does not control, using the equity method.

Our partnership's equity interests include units held by public unitholders and redeemable partnership units ("Redeemable Partnership Units") held by Brookfield. Our units and the Redeemable Partnership Units have the same economic attributes in all respects, except that the Redeemable Partnership Units provide Brookfield the right to request that its units be redeemed for cash consideration. In the event that Brookfield exercises this right, our partnership has the right, at its sole discretion, to satisfy the redemption request with our units, rather than cash, on a one-for-one basis. As a result, Brookfield, as holder of Redeemable Partnership Units, participates in earnings and distributions on a per unit basis equivalent to the per unit participation of our partnership. However, given the redeemable feature referenced above, we present the Redeemable Partnership Units as a component of non-controlling interests.

Our partnership's equity interests include units held by public unitholders and shareholders of the class A shares of BIPC. Our units and the class A shares of BIPC have the same economic attributes in all respects, except that the class A shares of BIPC provide shareholders the right to request that its shares be redeemed for cash consideration. In the event that the class A shareholders of BIPC exercise this right, our partnership has the right, at its sole discretion, to satisfy the redemption request with our units, rather than cash, on a one-for-one basis. As a result, holders of class A shares of BIPC participate in earnings and distributions on a per share basis equivalent to the per unit participation of our partnership. However, given the redeemable feature referenced above, we present the class A shares as a component of non-controlling interests.

When we discuss the results of our operating segments, we present Brookfield Infrastructure's proportionate share of results for operations accounted for using consolidation and the equity method, in order to demonstrate the impact of key value drivers of each of these operating segments on our partnership's overall performance. As a result, segment revenues, costs attributable to revenues, other income, interest expense, depreciation and amortization, deferred taxes, fair value adjustments and other items will differ from results presented in accordance with IFRS as they (1) include Brookfield Infrastructure's proportionate share of earnings from investments in associates and joint ventures attributable to each of the above noted items, and (2) exclude the share of earnings (losses) of consolidated investments not held by Brookfield Infrastructure apportioned to each of the above noted items. However, net income for each segment is consistent with results presented in accordance with IFRS. Refer to the "Reconciliation of Operating Segment Measures" section of this MD&A for a reconciliation of segment results to our partnership's statement of operating results in accordance with IFRS.

Our presentation currency and functional currency is the U.S. dollar. There were no changes in accounting policies that have had a material impact on the comparability of the results between financial years since the adoption of IFRS.

OUR OPERATIONS

We own a portfolio of infrastructure assets that are diversified by sector and by geography. We have a stable cash flow profile with approximately 95% of our Adjusted EBITDA supported by regulated or contracted revenues. In order to assist our unitholders and preferred unitholders in evaluating our performance and assessing our value, we group our businesses into operating segments based on similarities in their underlying economic drivers.

Our operating segments are summarized below:

Operating Segment	Asset Type	Primary Location
Utilities <i>Regulated or contractual businesses which earn a return on their asset base</i>	<ul style="list-style-type: none"> • Regulated Transmission • Regulated Distribution • Regulated Terminal 	<ul style="list-style-type: none"> • North & South America • Europe & South America • Asia Pacific
Transport <i>Provide transportation for freight, bulk commodities and passengers</i>	<ul style="list-style-type: none"> • Rail • Toll Roads • Ports 	<ul style="list-style-type: none"> • North & South America, Asia Pacific • Asia Pacific & South America • Europe, North America & Asia Pacific
Energy <i>Systems that provide energy transmission, gathering, processing and storage services</i>	<ul style="list-style-type: none"> • Natural Gas Midstream • Distributed Energy 	<ul style="list-style-type: none"> • North America & Asia Pacific • North America
Data Infrastructure <i>Provide critical infrastructure and services to global communication companies</i>	<ul style="list-style-type: none"> • Data Transmission & Distribution • Data Storage 	<ul style="list-style-type: none"> • Europe, Asia Pacific • North & South America, Asia Pacific

We often characterize Brookfield Infrastructure as an investment for all seasons, highlighting the recession resistant characteristics of our business. Our cash flow profile is stable and predictable. This is a function of the regulated and contracted nature of our assets that is further strengthened by our principled approach to counterparty selection and capital structure. This resilience has been underscored thus far in 2020 with our results only modestly impacted in the short term, and mostly being timing related. As we look across our portfolio, we do not have any material counterparty risk, we have adequate liquidity at each business, and we expect run-rate cash flow generation to be largely unaffected.

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

In this section we review our consolidated performance and financial position as of June 30, 2020 and December 31, 2019 and for the three and six-month periods ended June 30, 2020 and 2019. Further details on the key drivers of our operations and financial position are contained within the “Segmented Disclosures” section of this MD&A.

US\$ MILLIONS, EXCEPT PER UNIT INFORMATION	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Summary Statements of Operating Results				
Revenues	\$ 1,946	\$ 1,685	\$ 4,142	\$ 3,278
Direct operating costs	(1,063)	(840)	(2,302)	(1,638)
General and administrative expenses	(72)	(64)	(133)	(125)
Depreciation and amortization expense	(375)	(323)	(775)	(615)
Interest expense	(247)	(241)	(529)	(453)
Share of earnings from investments in associates and joint ventures	11	34	59	52
Mark-to-market on hedging items	(75)	52	123	34
Other (expenses) income	(28)	12	(234)	22
Income tax expense	(63)	(61)	(169)	(136)
Net income	34	254	182	419
Net (loss) income attributable to our partnership ⁽¹⁾	(61)	98	58	128
Net (loss) income per limited partnership unit	\$ (0.25)	\$ 0.11	\$ (0.12)	\$ 0.06

1. Includes net income attributable to non-controlling interests—Redeemable Partnership Units held by Brookfield, non-controlling interests—Exchange LP Units, non-controlling interests - class A shares of BIPC, general partner and limited partners.

Three-month periods ended June 30, 2020 and 2019

Net income for the three-month period ended June 30, 2020 was \$34 million, of which a loss of \$61 million was attributable to our partnership. This compares to net income of \$254 million in the prior year, of which \$98 million was attributable to our partnership. Underlying results for the partnership benefitted from inflation-indexation, capital commissioned into earnings in the last 12 months as well as the benefit of our asset rotation strategy. These positive factors were more than offset by fair value adjustments related to our corporate hedging program which totaled nearly \$90 million for the quarter compared to gains of approximately \$35 million in the same period of 2019.

Revenues for the three-month period ended June 30, 2020 were \$1,946 million, which represents an increase of \$261 million compared to the three-month period ended June 30, 2019. Revenues from our transport segment increased by \$359 million, primarily as a result of contributions from our recently acquired North American rail operation. Our energy segment contributed additional revenue of \$90 million as a result of the acquisition of the federally regulated assets of our Western Canadian midstream operation and organic growth at our North American residential energy infrastructure operation. These increases were partially offset by the disposition of our Australian district energy business in November 2019. Revenues from our data infrastructure segment increased by \$8 million as a result of contributions from our U.K. telecom tower business acquired in December 2019. Our utilities segment experienced a \$38 million decrease in revenues predominantly due to the disposition of our Colombian regulated distribution operation in January 2020. These items were partially offset by the impact of foreign exchange, which reduced our U.S. dollar revenues by \$158 million, as all of the major currencies in which we operate depreciated against the U.S. dollar relative to the prior year.

Direct operating expenses for the three-month period ended June 30, 2020 were \$1,063 million, an increase of \$223 million compared to the three-month period ended June 30, 2019. The current period includes \$314 million of incremental costs predominantly related to our recently acquired North American rail operation and \$12 million of costs associated with organic growth initiatives. These increases were partially offset by the disposition of our Colombian regulated distribution operation and our Australian district energy business which reduced direct costs by \$45 million as well as the impacts of foreign exchange which lowered costs by \$58 million.

General and administrative expenses totaled \$72 million for the three-month period ended June 30, 2020, an increase of \$8 million compared to the three-month period ended June 30, 2019. This line item primarily consists of the base management fee that is paid to Brookfield, which is equal to 1.25% of our partnership’s market value plus preferred units outstanding and net recourse debt. The increase from the prior year is due to a higher trading price of our unit, an increase in our unit count following our July 2019 equity issuance and additional borrowings to fund new investments.

Depreciation and amortization expense for the three-month period ended June 30, 2020 was \$375 million, an increase of \$52 million from the prior year. This increase is primarily associated with incremental charges from recently completed acquisitions, partially offset by the impact of foreign exchange.

Interest expense for the three-month period ended June 30, 2020 was \$247 million, an increase of \$6 million compared to the same period in 2019. Interest expense increased \$43 million due to additional asset-level borrowings associated with recently completed acquisitions. The increase was partially offset by lower interest charges at several operating entities due to ongoing refinancing initiatives and the impact of foreign exchange.

Our partnership's share of earnings from investments in associates and joint ventures was \$11 million for the three-month period ended June 30, 2020, representing a decrease of \$23 million relative to the same period in 2019. Our share of earnings from operating businesses accounted for as investments in associates and joint ventures increased by \$28 million from the prior year, however this was offset by our share of losses recognized on foreign exchange contracts held within our Brookfield-sponsored private infrastructure funds and the impact of foreign exchange.

Mark-to-market losses on hedging items for the three-month period ended June 30, 2020 were \$75 million, compared to gains of \$52 million in the prior year. Amounts in both the current and comparative periods consist primarily of mark-to-market movements relating to future cash flow hedging activities at the corporate level. The loss in the current period resulted from the appreciation of the Canadian dollar, Australian dollar, Colombian Peso and Chilean Peso relative to the U.S. dollar.

Other expenses for the three-month period ended June 30, 2020 were \$28 million, compared to income of \$12 million for the same period in 2019. Items included in the current quarter results include restructuring and business development costs at our recently acquired North American rail operations, accretion expense associated with the deferred consideration at our Brazilian regulated gas transmission business and asset retirement obligations. Other income in the prior year included a mark-to-market gain on financial assets.

Income tax expense for the three-month period ended June 30, 2020 was \$63 million compared to \$61 million for the same period in 2019. The increase is the result of \$14 million of incremental taxes associated with investments completed in the last twelve months and \$15 million of incremental taxes associated with organic growth initiatives. These increases were partially offset by the impact of foreign exchange which reduced the expense by \$19 million and the disposition of our Colombian regulated distribution operation and Australian district energy businesses which lowered income tax expense by \$8 million.

Six-month periods ended June 30, 2020 and 2019

Net income for the six-month period ended June 30, 2020 was \$182 million, of which \$58 million was attributable to our partnership. This compares to net income of \$419 million in the prior year, of which \$128 million was attributable to our partnership. Net income for the period benefited from organic growth across most of our operating groups, contributions from new investments completed in the last year and gains on our corporate hedging program. These increases were partially offset by a non-recurring tax expense following an increase in the U.K. tax rate and the impact of foreign exchange as most of the foreign currencies in which we operate depreciated relative to the U.S. dollar during the period.

Revenues for the six-month period ended June 30, 2020 were \$4,142 million, which represents an increase of \$864 million compared to the same period in 2019. Revenues from our transport segment increased by \$872 million, primarily as a result of the initial contribution from our North American rail operation. Our energy segment contributed additional revenue of \$237 million as a result of the acquisition of the federally-regulated assets of our Western Canadian midstream operation and a contracted gas pipeline in India, partially offset by lost revenues associated with the sale of our Australian district energy business in November 2019. Revenues from our data infrastructure segment increased by \$18 million as a result of the initial contribution from a U.K. telecom tower business acquired in December 2019. Revenues from our utilities segment increased by \$7 million due to the benefits of inflation-indexation and organic growth, partially offset by the disposition of the Colombian regulated distribution operation. Overall, these positive impacts were partially offset by \$270 million of foreign exchange across our segments, as all of the major currencies in which we operate depreciated against the U.S. dollar relative to the prior year.

Direct operating expenses for the six-month period ended June 30, 2020 were \$2,302 million, an increase of \$664 million compared to the six-month period ended June 30, 2019. The current period includes \$750 million of incremental costs related to our recently completed acquisitions and \$105 million of costs associated with organic growth initiatives. These increases were partially offset by the dispositions of our Colombian regulated distribution operation and Australian district energy business as well as the impact of foreign exchange which reduced direct costs by \$85 million and \$106 million, respectively.

General and administrative expenses totaled \$133 million for the six-month period ended June 30, 2020, an increase of \$8 million compared to the same period in 2019. This line item primarily consists of the base management fee paid to Brookfield, which is equal to 1.25% of our partnership's market value plus preferred units outstanding and net recourse debt. The base management fee increased from the prior year as a result of a higher trading price of our unit, an increase in our unit count following our July 2019 equity issuance and additional borrowings to fund new investments.

Depreciation and amortization expense for the six-month period ended June 30, 2020 was \$775 million, an increase of \$160 million from the prior year. This increase is primarily associated with incremental charges from recently completed acquisitions, partially offset by the impact of foreign exchange.

Interest expense for the six-month period ended June 30, 2020 was \$529 million, an increase of \$76 million compared to the same period in 2019. Interest expense increased \$122 million due to additional asset-level borrowings associated with recently completed acquisitions and additional borrowings for growth initiatives. The increase was partially offset by lower interest charges at several operating entities due to ongoing refinancing initiatives and the impact of foreign exchange.

Our partnership's share of earnings from investments in associates and joint ventures was \$59 million for the six-month period ended June 30, 2020, relatively consistent with the same period in 2019.

Mark-to-market gains on hedging items for the six-month period ended June 30, 2020 were \$123 million, compared to gains of \$34 million for the six-month period ended June 30, 2019. Amounts in both the current and comparative periods consist primarily of mark-to-market movements relating to future cash flow hedging activities at the corporate level. The gain in the current period resulted from the depreciation of the Canadian dollar, Australian dollar, British Pound, Colombian Peso and Chilean Peso relative to the U.S. dollar.

Other expenses for the six-month period ended June 30, 2020 were \$234 million, compared to income of \$22 million for the same period in 2019. The current period included a make-whole payment related to a refinancing at our U.K. port operations, restructuring and business development costs at our recently acquired North American rail operations, accretion expense associated with the deferred consideration at our Brazilian regulated gas transmission business and recycling of previous foreign exchange movements associated with the sale of our Colombian regulated distribution operation. Other income in the prior year included fair value gains on our financial asset portfolio.

Income tax expense for the six-month period ended June 30, 2020 was \$169 million compared to \$136 million for the same period in 2019. The increase is due to an increase in the U.K. income tax rate which resulted in \$31 million of additional charges during the current year, \$35 million of incremental taxes associated with investments completed in the last twelve months and \$6 million associated with organic growth initiatives. These increases were partially offset by foreign exchange and dispositions which lowered income tax expense by \$31 million and \$8 million, respectively.

US\$ MILLIONS Summary Statements of Financial Position Key Metrics	As of	
	June 30, 2020	December 31, 2019
Cash and cash equivalents	\$ 1,380	\$ 827
Property, plant and equipment	22,279	23,013
Intangible assets	12,658	14,386
Total assets	51,322	56,308
Corporate borrowings	3,074	2,475
Non-recourse borrowings	17,860	18,544
Total liabilities	32,579	34,131
Limited Partners' capital	3,823	5,048
General Partner capital	17	24
Non-controlling interest – Redeemable Partnership Units held by Brookfield	1,520	2,039
Non-controlling interest – Class A shares of Brookfield Infrastructure Corporation	576	—
Non-controlling interest – Exchange LP Units	12	18
Non-controlling interest – in operating subsidiaries	11,860	14,113
Preferred unitholders	935	935

Total assets were \$51.3 billion at June 30, 2020, compared to \$56.3 billion at December 31, 2019. Additional asset-level borrowings, organic growth initiatives, and financial asset mark-to-market movements increased consolidated assets by \$1.6 billion. These increases were more than offset by dispositions completed in 2020, including the sale of our Colombian regulated distribution operation and the Australian portion of our North American rail operation which reduced total assets by \$2.3 billion. The impact of foreign exchange and depreciation and amortization charges also reduced total assets by \$3.5 billion and \$0.8 billion, respectively.

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. To date, there has been significant volatility in commodity and foreign exchange markets as well as restrictions on the conduct of business in many jurisdictions and the global movement of people and certain goods. Our partnership has assessed the impact of the economic environment on our asset valuations, including our property, plant and equipment, intangible assets, and investments in associates and joint ventures. In making these assessments, we have assumed that the sharp curtailment in economic activities, as a result of social distancing rules imposed by governments worldwide, will not materially persist in the long term. Thus far our operations have been resilient to global economic disruptions with only modest impacts on near-term results. Our total assets are predominantly comprised of property, plant and equipment as well as intangible assets which are geographically dispersed, diversified across our operating segments, and largely underpinned by regulated tariffs or highly contracted cash flows. Based on our partnership's assessment, no impairments to our asset values were required as at June 30, 2020.

Over the six-month period ended June 30, 2020, Property, plant and equipment decreased from \$23.0 billion to \$22.3 billion as additions of \$0.6 billion were more than offset by depreciation expense of \$0.5 billion and the impact of foreign exchange of \$0.8 billion. Intangible assets decreased from \$14.4 billion to \$12.7 billion due to amortization expense of \$0.2 billion and the impact of foreign exchange of \$1.5 billion.

Our accounting policy is to recognize property, plant and equipment at fair value and intangible assets at amortized cost. Our last revaluation date for the measurement of property, plant and equipment as well as for impairment testing of intangible assets and goodwill was December 31, 2019. There remains significant uncertainty surrounding potential future outbreaks of COVID-19. As a result, we continue to reassess key inputs and assumptions used in our revaluation and evaluate whether there are potential indicators of impairment for our intangible assets and goodwill. We have considered the following with respect to the valuation of long-term assets, including those held within investments in associates and joint ventures:

- Within our utilities, energy and data infrastructure segments, our property, plant and equipment and intangible assets are underpinned by stable, regulated or contracted cash flows. Regulated revenues have been predominantly unaffected to date as we earn a fixed return on our asset base in exchange for making our critical infrastructure assets available to customers. Our contracted cash flows in these segments have also demonstrated resilience in this current economic environment as they are generally secured by take-or-pay contracts that insulate us from price and volume risk.
- Our transport businesses have been more impacted by the isolation measures imposed by local governments. These shutdowns vary in timing and severity by region; however, they have impacted the flow of people and commerce at a relatively small portion of our businesses. Although circumstances continue to evolve, we do not believe that the curtailments of economic activity will be long-term in nature. Rail volumes have been resilient thus far, with no observable impact to our operations in Australia and Brazil, and only modest declines relative to plan witnessed at our North American operations. Our toll roads operations have experienced lower volumes. However, we have initiated processes to determine whether we will be compensated under the respective regulatory frameworks, either through increased tariffs or extension of our concession agreements and believe that the value of these assets has not changed over a long-term horizon. Container terminal volumes at our port operations were lower during the second quarter as a result of the disruption to global trade. Although volumes remain slightly lower than originally planned, they have started to recover and continue to improve. The long-term value of these assets has not changed significantly since our most recent valuation.

Corporate borrowings have increased by \$0.6 billion since December 31, 2019. The increase is due to higher amounts drawn on the corporate revolving credit facility to fund the initial investment in a communication towers operation in India which is currently awaiting regulatory approval and the issuance of C\$400 million of medium-term notes in April 2020. These increases were partially offset by the impact of a weaker Canadian dollar relative to the U.S. dollar.

Non-recourse borrowings have decreased by \$0.7 billion since December 31, 2019. This is attributable to a decrease in foreign denominated debt as most currencies underlying non-recourse borrowings depreciated relative to the U.S. dollar during the six-month period ended June 30, 2020. The decrease was partially offset by \$0.2 billion of additional net borrowings associated with growth initiatives.

Partnership capital has decreased by \$1.2 billion since December 31, 2019. The decrease is attributable to foreign exchange as most of the foreign currencies in which we operate have depreciated relative to the U.S. dollar and distributions paid to our unitholders. These decreases were partially offset by income generated during the period and a gain of approximately \$140 million on the partial disposition of our Chilean toll road business recognized directly in equity.

Foreign Currency Translation

Due to the nature of our global operations, current period financial results may be impacted by foreign currency movements. The most significant currency exchange rates that impact our business are shown in the following table:

	Period End Rate			Average Rate					
	As of			For the three-month period ended June 30			For the six-month period ended June 30		
	June 30, 2020	December 31, 2019	Change	2020	2019	Change	2020	2019	Change
Australian dollar	0.6903	0.7018	(2)%	0.6578	0.7002	(6)%	0.6580	0.7063	(7)%
Brazilian real	0.1826	0.2481	(26)%	0.1857	0.2550	(27)%	0.2032	0.2600	(22)%
British pound	1.2401	1.3255	(6)%	1.2416	1.2853	(3)%	1.2607	1.2938	(3)%
Canadian dollar	0.7366	0.7699	(4)%	0.7220	0.7476	(3)%	0.7335	0.7498	(2)%

As at June 30, 2020, our consolidated partnership capital of \$18.7 billion was invested in the following currencies: United States dollars - 30%; Canadian dollars - 21%; Brazilian reais - 13%; British pounds - 11%; Australian dollars - 7%; Indian rupees - 6%; and other currencies - 12%. As a result of our currency hedging program, 57% of our partnership capital is effectively denominated in U.S. dollars. Currency exchange rates relative to the U.S. dollar as at June 30, 2020 were lower than December 31, 2019 for all of our significant non-U.S. dollar investments, which decreased the carrying values of the assets and liabilities of our operations in these regions.

The following table disaggregates the impact of foreign currency translation on our partnership capital by the most significant non-U.S. currencies:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Australian dollar	\$ 167	\$ (19)	\$ (94)	\$ (7)
Brazilian real	(173)	81	(1,230)	54
British pound	6	(47)	(222)	(8)
Canadian dollar	99	61	(129)	137
Other	16	39	(45)	57
	115	115	(1,720)	233
Currency hedges ⁽²⁾	(56)	(57)	206	(118)
	\$ 59	\$ 58	\$ (1,514)	\$ 115
Attributable to:				
Unitholders	\$ (8)	\$ 3	\$ (783)	\$ (21)
Non-controlling interests	67	55	(731)	136
	\$ 59	\$ 58	\$ (1,514)	\$ 115

1. Excludes the impact of reclassification of prior period currency translation gains and losses.

2. Includes net investment and cash flow hedges for foreign currencies of subsidiaries and associates and excludes cash flow hedges for interest rates.

The impact of foreign currency translation on partnership capital, including those attributable to non-controlling interests for the three and six-month periods ended June 30, 2020 was a gain of \$0.1 billion and a reduction of \$1.5 billion, respectively.

We use financial contracts and locally denominated debt to hedge most foreign currency exposures. We are largely hedged against the Australian, Canadian and European currencies and partially hedged against the British pound. As a result, the negative impact of currency movements was partially offset by gains recognized on our currency hedges. We have also entered into hedges to reduce foreign currency exposures to Chilean and Peruvian currencies.

Average currency exchange rates impact the U.S. dollar equivalents of revenues and net income from non-U.S. operations on a comparative basis. During the three and six-month periods ended June 30, 2020, the majority of the foreign currencies in which we operate have depreciated relative to the U.S. dollar, decreasing U.S. dollar revenue and net income in these currencies.

Summary of Quarterly Results

Quarterly results for the eight most recent quarters are as follows:

US\$ MILLIONS, EXCEPT PER UNIT AMOUNTS	2020		2019				2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Three-month period ended								
Revenues	\$ 1,946	\$ 2,196	\$ 1,655	\$ 1,664	\$ 1,685	\$ 1,593	\$ 1,428	\$ 1,167
Direct operating costs	(1,063)	(1,239)	(907)	(850)	(840)	(798)	(729)	(603)
Earnings (losses) from investment in associates and joint ventures	11	48	136	36	34	18	23	(32)
Expenses								
Interest	(247)	(282)	(222)	(229)	(241)	(212)	(176)	(140)
General and administrative expenses	(72)	(61)	(79)	(75)	(64)	(61)	(54)	(57)
Valuation items								
Fair value changes and other	(103)	(8)	(191)	34	64	(8)	(45)	5
Depreciation and amortization	(375)	(400)	(282)	(317)	(323)	(292)	(232)	(188)
Income tax expense	(63)	(106)	(84)	(58)	(61)	(75)	(42)	(65)
Net income	34	148	26	205	254	165	173	87
Net income attributable to others	101	96	39	176	212	171	147	107
Net (loss) income attributable to limited partners	(67)	52	(13)	29	42	(6)	26	(20)
Net (loss) income per limited partnership unit	\$ (0.25)	\$ 0.13	\$ (0.06)	\$ 0.06	\$ 0.11	\$ (0.05)	\$ 0.05	\$ (0.09)

A significant driver of our results continues to be from organic growth which consists of inflation-indexation, GDP-linked volume increases and reinvested capital. In addition, results have benefited over the last eight quarters from the contribution of new investments. On a constant currency basis, these items resulted in increases in our revenues, direct operating costs, interest charges and depreciation and amortization expense. In addition to the aforementioned items, net income is impacted by fair value adjustments, mark-to-market movements on derivatives, and other income and expenses. During the three-months ended June 30, 2020, our partnership recorded mark-to-market losses on our foreign currencies derivatives as a result of the appreciation of foreign currencies that we hedge against.

We do not consider the effects of seasonality to be significant to the business overall. This is primarily due to the diversification of our business from a geographic and a segment perspective. While macroeconomic events following the global economic shutdown impacted our GDP sensitive businesses, our diversified portfolio and regulated or highly contracted cash flows mitigated the effects on our partnership's financial results for the period ending June 30, 2020. Our stable and predictable cash flow profile is further strengthened by our principled approach to counterparty selection and capital structure. As we look across our portfolio, we do not have any material counterparty risk, we have adequate liquidity at each business, and we expect run-rate cash flow generation to be largely unaffected.

SELECTED STATEMENTS OF OPERATING RESULTS AND FINANCIAL POSITION INFORMATION

To measure performance, we focus on net income, an IFRS measure, as well as certain non-IFRS measures, including but not limited to FFO, AFFO, Adjusted EBITDA, Adjusted Earnings and Invested Capital. We define FFO as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. We define AFFO as FFO less capital expenditures required to maintain the current performance of our operations (maintenance capital expenditures). We define Adjusted EBITDA 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. We define Adjusted Earnings as net income attributable to our partnership, excluding the impact of depreciation and amortization expense from revaluing property, plant and equipment and the effects of purchase price accounting, mark-to-market on hedging items and disposition gains or losses. We define Invested Capital as partnership capital removing the following items: non-controlling interest - in operating subsidiaries, retained earnings or deficit, accumulated other comprehensive income and ownership changes.

Along with net income and other IFRS measures, FFO, Adjusted EBITDA, Adjusted Earnings and Invested Capital are key measures of our financial performance that we use to assess the results and performance of our operations on a segmented basis. AFFO is also a measure of operating performance and represents the ability of our businesses to generate sustainable earnings. Adjusted Earnings is a measure of operating performance used to assess the ability of our businesses to generate recurring earnings which allows users to better understand and evaluate the underlying financial performance of our partnership. 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.

Since they are not calculated in accordance with, and do not have any standardized meanings prescribed by IFRS, FFO, AFFO, Adjusted EBITDA, Adjusted Earnings and Invested Capital are unlikely to be comparable to similar measures presented by other issuers and have limitations as analytical tools. Specifically, our definition of FFO may differ from the definition used by other organizations, as well as the definition of Funds from Operations used by the Real Property Association of Canada (“REALPAC”) and the National Association of Real Estate Investment Trusts, Inc. (“NAREIT”), in part because the NAREIT definition is based on U.S. GAAP, as opposed to IFRS.

For further details regarding our use of FFO, AFFO, Adjusted EBITDA, Adjusted Earnings and Invested Capital, as well as a reconciliation of the most directly comparable IFRS measures to these measures, see the “Reconciliation of Non-IFRS Financial Measures” section of this MD&A.

US\$ MILLIONS, EXCEPT PER UNIT INFORMATION	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Key Metrics				
Net (loss) income attributable to partnership ⁽¹⁾	\$ (61)	\$ 98	\$ 58	\$ 128
Net (loss) income per limited partnership unit ⁽²⁾	(0.25)	0.11	(0.12)	0.06
Funds from Operations (FFO) ⁽³⁾	333	337	691	688
Per unit FFO ⁽⁴⁾	0.72	0.76	1.49	1.55
Adjusted Funds from Operations (AFFO) ⁽⁵⁾	265	264	566	561
Return on invested capital ⁽⁶⁾	10 %	12 %	11 %	12 %
Adjusted EBITDA ⁽⁷⁾	438	472	940	944
Adjusted earnings ⁽⁸⁾	139	145	270	309
Adjusted earnings per unit ⁽⁴⁾	0.30	0.32	0.58	0.69
Distributions per unit	0.485	0.452	0.970	0.904
FFO payout ratio ⁽⁹⁾	85 %	74 %	82 %	73 %

1. Net (loss) income attributable to partnership includes net income attributable to non-controlling interests—Redeemable Partnership Units held by Brookfield, non-controlling interests—Exchange LP Units, non-controlling interests—class A shares of BIPC, general partner and limited partners.
2. Average number of limited partnership units outstanding on a time weighted average basis for the three and six-month periods were 294.7 million and 294.1 million, respectively (2019: 279.7 million and 278.9 million). Net (loss) income per limited partnership unit has been adjusted to reflect the dilutive impact of the special distribution.
3. FFO is defined as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. Refer to the “Reconciliation of Non-IFRS Financial Measures” section of this MD&A for reconciliation from net income to FFO.
4. Average units outstanding, adjusted for the BIPC special distribution as if it had been completed prior to the periods presented, for the three and six-month periods were 464.9 million and 464.8 million, respectively (2019: 442.8 million and 442.9 million), being inclusive of limited partnership units, the Redeemable Partnership Units, the Exchange LP Units, class A shares of BIPC and the general partner units. Average units outstanding, prior to the impact of the special distribution, for the three and six-month periods were 418.4 million and 418.4 million, respectively (2019: 398.5 million and 398.6 million).
5. AFFO is defined as FFO less maintenance capital expenditures. Refer to the “Reconciliation of Non-IFRS Financial Measures” section of this MD&A for reconciliation from net income to AFFO.
6. Return on invested capital is calculated as AFFO adjusted for an estimate of the portion of earnings that represent a return of capital on concession-based businesses, divided by Invested Capital. The return of capital estimates for the three and six-month periods ended June 30, 2020 were \$30 million and \$61 million, respectively. (2019: \$27 million and \$53 million). Refer to the “Reconciliation of Non-IFRS Financial Measures” section of this MD&A for reconciliation from partnership capital to Invested Capital.
7. Adjusted EBITDA is defined 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. Refer to the “Reconciliation of Non-IFRS Financial Measures” section of this MD&A for reconciliation from net income to Adjusted EBITDA.
8. Adjusted Earnings is defined as net income attributable to our partnership, excluding the impact of depreciation and amortization expense from revaluing property, plant and equipment and the effects of purchase price accounting, mark-to-market on hedging items and disposition gains or losses. Refer to the “Reconciliation of Non-IFRS Financial Measures” section of this MD&A for reconciliation from net income to Adjusted Earnings.
9. Payout ratio is defined as distributions paid (inclusive of incentive and preferred unit distributions) divided by FFO.

For the three-months ended June 30, 2020, FFO totaled \$333 million (\$0.72 per unit) which is equivalent to \$0.80 per unit prior to our March 31, 2020 unit split. This compares to FFO of \$337 million (\$0.76 per unit split adjusted) for the same quarter in 2019. Results for the quarter were relatively consistent with prior year demonstrating the resiliency of our business despite a challenging economic backdrop. The current quarter benefited from our asset rotation strategy as we deployed \$1.2 billion in the last 12 months at an average going-in FFO yield of 12%. These positive factors were offset by foreign exchange, in particular the 27% decline in the Brazilian real relative to the U.S. dollar, which reduced FFO by \$30 million as well as lower market sensitive revenues concentrated in our transport segment because of temporary lockdown measures arising during the global economic shutdown which reduced FFO by \$25 million. The lower FFO is timing related and not a permanent economic loss as we expect to recover from the delays in our growth projects under the respective regulatory frameworks.

The second quarter results continue to reflect our commitment to our asset rotation strategy, a critical part of our full cycle investment plan. In the last 12 months, the partnership completed the disposition of our interest in a Colombian regulated distribution operation, Australian district energy operation, and the partial disposition of our interest in a Chilean toll road business. We deployed this capital into recently completed investments which are accretive to our business. Our investment teams around the world continue to pursue a number of large and strategic investment opportunities, particularly concentrated in data infrastructure such as the acquisition of over 130,000 high-quality telecom towers in India which is awaiting regulatory approval. We expect to invest approximately \$500 million of equity (Brookfield Infrastructure’s share) in the business.

The following tables present selected statement of operating results and financial position information by operating segment on a proportionate basis:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Statements of Operating Results				
Net income (loss) by segment				
Utilities	\$ 60	\$ 116	\$ 112	\$ 184
Transport	5	9	(23)	23
Energy	18	9	39	41
Data Infrastructure	16	(10)	(8)	(9)
Corporate	(160)	(26)	(62)	(111)
Net income	\$ (61)	\$ 98	\$ 58	\$ 128
Adjusted EBITDA by segment				
Utilities	\$ 174	\$ 190	\$ 367	\$ 371
Transport	145	184	311	373
Energy	138	123	286	250
Data Infrastructure	53	39	109	75
Corporate	(72)	(64)	(133)	(125)
Adjusted EBITDA	\$ 438	\$ 472	\$ 940	\$ 944
FFO by segment				
Utilities	\$ 130	\$ 143	\$ 276	\$ 280
Transport	108	135	228	274
Energy	106	96	221	203
Data Infrastructure	43	30	85	58
Corporate	(54)	(67)	(119)	(127)
FFO	\$ 333	\$ 337	\$ 691	\$ 688

US\$ MILLIONS	As of	
	June 30, 2020	December 31, 2019
Statements of Financial Position		
Total assets by segment		
Utilities	\$ 5,224	\$ 5,825
Transport	5,780	6,916
Energy	5,458	5,589
Data Infrastructure	2,114	2,204
Corporate	(1,111)	(1,284)
Total assets	\$ 17,465	\$ 19,250
Net debt by segment		
Utilities	\$ 3,439	\$ 3,647
Transport	2,566	2,925
Energy	2,526	2,461
Data Infrastructure	897	886
Corporate	2,089	2,202
Net debt	\$ 11,517	\$ 12,121
Partnership capital by segment		
Utilities	\$ 1,785	\$ 2,178
Transport	3,214	3,991
Energy	2,932	3,128
Data Infrastructure	1,217	1,318
Corporate	(3,200)	(3,486)
Partnership capital	\$ 5,948	\$ 7,129

SEGMENTED DISCLOSURES

In this section, we review the results of our principal operating segments: utilities, transport, energy and data infrastructure. 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, whereby our partnership either controls or exercises significant influence or joint control over its investments. Refer to the "Discussion of Segment Reconciling Items" of this MD&A for a reconciliation of segment results to our partnership's statement of operating results in accordance with IFRS.

Recent Developments

While we remain cautious with respect to potential setbacks in the global recovery, we are encouraged by the pace of reopening and strong performance of our businesses. Results for our assets that have volume exposure have been, for the most part, quicker to rebound than we initially anticipated. At many of our businesses, results are ahead of plan for the year as societies emerge out of lockdown and economic activity ramps up further. However, our results may reflect certain timing impacts that should be recovered over time. For example, these could include additional delays recognizing earnings associated with the build-out of a contracted backlog of projects in our U.K. connections business, and reduced traffic on our toll roads, for which we expect to be fully compensated under force majeure provisions in our concession agreements. Further, while we are pleased with the faster than expected recovery, many of these businesses are not fully back to pre-COVID levels as certain safety protocols are inhibiting productivity at construction sites and commuter traffic levels are still impacted by employees continuing to work from home. We may not see a full recovery until later in the year or early 2021. However, barring any further shutdowns, the impact of the economic slowdown on Brookfield Infrastructure's results in the next few quarters should be modest.

In the second half of 2020, we will focus on the execution of capital recycling initiatives. We are confident that the merits of investing in mature, de-risked, cash-flow producing infrastructure assets will be more appealing to prospective buyers than ever - particularly with the expectation for low interest rates for the foreseeable future.



Utilities

Our utilities segment is comprised of businesses from which we earn a regulated return. These include regulated transmission (natural gas and electricity), regulated distribution (electricity and natural gas connections), and a regulated terminal. These businesses earn a return on a regulated or notionally stipulated asset base, which we refer to as rate base, or from revenues in accordance with long-term concession agreements, private bilateral contracts approved or ratified by the regulator, or price control frameworks. Our rate base increases with capital that we invest to upgrade and expand our systems. Depending on the jurisdiction, our rate base may also increase by inflation and maintenance capital expenditures and decrease by regulatory depreciation. The return that we earn is typically determined by a regulator for prescribed periods of time. Thereafter, it may be subject to customary reviews based upon established criteria. Our diversified portfolio of assets allows us to mitigate exposure to any single regulatory regime. In addition, due to the franchise frameworks and economies of scale of our businesses, we often have significant competitive advantages in competing for projects to expand our rate base and earn incremental revenues. Accordingly, we expect this segment to produce stable revenue and margins over time that should increase with investment of additional capital and inflation. Nearly all our utilities segment's Adjusted EBITDA is supported by regulated or contractual revenues.

The objectives for our utilities segment are to invest capital in the expansion of our rate base, as well as to provide safe and reliable service for our customers on a cost-efficient basis. If we do so, we will be in a position to earn an appropriate return on our rate base. Our performance can be measured by the growth in our rate base, the return on our rate base, and the growth in our AFFO.

Our utilities segment is comprised of the following:

Regulated Transmission

- Approximately 2,700 kilometers of natural gas pipelines in North and South America
- Approximately 2,600 kilometers of operating transmission lines in North and South America along with an additional 3,300 kilometers of greenfield electricity transmission under development in South America

Regulated Distribution

- Approximately 6.6 million connections, predominantly electricity and natural gas, and approximately 1.4 million installed smart meters

Regulated Terminal

- Australian-based terminal forming a critical component of the global steel production supply chain

Results of Operations

The following table presents our proportionate share of the key metrics of our utilities segment:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Rate base	\$ 4,602	\$ 4,770	\$ 4,602	\$ 4,770
Funds from Operations (FFO) ⁽¹⁾	130	143	276	280
Maintenance capital expenditures	(4)	(5)	(9)	(8)
Adjusted Funds from Operations (AFFO) ⁽¹⁾	\$ 126	\$ 138	\$ 267	\$ 272
Return on rate base ^{(2),(3)}	12 %	12 %	12 %	12 %

1. Non-IFRS measure. Refer to the "Reconciliation of Non-IFRS Financial Measures" and "Reconciliation of Operating Segment Measures" sections of this MD&A for reconciliation from net income.

2. Return on rate base is Adjusted EBITDA divided by time weighted average rate base.

3. Return on rate base excludes impact of connections revenues at our U.K. regulated distribution operation, a return of capital component from earnings generated at our Brazilian regulated gas transmission business, and foreign exchange

Our partnership earns a return on a regulated or notionally stipulated asset base, which we refer to as rate base. Our rate base reflects the current amount, either as defined by the regulator or as implied by our contracted cash flows, on which we earn our return. Our rate base increases with capital that we invest to expand our systems and is indexed to local inflation. The return that we earn is typically determined by a regulator for prescribed periods of time or is derived based on the contracted cash flows that we have secured. We believe that the rate base is useful for investors as it provides them with an understanding of the unlevered returns that our asset base can currently generate and enhances comparability across other utility investments as it assists in assessing the operating performance of our businesses by eliminating the effect of its current capital structure and tax profile.

For the three-month period ended June 30, 2020, our utilities segment generated FFO of \$130 million, compared to \$143 million for the same period in the prior year. FFO benefited from inflation-indexation, approximately \$280 million of capital commissioned into rate base over the last 12 months and the contribution from a North American regulated gas transmission business acquired in October 2019. These positive impacts were offset by a delay in the recognition of connections revenue at our U.K. regulated distribution business, the loss of earnings associated with the sale of an electricity distribution utility in Colombia and the impact of a decline in the Brazilian real, which reduced U.S. dollar results by \$16 million. The lower connections activity is temporary in nature as it reflects a delay in the recognition of FFO while construction in the U.K. was suspended in April because of government imposed shutdowns. Construction quickly rebounded in May and June as homebuilders opened their sites, with new connection activity averaging 65% of planned levels throughout June.

The following table presents our proportionate Adjusted EBITDA and FFO for the businesses in this operating segment:

US\$ MILLIONS	Adjusted EBITDA ⁽¹⁾				FFO ⁽¹⁾			
	For the three-month period ended June 30		For the six-month period ended June 30		For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019	2020	2019	2020	2019
Regulated Transmission	\$ 67	\$ 77	\$ 149	\$ 153	\$ 51	\$ 59	\$ 112	\$ 117
Regulated Distribution	78	85	160	162	60	66	126	127
Regulated Terminal	29	28	58	56	19	18	38	36
Total	<u>\$ 174</u>	<u>\$ 190</u>	<u>\$ 367</u>	<u>\$ 371</u>	<u>\$ 130</u>	<u>\$ 143</u>	<u>\$ 276</u>	<u>\$ 280</u>

1. Non-IFRS measure. Refer to the "Reconciliation of Non-IFRS Financial Measures" and "Reconciliation of Operating Segment Measures" sections of this MD&A for reconciliation from net income.

For the three-month period ended June 30, 2020, our regulated transmission operations generated Adjusted EBITDA of \$67 million and FFO of \$51 million, compared to \$77 million and \$59 million, respectively, in the prior year. Adjusted EBITDA and FFO benefited from inflation-indexation and the contribution from the acquisition of a North American regulated gas transmission business in October 2019. These positive factors were more than offset by the impact of a decline in the Brazilian real relative to the U.S. dollar.

For the three-month period ended June 30, 2020, our regulated distribution operations generated Adjusted EBITDA of \$78 million and FFO of \$60 million, compared to \$85 million and \$66 million, respectively, in the prior year. Adjusted EBITDA and FFO benefited from inflation-indexation, capital commissioned into rate base in the last 12 months and higher exchange rates on our British pound hedge contracts. These positive factors were more than offset by lower connections activity at our U.K. regulated distribution business and the loss of earnings associated with the sale of our Colombian electricity distribution operation.

For the three-month period ended June 30, 2020, our regulated terminal generated Adjusted EBITDA of \$29 million and FFO of \$19 million, compared to \$28 million and \$18 million, respectively, in the prior year. Adjusted EBITDA and FFO increased due to the benefit of inflation-indexation and additions to rate base completed in the last 12 months.

The following table presents the roll-forward of our proportionate rate base:

US\$ MILLIONS	For the three-month period ended June 30, 2020	For the six-month period ended June 30, 2020	For the 12 month period ended December 31, 2019
Rate base, start of period	\$ 4,507	\$ 5,116	\$ 4,511
Acquisitions	—	—	266
Impact of asset sales	—	(82)	—
Capital expenditures commissioned	33	109	302
Inflation and other indexation	14	32	187
Regulatory depreciation	(11)	(22)	(86)
Foreign exchange and other	59	(551)	(64)
Rate base, end of period	<u>\$ 4,602</u>	<u>\$ 4,602</u>	<u>\$ 5,116</u>

As of June 30, 2020, our rate base was \$4.6 billion. Rate base decreased compared to year-end as new connections at our U.K. regulated distribution business and inflation-indexation at our Brazilian regulated gas transmission business were more than offset by the impact of asset sales and foreign exchange.

The following table presents the roll-forward of our proportionate share of capital backlog and capital to be commissioned:

US\$ MILLIONS	For the three-month period ended June 30, 2020	For the six-month period ended June 30, 2020	For the 12 month period ended December 31, 2019
Capital backlog, start of period	\$ 590	\$ 718	\$ 815
Impact of asset sales	—	(5)	—
Additional capital project mandates	67	157	432
Less: capital expenditures	(76)	(198)	(416)
Foreign exchange and other	(1)	(92)	(113)
Capital backlog, end of period	<u>580</u>	<u>580</u>	<u>718</u>
Construction work in progress	<u>330</u>	<u>330</u>	<u>316</u>
Total capital to be commissioned	<u>\$ 910</u>	<u>\$ 910</u>	<u>\$ 1,034</u>

Capital backlog relates to projects that have been awarded or filed with regulators with anticipated commissioning into rate base in the next three years. As of June 30, 2020, total capital to be commissioned was \$910 million compared to \$1.0 billion as of December 31, 2019. Total capital to be commissioned decreased as new connection mandates secured during the period were more than offset by approximately 400 kilometers of greenfield electricity transmission lines commissioned in Brazil and the impact of foreign exchange. Our U.K. regulated distribution business and Brazilian electricity transmission business are the largest contributors to our total capital expected to be commissioned into rate base; comprised of approximately \$600 million and \$225 million of total projects, respectively.



Transport

Our transport segment is comprised of open access systems that provide transportation, storage and handling services for freight, bulk commodities and passengers, for which we are paid an access fee or for services provided. Profitability is based on the volume and price achieved for the provision of these services. This operating segment is comprised of businesses such as our rail and toll road operations, which may be subject to price ceiling or other rate regulation focused on maintaining competition, as well as unregulated businesses, such as our ports. Transport businesses typically have high barriers to entry and, in many instances, have very few substitutes in their local markets. While these businesses have greater sensitivity to market prices and volume than our utilities segment, revenues are generally stable and, in many cases, are supported by contracts or customer relationships. The diversification within our transport segment mitigates the impact of fluctuations in demand from any particular sector, commodity or customer. Approximately 85% of our transport segment's Adjusted EBITDA is supported by contractual or regulated revenues and approximately 30% of revenues have no volume risk. However, as discussed elsewhere in this report, many businesses are not fully back to pre-COVID levels and commuter traffic levels are still impacted by employees continuing to work from home. We may not see a full recovery until later in the year or early 2021.

Our objectives for our transport segment are to provide safe and reliable service to our customers and to satisfy their growth requirements by increasing the utilization of our assets and expanding our capacity in a capital efficient manner. If we do so, we will be able to charge an appropriate price for our services and earn an attractive return on the capital deployed. Our performance can be measured by our revenue growth and our Adjusted EBITDA margin.

Our transport segment is comprised of the following:

Rail

- 116 short line freight railroads comprising over 22,000 kilometers of track in North America and Europe
- Sole provider of rail network in southern half of Western Australia with approximately 5,500 kilometers of track and operator of approximately 4,800 kilometers of rail in Brazil

Toll Roads

- Approximately 4,000 kilometers of motorways in Brazil, Chile, Peru and India

Ports

- 13 terminals in North America, U.K., and Australia

Results of Operations

The following table presents our proportionate share of the key metrics of our transport segment:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Growth capital expenditures	\$ 21	\$ 41	\$ 51	\$ 94
Adjusted EBITDA margin ⁽¹⁾	51 %	48 %	51 %	48 %
Funds from Operations (FFO) ⁽²⁾	108	135	228	274
Maintenance capital expenditures	(31)	(40)	(63)	(81)
Adjusted Funds from Operations (AFFO) ⁽²⁾	\$ 77	\$ 95	\$ 165	\$ 193

1. Adjusted EBITDA margin is a non-IFRS measure. Refer to the "Reconciliation of Non-IFRS Financial Measures" and "Reconciliation of Operating Segment Measures" sections of this MD&A for reconciliation from net income to Adjusted EBITDA.

2. Non-IFRS measure. Refer to the "Reconciliation of Non-IFRS Financial Measures" and "Reconciliation of Operating Segment Measures" sections of this MD&A for reconciliation from net income.

For the three-month period ended June 30, 2020, our transport segment generated FFO of \$108 million compared to \$135 million for the same period in the prior year. Results for the segment benefited from higher volumes on our Australian and Brazilian rail networks and the contribution from our North American rail operation acquired in December 2019. These positive factors were more than offset by lower volumes at our toll road businesses due to temporary government shutdowns and lower volumes at our port operations due to a decline in global trading activity. Also impacting FFO was the loss of earnings associated with the sale of our European port operation, the partial sale of our interest in the Chilean toll road operation, and a decline in the Brazilian real, which reduced results by \$14 million.

The following table presents proportionate Adjusted EBITDA and FFO for each business in this operating segment:

US\$ MILLIONS	Adjusted EBITDA ⁽¹⁾				FFO ⁽¹⁾			
	For the three-month period ended June 30		For the six-month period ended June 30		For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019	2020	2019	2020	2019
Rail	\$ 81	\$ 72	\$ 160	\$ 144	\$ 65	\$ 55	\$ 125	\$ 110
Toll Roads	40	75	107	154	25	54	70	110
Ports	24	37	44	75	18	26	33	54
Total	\$ 145	\$ 184	\$ 311	\$ 373	\$ 108	\$ 135	\$ 228	\$ 274

1. Non-IFRS measure. Refer to the "Reconciliation of Non-IFRS Financial Measures" and "Reconciliation of Operating Segment Measures" sections of this MD&A for reconciliation from net income.

For the three-month period ended June 30, 2020, our rail business generated Adjusted EBITDA of \$81 million and FFO of \$65 million compared to \$72 million and \$55 million, respectively, in the prior year. Adjusted EBITDA and FFO increased due to higher mineral volumes in Australia, record agricultural volumes on our rail network in Brazil and the contribution from our North American rail operation acquired in December 2019. These positive factors were partially offset by the impact of a lower Brazilian real relative to the U.S. dollar.

For the three-month period ended June 30, 2020, our toll roads contributed Adjusted EBITDA of \$40 million and FFO of \$25 million compared to \$75 million and \$54 million, respectively, in the prior year. Adjusted EBITDA and FFO decreased as a result of a partial sale of our interest in our Chilean toll road operation, a decline in commuter traffic levels following temporary government forced shutdowns and the impact of a lower Brazilian real. Lower toll road volumes reduced FFO by \$13 million for which we expect to be compensated based on force majeure provisions and preliminary discussions with local regulators.

For the three-month period ended June 30, 2020, our port operations reported Adjusted EBITDA of \$24 million and FFO of \$18 million compared to \$37 million and \$26 million, respectively, in the prior year. Adjusted EBITDA and FFO decreased primarily due to the loss of income associated with the sale of our European port operation which closed in June 2019, as well as a 3% decrease in container volumes as a result of lower global trading activity.

The following table presents the roll-forward of our proportionate share of capital backlog and capital to be commissioned:

US\$ MILLIONS	For the three-month period ended June 30, 2020	For the six-month period ended June 30, 2020	For the 12 month period ended December 31, 2019
Capital backlog, start of period	\$ 293	\$ 357	\$ 500
Impact of acquisitions	—	6	—
Additional capital project mandates	32	40	77
Less: capital expenditures	(21)	(51)	(162)
Foreign exchange and other	(6)	(54)	(58)
Capital backlog, end of period	298	298	357
Construction work in progress	163	163	184
Total capital to be commissioned	\$ 461	\$ 461	\$ 541

Capital to be commissioned includes projects such as upgrading and expanding our rail networks, increasing and widening lanes on certain routes to support traffic growth, deepening berths and enhancing and modernizing existing infrastructure at our ports. As of June 30, 2020, total capital to be commissioned was \$461 million compared to \$541 million as of December 31, 2019. Capital backlog decreased compared to year-end as additional capital project mandates were more than offset by capital expenditures incurred and the impact of foreign exchange. The largest contributors to capital to be commissioned over the next two to three years are our South American toll road businesses and our port operations at approximately \$425 million and \$25 million, respectively.



Our energy segment is comprised of systems that provide natural gas midstream (transmission, gathering and processing) and storage services, as well as distributed energy. Profitability is based on the volume and price achieved for the provision of these services. This operating segment is comprised of businesses that are subject to regulation, such as our natural gas pipelines whose services are subject to price ceilings, and businesses that are essentially unregulated like our district energy business. Energy businesses typically have high barriers to entry as a result of significant fixed costs combined with economies of scale or unique positions in their local markets. Our energy segment is expected to benefit from forecasted increases in demand for energy. Although these businesses have greater sensitivity to market prices and volume than our utilities segment, revenues are typically contracted with varying durations and are relatively stable.

Our objectives for our energy segment are to provide safe and reliable service to our customers and to satisfy their growth requirements by increasing the utilization of our assets and expanding our capacity in a capital efficient manner. If we do so, we will be able to charge an appropriate price for our services and earn an attractive return on the capital deployed. Our performance can be measured by our revenue growth, our Adjusted EBITDA margin and our growth in AFFO.

Our energy segment is comprised of the following:

Natural Gas Midstream

- Approximately 16,500 kilometers of natural gas transmission pipelines in the U.S. and India
- Approximately 600 billion cubic feet (“Bcf”) of natural gas storage in the U.S. and Canada
- 19 natural gas processing plants with approximately 3.3 Bcf per day of total gross processing capacity and approximately 3,550 kilometers of gas gathering pipelines in Canada

Distributed Energy

- Delivers heating and cooling to customers from centralized systems including heating plants capable of delivering 3,320,000 pounds per hour of steam heating capacity, centralized gas distribution and cogeneration for heating, cooling and energy, 310,000 tons of contracted cooling capacity
- Provides residential energy infrastructure, including water heater, heating, ventilation, and air conditioner (“HVAC”) rentals, as well as other essential home services to approximately 1.6 million customers annually in Canada and the United States, and delivers approximately 300,000 contracted sub-metering services within Canada

Results of Operations

The following table presents our proportionate share of the key metrics of our energy segment:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Growth capital expenditures	\$ 61	\$ 61	\$ 129	\$ 83
Adjusted EBITDA margin ⁽¹⁾	52 %	48 %	53 %	50 %
Funds from Operations (FFO) ⁽²⁾	106	96	221	203
Maintenance capital expenditures	(28)	(26)	(40)	(34)
Adjusted Funds from Operations (AFFO) ⁽²⁾	\$ 78	\$ 70	\$ 181	\$ 169

1. Adjusted EBITDA margin is Adjusted EBITDA divided by revenues. Adjusted EBITDA margin is a non-IFRS measure. Refer to the “Reconciliation of Non-IFRS Financial Measures” and “Reconciliation of Operating Segment Measures” sections of this MD&A for reconciliation from net income to Adjusted EBITDA.

2. Non-IFRS measure. Refer to the “Reconciliation of Non-IFRS Financial Measures” and “Reconciliation of Operating Segment Measures” sections of this MD&A for reconciliation from net income.

For the three-month period ended June 30, 2020, our energy segment generated FFO of \$106 million compared with \$96 million in the same period of the prior year. Results increased over the prior year due to organic growth of 13% and the contribution from the acquisition of the federally regulated portion of our western Canadian midstream business. Strong organic growth was driven by higher demand for transport services at our North American natural gas pipeline and new long-term rental contracts secured at our North American residential infrastructure business. These positive factors were partially offset by the loss of income resulting from the sale of our Australian district energy operation which closed last November.

The following table presents proportionate Adjusted EBITDA and FFO for each business in this operating segment:

US\$ MILLIONS	Adjusted EBITDA ⁽¹⁾				FFO ⁽¹⁾			
	For the three-month period ended June 30		For the six-month period ended June 30		For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019	2020	2019	2020	2019
Natural Gas Midstream	\$ 96	\$ 81	\$ 210	\$ 178	\$ 70	\$ 60	\$ 157	\$ 143
Distributed Energy	42	42	76	72	36	36	64	60
Total	\$ 138	\$ 123	\$ 286	\$ 250	\$ 106	\$ 96	\$ 221	\$ 203

1. *Non-IFRS measure. Refer to the "Reconciliation of Non-IFRS Financial Measures" and "Reconciliation of Operating Segment Measures" sections of this MD&A for reconciliation from net income.*

For the three-month period ended June 30, 2020, our natural gas midstream operations generated Adjusted EBITDA of \$96 million and FFO of \$70 million compared to \$81 million and \$60 million, respectively, in the prior year. Adjusted EBITDA and FFO increased due to higher transport revenues at our North American natural gas pipeline and the incremental earnings associated with the acquisition of the federally regulated portion of our western Canadian midstream business.

For the three-month period ended June 30, 2020, our distributed energy operations generated Adjusted EBITDA of \$42 million and FFO of \$36 million, compared to \$42 million and \$36 million, respectively, in the prior year. Adjusted EBITDA and FFO benefited from new long-term rental contracts secured at our North American residential infrastructure business and commissioning of nine new customers to our district energy systems. These increases were offset by the loss of income associated with the sale of our Australian district energy operation.

The following table presents the roll-forward of our proportionate share of capital backlog and capital to be commissioned:

US\$ MILLIONS	For the three-month period ended June 30, 2020	For the six-month period ended June 30, 2020	For the 12 month period ended December 31, 2019
Capital backlog, start of period	\$ 271	\$ 317	\$ 290
Additional capital project mandates	30	80	232
Less: capital expenditures	(61)	(129)	(187)
Foreign exchange and other	9	(19)	(18)
Capital backlog, end of period	249	249	317
Construction work in progress	193	193	132
Total capital to be commissioned	\$ 442	\$ 442	\$ 449

As of June 30, 2020, total capital to be commissioned was \$442 million compared to \$449 million as of December 31, 2019. Capital backlog decreased compared to year-end as additional capital project mandates were more than offset by capital expenditures incurred during the period. Total capital to be commissioned includes approximately \$245 million within our natural gas midstream operation and approximately \$195 million in our distributed energy segment.



Data Infrastructure

Our data infrastructure segment is comprised of critical infrastructure servicing customers in the telecommunications, fiber and data storage sectors. Our data transmission and distribution operations provide essential services and infrastructure to the media broadcasting and telecom sectors, while our data storage operations provide services and infrastructure to enterprise customers. These services and access to infrastructure are contracted on a medium to long-term basis (up to 20 years in both our data transmission and distribution businesses and data center operations) with inflation escalation mechanisms, leading to predictable recurring revenues and cash flows.

Our data transmission and distribution customer base includes large, prominent telecommunications companies in France and the U.K., and retail and enterprise customers in New Zealand. Within our data storage operations, our customers include more than 1,000 colocation customers predominantly in the United States that are diversified across multiple industries, and global hyperscale customers in Asia Pacific and South America.

Our objectives for the data infrastructure segment are to invest capital to enhance and expand our service offerings while providing safe, reliable and secure access to our properties. If we are able to achieve these objectives, we believe we will be able to attract new customers and maintain low levels of churn on existing customers. Our performance in both our data transmission and distribution and data storage businesses can be measured by the growth in revenues and Adjusted EBITDA margin improvements.

Our data infrastructure segment is comprised of the following:

Data Transmission & Distribution

- Approximately 7,000 multi-purpose towers and active rooftop sites in France
- 10,000 kilometers of fiber backbone located in France and Brazil
- Approximately 1,600 cell sites and over 10,000 kilometers of fiber optic cable in New Zealand
- Approximately 2,100 active telecom towers and 70 distributed antenna systems, primarily in the U.K.

Data Storage

- 52 data centers, with approximately 1.6 million square feet of raised floors located in five continents
- 180 megawatts (“MWs”) of critical load capacity

Results of Operations

The following table presents our proportionate share of the key metrics of our data infrastructure segment:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Growth capital expenditures	\$ 26	\$ 28	\$ 58	\$ 41
Adjusted EBITDA margin ⁽¹⁾	51 %	58 %	51 %	58 %
Funds from Operations (FFO) ⁽²⁾	43	30	85	58
Maintenance capital expenditures	(5)	(2)	(13)	(4)
Adjusted Funds from Operations (AFFO) ⁽²⁾	\$ 38	\$ 28	\$ 72	\$ 54

1. Adjusted EBITDA margin is Adjusted EBITDA divided by revenues. Adjusted EBITDA margin is a non-IFRS measure. Refer to the “Reconciliation of Non-IFRS Financial Measures” and “Reconciliation of Operating Segment Measures” sections of this MD&A for reconciliation from net income to Adjusted EBITDA.
2. Non-IFRS measure. Refer to the “Reconciliation of Non-IFRS Financial Measures” and “Reconciliation of Operating Segment Measures” sections of this MD&A for reconciliation from net income.

For the three-month period ended June 30, 2020, our data infrastructure segment generated FFO of \$43 million compared with \$30 million in the same period of the prior year. Results increased due to inflation-indexation and capital commissioned at our French telecom operations, as well as the contribution from capital deployed in the last 12 months, into a data distribution business in New Zealand and a telecom tower business the U.K.

The following table presents our data infrastructure segment's proportionate share of financial results:

US\$ MILLIONS	Adjusted EBITDA ⁽¹⁾				FFO ⁽¹⁾			
	For the three-month period ended June 30		For the six-month period ended June 30		For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019	2020	2019	2020	2019
Data Transmission & Distribution	\$ 40	\$ 25	\$ 83	\$ 50	\$ 35	\$ 21	\$ 69	\$ 42
Data Storage	13	14	26	25	8	9	16	16
Total	\$ 53	\$ 39	\$ 109	\$ 75	\$ 43	\$ 30	\$ 85	\$ 58

1. Non-IFRS measure. Refer to the "Reconciliation of Non-IFRS Financial Measures" and "Reconciliation of Operating Segment Measures" sections of this MD&A for reconciliation from net income.

For the three-month period ended June 30, 2020, our data transmission and distribution operations generated Adjusted EBITDA of \$40 million and FFO of \$35 million compared to \$25 million and \$21 million, respectively, in the prior year. Adjusted EBITDA and FFO increased due to inflation-indexation and 200 new sites added from our build-to-suit tower program at our French telecom business and higher foreign exchange rates on Euro denominated FFO hedge contracts. Results also benefited from contributions associated with the acquisition of a data distribution business in New Zealand and a telecom tower business in the U.K. completed in July 2019 and December 2019, respectively.

For the three-month period ended June 30, 2020, our data storage operations generated Adjusted EBITDA of \$13 million and FFO of \$8 million compared to \$14 million and \$9 million, respectively, during the same period of 2019. Adjusted EBITDA and FFO decreased due to the timing of operating and maintenance costs at our U.S. data storage business.

The following table presents the roll-forward of our proportionate share of capital backlog and capital to be commissioned:

US\$ MILLIONS	For the three-month period ended June 30, 2020	For the six-month period ended June 30, 2020	For the 12 month period ended December 31, 2019
Capital backlog, start of period	\$ 187	\$ 152	\$ 200
Impact of acquisitions	—	—	27
Additional capital project mandates	25	93	59
Less: capital expenditures	(26)	(58)	(104)
Foreign exchange and other	5	4	(30)
Capital backlog, end of period	191	191	152
Construction work in progress	52	52	41
Total capital to be commissioned	\$ 243	\$ 243	\$ 193

As of June 30, 2020, total capital to be commissioned was \$243 million compared to \$193 million as of December 31, 2019. Capital backlog increased due to additional capital project mandates and the impact of foreign exchange, partially offset by capital deployed into our fibre-to-the-home mandate at our French telecom business.



The following table presents the components of the Corporate segment on a proportionate basis:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Adjusted EBITDA ⁽¹⁾	\$ (72)	\$ (64)	\$ (133)	\$ (125)
Funds from Operations (FFO) ⁽¹⁾	(54)	(67)	(119)	(127)

1. Non-IFRS measure. Refer to the "Reconciliation of Non-IFRS Financial Measures" and "Reconciliation of Operating Segment Measures" sections of this MD&A for reconciliation from net income.

For the three-month period ended June 30, 2020, Adjusted EBITDA and FFO for our Corporate segment were losses of \$72 million and \$54 million, respectively, compared to \$64 million and \$67 million, respectively, in the prior year. Adjusted EBITDA decreased over the prior year due to a higher management fee while FFO increased due to higher income earned on our public market securities portfolio as we realized approximately \$25 million of profits in our securities portfolio following a sharp recovery in public equity prices during the second quarter.

Pursuant to our Master Services Agreement, we pay Brookfield an annual base management fee equal to 1.25% of our partnership's market value plus preferred units outstanding and net recourse debt. The base management fee of \$69 million increased over the prior year as a result of a higher trading price of our unit, an increase in our unit count following our July 2019 equity issuance and additional borrowings to fund new investments.

CAPITAL RESOURCES AND LIQUIDITY

The nature of our asset base and the quality of our associated cash flows enable us to maintain a stable and low-cost capital structure. We attempt to maintain sufficient financial liquidity at all times so that we are able to participate in attractive opportunities as they arise, better withstand sudden adverse changes in economic circumstances and maintain our distribution to unitholders. Our principal sources of liquidity are cash flows from our operations, undrawn credit facilities and access to public and private capital markets. We also structure the ownership of our assets to enhance our ability to monetize them to provide additional liquidity, if necessary. In certain instances, subsidiaries may be subject to limitations on their ability to declare and pay dividends to our partnership. However, no significant limitations existed at June 30, 2020 and December 31, 2019.

Our group-wide liquidity at June 30, 2020 consisted of the following:

US\$ MILLIONS	As of	
	June 30, 2020	December 31, 2019
Corporate cash and financial assets	\$ 999	\$ 273
Committed corporate credit facility	2,975	1,975
Subordinate corporate credit facility	500	500
Draws under corporate credit facility	(1,210)	(820)
Commitments under corporate credit facility	(55)	(54)
Proportionate cash retained in businesses	390	406
Proportionate availability under subsidiary credit facilities	672	687
Group-wide liquidity	\$ 4,271	\$ 2,967

We believe that group-wide liquidity is sufficient to meet Brookfield Infrastructure's present requirements. We finished the quarter with group-wide liquidity of \$4.3 billion, a significant increase over our liquidity position as at December 31, 2019 due to a medium-term note issuance and an incremental revolving credit facility. On April 7, 2020, Brookfield Infrastructure Finance ULC, a wholly owned subsidiary of Brookfield Infrastructure, issued C\$400 million of medium-term notes. On April 14, 2020, the partnership secured an incremental \$1.0 billion syndicated revolving credit facility. The medium-term notes and incremental facility were secured to fund new investment opportunities that may arise while other sources of capital, including asset sales, which may be temporarily delayed during these unprecedented economic circumstances.

We finance our assets principally at the operating company level with debt that generally has long-term maturities, few restrictive covenants and no recourse to either Brookfield Infrastructure or our other operations.

On a consolidated basis as of June 30, 2020, scheduled principal repayments over the next five years are as follows:

US\$ MILLIONS	Average Term (years)	For the one-year period ended June 30						
		2021	2022	2023	2024	2025	Beyond	Total
Corporate borrowings ⁽¹⁾	5	\$ —	\$ 331	\$ —	\$ 1,725	\$ —	\$ 1,032	\$ 3,088
Non-recourse borrowings	8	\$ 1,486	\$ 1,238	\$ 3,378	\$ 1,334	\$ 1,937	\$ 8,550	\$ 17,923

1. Corporate borrowings excludes deferred financing costs and other. Refer to Note 10 Borrowings for further details.

Proportionate debt is presented to assist investors in understanding the capital structure of our underlying investments that are consolidated in our financial statements but are not wholly-owned. When used in conjunction with Adjusted EBITDA, proportionate debt is expected to provide useful information as to how the partnership has financed its businesses at the asset-level. The only differences between consolidated debt presented under IFRS and proportionate debt are the adjustments to remove the share of debt of consolidated investments not held by our partnership and to add proportionate debt of investments in associates. Management utilizes proportionate debt in understanding the capital structure of our underlying consolidated investments that are consolidated in our financial statements, but are not wholly-owned, and our investments in associates and joint ventures. Proportionate debt provides useful information as to how our partnership has financed its businesses at the asset-level and provides a view into our return on capital that we invest at a given degree of leverage.

On a proportionate basis as of June 30, 2020, scheduled principal repayments over the next five years are as follows:

US\$ MILLIONS	Average Term (years)	2020	2021	2022	2023	2024	Beyond	Total
Recourse borrowings								
Corporate borrowings ⁽¹⁾	5	\$ —	\$ —	\$ 331	\$ —	\$ 1,725	\$ 1,032	\$ 3,088
Total recourse borrowings	5	—	—	331	—	1,725	1,032	3,088
Non-recourse borrowings⁽²⁾								
Utilities								
Regulated Transmission	11	8	25	19	290	72	385	799
Regulated Distribution	11	5	35	—	261	—	1,473	1,774
Regulated Terminal	3	—	283	184	175	209	123	974
	9	13	343	203	726	281	1,981	3,547
Transport								
Rail	4	7	134	163	185	244	538	1,271
Toll Roads	8	33	154	145	103	119	514	1,068
Ports	4	12	2	85	—	46	287	432
	6	52	290	393	288	409	1,339	2,771
Energy								
Natural Gas Midstream	6	8	27	516	190	259	842	1,842
Distributed Energy	17	19	57	49	40	91	457	713
	9	27	84	565	230	350	1,299	2,555
Data Infrastructure								
Data Transmission & Distribution	5	—	—	179	2	255	234	670
Data Storage	4	1	49	24	53	2	146	275
	4	1	49	203	55	257	380	945
Total non-recourse borrowings⁽²⁾	8	93	766	1,364	1,299	1,297	4,999	9,818
Total borrowings^{(3),(4)}	8	\$ 93	\$ 766	\$ 1,695	\$ 1,299	\$ 3,022	\$ 6,031	\$12,906
Cash retained in businesses								
Utilities								\$ 108
Transport								205
Energy								29
Data Infrastructure								48
Corporate								999
Total cash retained								\$ 1,389
Net debt								
Utilities								\$ 3,439
Transport								2,566
Energy								2,526
Data Infrastructure								897
Corporate								2,089
Total proportionate net debt								\$11,517
Percentage of total proportionate net debt		1 %	6 %	13 %	10 %	23 %	47 %	100 %

1. Corporate borrowings excludes deferred financing costs and other. Refer to Note 10 Borrowings for further details.

2. Represents non-recourse debt to Brookfield Infrastructure as the holders have recourse only to the underlying operations.

3. As of June 30, 2020, approximately 45% has been issued as floating rate debt. Brookfield Infrastructure and its subsidiaries have entered into interest rate swaps whereby the floating rate debt has been converted to fixed rate debt, effectively reducing floating rate debt maturities to approximately 30% of our total borrowings. Excluding working capital and capital expenditure facilities, floating rate debt maturities are approximately 18% of our total borrowings, inclusive of the impact of interest rate swaps. Debt maturity weighted average excludes the impact of temporary borrowings on the Partnership's corporate credit facility as well as several well progressed financings.

4. As of June 30, 2020, approximately \$70 million of proportionate net debt was in breach of asset-level financial covenants. This equates to less than 1% of total proportionate debt of the partnership. We anticipate being able to refinance or obtain waivers from our financial institutions and accordingly presented the debt in the contractually obligated year of maturity.

Our asset-level debt has an average term of eight years. On a proportionate basis, our net debt-to-capitalization ratio as of June 30, 2020 was 56%. The weighted average cash interest rate is 4.1% for the overall business (June 30, 2019: 5.1%), in which our utilities, transport, energy, data infrastructure and corporate segments were 3.7%, 5.3%, 5.1%, 3.5% and 3.0%, respectively (June 30, 2019: 4.3%, 6.6%, 5.9%, 3.5% and 4.0%).

Proportionate debt, a non-IFRS measure to assess liquidity, can be reconciled to consolidated debt as follows:

US\$ MILLIONS	As of	
	June 30, 2020	December 31, 2019
Consolidated debt	\$ 20,934	\$ 21,019
Add: proportionate share of debt of investments in associates:		
Utilities	420	455
Transport	956	1,158
Energy	968	972
Data Infrastructure	711	688
Add: proportionate share of debt directly associated with assets held for sale	72	104
Less: borrowings attributable to non-controlling interest ⁽¹⁾	(10,115)	(11,094)
Premium on debt and cross currency swaps	(1,040)	(502)
Proportionate debt	\$ 12,906	\$ 12,800

1. Includes draws made under Brookfield's private funds credit facility used to bridge acquisitions over year-end. Borrowings made under the facility are secured by limited partner commitments and are non-recourse to our partnership.

CONTRACTUAL OBLIGATIONS

The table below outlines Brookfield Infrastructure's contractual obligations as at June 30, 2020:

US\$ MILLIONS	Payments due by period				Total contractual cash flows
	Less than 1 year	1-2 years	3-5 years	5+ years	
Accounts payable and other liabilities	\$ 1,642	\$ 64	\$ 31	\$ 293	\$ 2,030
Corporate borrowings	—	331	1,725	1,032	3,088
Non-recourse borrowings	1,486	1,238	6,649	8,550	17,923
Financial liabilities	427	261	1,222	473	2,383
Lease liabilities	177	192	478	1,767	2,614
Interest expense:					
Corporate borrowings	65	62	133	100	360
Non-recourse borrowings	695	661	1,556	2,290	5,202

In addition, pursuant to the Master Services Agreement, on a quarterly basis we pay a base management fee to Brookfield equal to 0.3125% (1.25% annually) of the market value of our partnership plus net recourse debt. This fee is estimated to be approximately \$276 million per year based on the June 30, 2020 market capitalization of our partnership plus preferred units and recourse corporate net debt.

An integral part of our partnership's strategy is to participate with institutional investors in Brookfield-sponsored private infrastructure funds that target acquisitions that suit Brookfield Infrastructure's profile. In the normal course of business, our partnership has made commitments to Brookfield-sponsored private infrastructure funds to participate in these target acquisitions in the future, if and when identified.

FINANCIAL INSTRUMENTS

Foreign Currency Hedging Strategy

To the extent that we believe it is economic to do so, our strategy is to hedge a portion of our equity investments and/or cash flows exposed to foreign currencies. The following key principles form the basis of our foreign currency hedging strategy:

- We leverage any natural hedges that may exist within our operations
- We utilize local currency debt financing to the extent possible
- We may utilize derivative contracts to the extent that natural hedges are insufficient

The following table presents our hedged position in foreign currencies as of June 30, 2020:

US\$ MILLIONS	Net Investment Hedges									
	USD	AUD	NZD	GBP	BRL	CAD ⁽¹⁾	EUR	PEN	INR	Other
Equity Investment – US\$	\$ 448	\$ 1,075	\$ 149	\$ 1,465	\$ 1,571	\$ 1,163	\$ 700	\$ 110	\$ 147	\$ 127
FX contracts – US\$	3,520	(900)	(149)	(681)	—	(1,009)	(673)	(12)	—	(96)
Net unhedged – US\$	\$ 3,968	\$ 175	\$ —	\$ 784	\$ 1,571	\$ 154	\$ 27	\$ 98	\$ 147	\$ 31
% of equity investment hedged	N/A %	84 %	100 %	46 %	— %	87 %	96 %	11 %	— %	76 %

1. CAD net equity investment excludes \$1,007 million of preferred units and preferred shares

At June 30, 2020, 57% of our net equity investment is U.S. dollar functional. For the three-month period ended June 30, 2020, we recorded losses in comprehensive income of \$154 million (three-month period ended June 30, 2019: gains of \$21 million) related to these contracts.

CAPITAL REINVESTMENT

We fund growth capital expenditures with cash flow generated from operations, supplemented by non-recourse debt sized to investment grade coverage and covenant thresholds. This is designed to ensure that our investments have stable capital structures supported by a substantial level of equity and that cash flows at the asset level can be remitted freely to the partnership. This strategy also underpins our investment grade profile.

To fund large scale development projects and acquisitions, we will evaluate a variety of capital sources including proceeds from selling mature businesses, in addition to raising money in the capital markets through equity, debt and preferred share issuances. Furthermore, the partnership has a \$2.975 billion committed revolving credit facility available for investments and acquisitions, as well as funding the equity component of organic growth initiatives. The facility is intended, and has historically been used, as a bridge to a long-term financing strategy rather than a permanent source of capital.

The following table reconciles changes in our proportionate cash for the year:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Funds from Operations (FFO)	\$ 333	\$ 337	\$ 691	\$ 688
Maintenance capital	(68)	(73)	(125)	(127)
Funds available for distribution (AFFO)	265	264	566	561
Distributions paid	(283)	(251)	(565)	(501)
Funds available for reinvestment	(18)	13	1	60
Growth capital expenditures	(184)	(230)	(436)	(410)
Debt funding of growth capex	95	74	238	153
Non-recourse debt (repayments) issuances	(14)	(34)	126	(82)
Proceeds from capital recycling	—	137	258	502
New investments	—	—	—	(474)
Net (repayments) draws on corporate credit facility	(3)	(965)	391	(510)
Partnership unit issuances, net of repurchases	3	2	5	(24)
Proceeds from debt issuance, net of repayments	275	—	275	—
Preferred unit and preferred shares issued, net of repurchases	—	—	—	72
Deposit from parent	—	823	—	823
Impact of foreign currency movements	(2)	38	(52)	10
Changes in working capital and other	5	(30)	(96)	(54)
Change in proportionate cash	157	(172)	710	66
Opening, proportionate cash	1,232	880	679	642
Closing, proportionate cash	\$ 1,389	\$ 708	\$ 1,389	\$ 708

We present cash flows generated by our businesses on a proportionate basis as approximately 40% of our FFO is generated by investments that are not consolidated in our financial statements. The partnership participates in arrangements such as joint ventures or consortiums which provide it with access to partners with local strategic expertise and substantial amounts of capital. When investing in such arrangements, which are not consolidated for financial statement purposes, the partnership nevertheless maintains joint control or significant influence over the business, and is therefore, not a passive investor. We structure governance arrangements to require each of our businesses to distribute all available cash (which is generally defined as cash on hand less any amounts reserved for committed growth projects as approved by the investment's Board of Directors), ensuring that any decision to not distribute all available cash flow requires our express consent. Consequently, the partnership has access to operating cash flows generated by all of our businesses, including joint ventures and any non-consolidated investments.

The following table highlights the significance of operating cash flow generated from investments which are not consolidated in our financial statements and reconciles consolidated cash flow from operations to AFFO.

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Cash from operating activities	\$ 615	\$ 580	\$ 1,337	\$ 1,141
Add: FFO from associates and joint ventures	129	144	275	291
Remove:				
Distributions received from associates and joint ventures	(38)	(53)	(131)	(84)
Cash from operating activities attributable to non-controlling interests ⁽¹⁾	(399)	(346)	(858)	(681)
	307	325	623	667
Less: Maintenance capital expenditures	(68)	(73)	(125)	(127)
Change in working capital and other items	26	12	68	21
AFFO ⁽²⁾	\$ 265	\$ 264	\$ 566	\$ 561

1. By removing cash from operating activities attributable to non-controlling interests, the partnership is able to present AFFO attributable to the partnership. We believe our proportionate financial information, when read in conjunction with the partnership's reported results under IFRS, provides the most meaningful assessment of how our operations are performing. Please refer to the discussion of the limitations of proportional results as an analytical tool within the "Reconciliation of Non-IFRS Financial Measures" section on this MD&A.
2. The most closely related IFRS measure to AFFO is net income. However, occasionally, we believe the alternative reconciliation can be useful and have therefore provided this reconciliation of consolidated cash flow from operations to AFFO. Please see the "Reconciliation of Non-IFRS Financial Measures" section of this MD&A for a reconciliation of AFFO to net income.

From a treasury management perspective, the partnership manages its cash reserves with a view of minimizing foreign exchange and administrative costs, as well as enhancing our ability to secure asset level debt financing. While capital is primarily raised at the corporate level to fund the equity component of organic growth capital expenditures, actual funding of projects may be executed by injecting cash into subsidiaries or utilizing operating cash flow generated and retained by the business. Importantly, the physical movement of cash has no relevance on Brookfield Infrastructure's ability to fund capital expenditures or make distributions.

DISTRIBUTION POLICY

Our distributions are underpinned by stable, highly regulated and contracted cash flows generated from operations. The partnership's objective is to pay a distribution that is sustainable on a long-term basis. The partnership has set its target payout ratio at 60-70% of Funds from Operations. In sizing what we believe to be a conservative payout ratio, we typically retain approximately 15-20% of AFFO that we utilize to fund some or all of our internally funded growth capital expenditures.

The following table presents the partnership's payout ratios:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Funds from Operations (FFO)	\$ 333	\$ 337	\$ 691	\$ 688
Adjusted Funds from Operations (AFFO)	265	264	566	561
Distributions (Limited partner, general partner, Exchange LP units, Class A shares of BIPC, preferred and incentive distributions)	283	251	565	501
FFO payout ratio	85 %	74 %	82 %	73 %
AFFO payout ratio	107 %	95 %	100 %	89 %

Current year FFO and AFFO payout ratios have been impacted by the following factors:

- i) Volatility in the Brazilian real which has declined on average, 27% and 22% relative to the U.S. dollar, during the three and six-month periods ended June 30, 2020;
- ii) Temporary or timing related delays in the recognition of earnings associated with the build-out of a contracted backlog of projects in our U.K. connections business, and reduced traffic on our toll roads, for which we expect to be fully compensated under force majeure provisions in our concession agreements; and
- iii) Regulatory delay in closing India tower acquisition.

Adjusting for these factors lowers our payout ratio for the three and six-month periods ended June 30, 2020 to 70%.

The partnership's annual distribution is reviewed with the Board of Directors in the first quarter of each year considering the following:

- The results from the prior year as well as the budget for the upcoming year and the five-year business plan based on the partnership's share of Funds from Operations generated by our assets;
- The partnership's group-wide liquidity and its ability to fund committed capital investments.

CAPITAL EXPENDITURES

Due to the capital-intensive nature of our partnership's asset base, ongoing capital investment is required for additions and enhancements, life-cycle maintenance and repair of plant and equipment related to our operations. Our partnership reviews all capital expenditures and classifies them in one of the two following categories:

- i) Growth capital expenditures: capital outlays underpinned by incremental revenues that will enhance our partnerships' returns. These projects are eligible for inclusion in the rate base of our utilities segment, or they are meant to add capacity to further expand our existing infrastructure networks in our transport, energy and data infrastructure operations;
- ii) Maintenance capital expenditures: required capital outlays to maintain the current operating state and reliability of the system while ensuring regulatory and safety requirements are upheld.

We manage separate review and approval processes for each of the two categories of capital expenditures. Growth capital expenditures are underwritten in isolation and must meet our partnership's target after-tax equity return threshold of 12-15%. Projects that meet these return targets are presented to the Capital Expenditure Committee which is comprised of personnel from the partnership's senior executive team. The committee reviews proposed project plans considering the target returns and funding plans, in addition to analyzing the various execution risks associated with these projects. Once a project receives approval from the Capital Expenditure Committee, it is generally added to the backlog.

Maintenance capital expenditures follow a different, though equally robust process, as failure to make necessary investment to maintain our operations could impair the ability of our businesses to serve our customer base or continue existing operations. Firstly, the operations teams involved with a particular business performs a detailed review of all planned and proposed maintenance capital expenditures during the annual budgeting process. These plans are reviewed in the context of the business's maintenance capital approach that is agreed upon with the partnership at the time of acquisition and take into account drivers of performance that include public and worker health and safety, environmental and regulatory compliance, system reliability and integrity. Maintenance capital projects that receive approval at the asset level are then presented to the partnership's corporate asset management teams that are responsible for overseeing the partnership's operations, and have ample experience in managing utilities, transport, energy and data infrastructure assets. Through an iterative process with the companies' senior operating executives, the plan is refined through a comprehensive review including prioritization of non-discretionary projects and comparisons to industry benchmarks. Once agreed, maintenance capital expenditure plans are approved and form part of the annual and five-year business plans that are presented to the partnership's senior executive team. Once approved, these maintenance plans are executed on in the following year and performance relative to these plans is closely monitored by both the operations and asset management teams.

In addition to the various levels of internal reviews, our partnership engages a reputable, globally recognized engineering services firm annually to perform an independent review of its overall approach to maintenance capital expenditures and detailed capital program. Each year the engineering services firm will review a portion of the portfolio, covering all assets on a three-year rotating basis. For each asset under review in a given year, the engineering services firm will review the historical and forecasted spend against industry standards, regulatory requirements or other benchmarking data, and determine the reasonableness of the maintenance capex program based on the nature of the business and the age and condition of the assets. We have also engaged a Big 4 accounting firm to review the findings of the report provided by the engineering services firm and to assess the control activities surrounding our process of compiling the annual sustaining maintenance capital expenditure ranges by segment.

Over the last three years, reviews were completed at a number of operations that together make up approximately 85% of our partnership's FFO. The results from the engagements confirm that our stated ranges of annual sustaining maintenance capital expenditures are reasonable and in-line with industry standard for assets of a similar nature. In the next 2-3 years, the partnership intends to complete reviews at the remainder of its existing operations, and for newly acquired businesses it will endeavor to have reviews conducted within 2-3 years of acquisition.

The following table presents the components of growth capital expenditures by operating segment:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Growth capital expenditures by segment				
Utilities	\$ 76	\$ 100	\$ 198	\$ 192
Transport	21	41	51	94
Energy	61	61	129	83
Data Infrastructure	26	28	58	41
	<u>\$ 184</u>	<u>\$ 230</u>	<u>\$ 436</u>	<u>\$ 410</u>

Growth capital expenditures for the three-month period ended June 30, 2020 were \$184 million, a decrease from \$230 million during the same period in 2019. The decrease in growth capital expenditures is primarily due to lower spend at our U.K. regulated distribution business as construction sites were temporarily shut down during the quarter due to the government mandated quarantines and the completion of major projects at our Brazilian toll road businesses.

The following table presents the components of maintenance capital expenditures by operating segment:

US\$ MILLIONS	Annual Ongoing Estimated Maintenance Capex		Actual Capex			
			For the three-month period ended June 30		For the six-month period ended June 30	
	Low	High	2020	2019	2020	2019
Maintenance capital expenditures by segment						
Utilities	\$ 20	\$ 25	\$ 4	\$ 5	\$ 9	\$ 8
Transport	170	180	31	40	63	81
Energy	110	120	28	26	40	34
Data Infrastructure	10	15	5	2	13	4
	<u>\$ 310</u>	<u>\$ 340</u>	<u>\$ 68</u>	<u>\$ 73</u>	<u>\$ 125</u>	<u>\$ 127</u>

Maintenance capital expenditures for the three-month period ended June 30, 2020 were \$68 million, a decrease from \$73 million during the same period in 2019. The decrease in maintenance capital expenditures is due to lower spend required at the majority of our transport operations due to the corresponding decline in volumes caused by the global economic shutdown, as well as the depreciation of the Brazilian real relative to the U.S. dollar. These decreases were partly offset by higher spend due to the acquisitions of a data distribution business in New Zealand and a North American rail operation. We estimate annual maintenance capital expenditures to be \$20-25 million, \$170-180 million, \$110-120 million, and \$10-15 million for our utilities, transport, energy, and data infrastructure segments, respectively, for a total range between \$310-340 million. As at June 30, 2020, our maintenance capital expenditures were below our estimated range primarily due to timing of maintenance spend in our transport segment. Our partnership leverages industry data and benchmarks provided by a global engineering services firm to determine the appropriate maintenance capital ranges as disclosed above.

REVIEW OF CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table summarizes the consolidated statements of cash flows:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Cash from operating activities	\$ 615	\$ 580	\$ 1,337	\$ 1,141
Cash (used by) from investing activities	(368)	586	(93)	(2,571)
Cash (used by) from financing activities	(102)	(1,176)	(622)	1,597

This statement reflects activities within our consolidated operations and therefore excludes activities within non-consolidated entities.

Three-month periods ended June 30, 2020 and 2019

Cash from operating activities

Cash from operating activities totaled \$0.6 billion for the three-month period ended June 30, 2020, an increase of \$35 million from the same period in 2019. The increase was primarily due to contributions from recently completed acquisitions, partially offset by the impact of foreign exchange, in particular a 27% decline in the Brazilian real which lowered U.S. dollar operating cash flows by approximately \$60 million.

Cash used by investing activities

Cash used by investing activities totaled \$0.4 billion for the three-month period ended June 30, 2020, as compared to \$0.6 billion generated during the same period in 2019. Current year cash outflows relate to net acquisitions of long-lived assets and financial assets. Prior year results included repayment from Brookfield for our partnership's acquisition of the Brazilian data center business, funded on behalf of institutional investors in March 2019 and proceeds from the sale of our European port operation in June 2019.

Cash used by financing activities

Cash used by financing activities totaled \$0.1 billion for the three-month period ended June 30, 2020, as compared to \$1.2 billion during the same period in 2019. Current period results included \$0.1 billion of net capital paid to non-controlling interests and \$0.3 billion of distributions paid to unitholders. These uses of cash were partially offset by proceeds from borrowings of \$0.3 billion. The prior period included net repayment of borrowings totaling \$1.3 billion, distributions of \$0.3 billion to unitholders, and distributions to non-controlling interests of \$0.1 billion. Prior year results also included a deposit received from Brookfield of \$0.5 billion.

PARTNERSHIP CAPITAL

The total number of partnership units in the Holding LP outstanding is comprised of the following:

	As of	
	June 30, 2020	December 31, 2019
Redeemable Partnership Units, held by Brookfield	121,952,992	121,952,992
Special General Partner Units	1,600,410	1,600,410
Managing General Partner Units	295,183,677	293,528,515
Total	418,737,079	417,081,917

An affiliate of Brookfield in its capacity as the special general partner of the Holding LP is entitled to incentive distributions which are based on the amount by which quarterly distributions on the limited partnership units, the exchange LP units and the class A shares of BIPC exceed specified target levels. Prior to the special distribution, to the extent distributions on the limited partnership units and BIPC shares exceed \$0.203 per unit/share per quarter, the incentive distribution rights entitle the special general partner to 15% of incremental distributions above this threshold to \$0.22 per unit/share.

To the extent that distributions on limited partnership units, Exchange LP units and BIPC shares exceed \$0.22 per unit/share, the incentive distribution rights entitled the special general partner to 25% of incremental distributions above this threshold. During the three and six-month periods ended June 30, 2020, an incentive distribution of \$46 million and \$92 million was paid to the special general partner (2019: \$38 million and \$76 million).

On completion of the unit split creation of BIPC, the above thresholds of \$0.203 and \$0.22 were reduced to \$0.1827 and \$0.1980, respectively.

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 approximately 6.1 million Redeemable Partnership Units to Brookfield for gross proceeds of \$250 million.

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.

Weighted average Invested Capital for the three and six-month periods ended June 30, 2020 were \$9,011 million and \$9,010 million. Refer to the "Reconciliation of Non-IFRS Financial Measures" section of this MD&A for more details.

ENTERPRISE VALUE

The following section contains information to assist users in the calculation of the enterprise value of our partnership.

Enterprise Value

We define Enterprise Value as the market value of our partnership plus preferred units and proportionate debt, net of proportionate cash.

The following table presents Enterprise Value as of June 30, 2020 and December 31, 2019:

US\$ MILLIONS	As of			
	June 30, 2020			December 31, 2019
	BIPC ⁽¹⁾	Brookfield Infrastructure ⁽²⁾	Consolidated Enterprise Value	Consolidated Enterprise Value
Shares/units outstanding	45.0	419.9	464.9	418.3
Price ⁽³⁾	\$ 45.54	\$ 41.11	\$ —	\$ 49.99
Market capitalization	2,049	17,262	19,311	20,911
Preferred units and preferred shares ⁽⁴⁾	—	1,007	1,007	1,007
Proportionate net debt ⁽⁵⁾	1,955	9,562	11,517	12,121
Enterprise value	\$ 4,004	\$ 27,831	\$ 31,835	\$ 34,039

1. Includes class A shares of Brookfield Infrastructure Corporation.

2. Includes limited partner, general partner and redeemable partnership units, as well as Exchange LP units.

3. Market value of our partnership is calculated based on the closing price of class A shares of BIPC and our units on the New York Stock Exchange.

4. Includes \$935 million of preferred units and \$72 million of preferred shares.

5. Please see "Capital Resources and Liquidity" for a detailed reconciliation of Brookfield Infrastructure's proportionate net debt to our partnership's consolidated debt on the Consolidated Statements of Financial Position.

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 our limited partnership agreement. Less than \$1 million in director fees were incurred during the three and six-month periods ended June 30, 2020 (2019: less than \$1 million for the three and six-month periods).

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 combined market value of our partnership and BIPC. The Base Management Fee was \$69 million and \$128 million, respectively, for the three and six-month periods ended June 30, 2020 (2019: \$62 million and \$121 million). As of June 30, 2020, \$69 million was outstanding as payable to the Service Provider (December 31, 2019: \$76 million).

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

As of June 30, 2020, Brookfield Infrastructure had a receivable balance of \$21 million from subsidiaries of Brookfield (December 31, 2019: \$21 million) and loans payable of \$98 million to subsidiaries of Brookfield (December 31, 2019: \$99 million). The loans are payable in full between 2020 and 2026 with interest rates ranging from 3.8% to 8.5% per annum.

Brookfield Infrastructure, from time to time, will place deposits with, or receive deposits from, Brookfield. As of June 30, 2020, Brookfield Infrastructure's deposit balance with Brookfield was less than \$1 million (December 31, 2019: less than \$1 million) and earned interest of less than \$1 million during the three and six-month periods ended June 30, 2020 (2019: less than \$1 million for the three and six-month periods). As at June 30, 2020, Brookfield Infrastructure's deposit balance from Brookfield was \$nil (December 31, 2019: \$nil) and Brookfield Infrastructure incurred interest expense of \$nil for three and six-month periods ended June 30, 2020 (2019: \$4 million for the three and six-month periods). Deposits bear interest at market rates.

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, 2020, there were \$nil borrowings outstanding (December 31, 2019: \$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, 2020, revenues of \$5 million, and \$7 million, respectively, were generated (2019: \$7 million and \$11 million) and expenses of \$2 million and \$3 million were incurred (2019: \$4 million and \$6 million). In addition, subsidiaries of Brookfield Infrastructure reported lease assets and liabilities with Brookfield Property Partners L.P. of \$11 million (2019: \$11 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, 2020, Brookfield Infrastructure paid less than \$1 million for these services (2019: 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 of Brookfield Business Partners L.P. For the three and six-month periods ended June 30, 2020, revenues of \$1 million and \$2 million, respectively, were generated (2019: \$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, 2020, no revenues were generated (2019: less than \$1 million for the three and six-month periods) and expenses of \$nil and \$1 million, respectively, were incurred (2019: \$14 million and \$25 million).

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

We, on behalf of our subsidiaries, provide letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance. As at June 30, 2020, letters of credit issued on behalf of our subsidiaries amounted to \$55 million (December 31, 2019: \$54 million).

In the normal course of operations, we execute agreements that provide for indemnification and guarantees to third parties in transactions such as business dispositions and acquisitions, construction projects, capital projects, and sales and purchases of assets and services. We have also agreed to indemnify our directors and certain of our officers and employees. The nature of substantially all of the indemnification undertakings prevents us from making a reasonable estimate of the maximum potential amount that we could be required to pay third parties, as many of the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, we have made no significant payments under such indemnification agreements.

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

We focus on FFO to measure operating performance, along with IFRS measures such as net income. In addition, we also assess AFFO, Adjusted EBITDA, Adjusted Earnings and Invested Capital.

Adjusted EBITDA, FFO, AFFO, Adjusted Earnings and Invested Capital are presented based on our proportionate share of results in operations accounted for using the consolidation and the equity method whereby we either control or exercise significant influence or joint control over the investment, respectively. Proportionate financial information is not, and is not intended to be, presented in accordance with IFRS. Under IFRS, we are not considered to control those entities that have not been consolidated and as such, have been presented as investments in associates or joint ventures in Note 9 of the partnership's financial statements. The presentation of the assets and liabilities and revenues and expenses do not represent our legal claim to such items, and the removal of financial statement amounts that are attributable to non-controlling interests does not extinguish the partnership's legal claims or exposures to such items.

As a result, segment revenues, costs attributable to revenues, general and administrative costs, interest expense, other income, depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses are reconciling items that will differ from results presented in accordance with IFRS as these reconciling items include our proportionate share of earnings from investments in associates attributable to each of the above-noted items, and exclude the proportionate share of earnings (loss) of consolidated investments not held by the partnership apportioned to each of the above-noted items.

We provide proportionate financial results because we believe it assists investors and analysts in estimating our overall performance and understanding the partnership's share of results from its underlying investments which have varying economic ownership interests and financial statement presentations when determined in accordance with IFRS. We believe our proportionate financial information, when read in conjunction with the partnership's reported results under IFRS, provides the most meaningful assessment of how our operations are performing and capital is being managed. The presentation of proportionate results has limitations as an analytical tool, including the following:

- The amounts shown on the individual line items were derived by applying our overall economic ownership interest percentage determined when applying the equity method of accounting and do not necessarily represent our legal claim to the assets and liabilities, or the revenues and expenses;
- Other companies may calculate proportionate results differently than we do.

Proportionate debt is presented based on our proportionate share of borrowings obligations relating to our investments in various portfolio businesses. Proportionate net debt is proportionate debt net of our proportionate share of cash. The proportionate financial information is not, and is not intended to be, presented in accordance with IFRS. We provide proportionate debt and net debt measures because we believe it assists investors and analysts in estimating our overall performance and understanding the leverage pertaining specifically to our company's share of its invested capital in a given investment. When used in conjunction with Adjusted EBITDA, proportionate debt is expected to provide useful information as to how our company has financed its businesses at the asset-level. We believe our proportionate presentation, when read in conjunction with our company's reported results under IFRS, including consolidated debt, provides a more meaningful assessment of how our operations are performing and capital is being managed. The presentation of proportionate debt has limitations as an analytical tool, including the following:

- Proportionate debt amounts do not represent our consolidated obligation for debt underlying a consolidated investment. If an individual project does not generate sufficient cash flows to service the entire amount of its debt payments, our company may determine, at our discretion, to pay the shortfall through an equity injection to avoid defaulting on the obligation. Such a shortfall may not be apparent from or may not equal the difference between aggregate proportionate Adjusted EBITDA for all of our portfolio investments and aggregate proportionate debt for all of our portfolio investments; and
- Other companies may calculate proportionate debt differently than we do.

Because of these limitations, our proportionate financial information should not be considered in isolation or as a substitute for our financial statements as reported under IFRS.

The following tables present each segment's results in the format that management organizes its segments to make operating decisions and assess performance. These tables reconcile our 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 investments in associates and reflecting the portion of each line item attributable to non-controlling interests.

Refer to the "Discussion of Segment Reconciling Items" section of this MD&A for a reconciliation of segment results to our statement of operating results in accordance with IFRS along with a break-down of each of the reconciling items by type and by operating segment.

Net income is the most directly comparable IFRS measure to FFO, AFFO, Adjusted EBITDA and Adjusted Earnings. Partnership capital is the most directly comparable IFRS measure to Invested Capital. We urge you to review the IFRS financial measures within the MD&A and to not rely on any single financial measure to evaluate our partnership.

We define FFO as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses.

FFO has limitations as an analytical tool:

- FFO does not include depreciation and amortization expense; because we own capital assets with finite lives, depreciation and amortization expense recognizes the fact that we must maintain or replace our asset base in order to preserve our revenue generating capability;
- FFO does not include deferred income taxes, which may become payable if we own our assets for a long period of time; and
- FFO does not include certain non-recurring charges such as breakage and transaction costs or non-cash valuation gains, losses and impairment charges.

FFO is a measure of operating performance that is not calculated in accordance with and does not have any standardized meaning prescribed by IFRS as issued by the IASB. FFO is therefore unlikely to be comparable to similar measures presented by other issuers. FFO has limitations as an analytical tool. Specifically, our definition of FFO may differ from the definition used by other organizations, as well as the definition of Funds from Operations used by the REALPAC and the NAREIT, in part because the NAREIT definition is based on U.S. GAAP, as opposed to IFRS.

FFO is a key measure that we use to evaluate the performance of our operations and forms the basis for our partnership's distribution policy.

We believe that FFO, when viewed in conjunction with our IFRS results, provides a more complete understanding of factors and trends affecting our underlying operations. FFO allows us to evaluate our businesses on the basis of cash return on invested capital by removing the effect of non-cash and other items.

We add back depreciation and amortization to remove the implication that our assets decline in value over time since we believe that the value of most of our assets will be sustained over time, provided we make all necessary maintenance expenditures. Specifically, in our financial statements we use the revaluation approach in accordance with IAS 16, Property, Plant and Equipment, whereby depreciation expense is determined based on a revalued amount, thereby reducing comparability with our peers who do not report under IFRS as issued by the IASB or who do not employ the revaluation approach to measuring property, plant and equipment. We add back deferred income taxes because we do not believe this item reflects the present value of the actual cash tax obligations we will be required to pay, particularly if our operations are held for a long period of time. We add back non-cash valuation gains or losses recorded in net income as they are non-cash and indicate a point-in-time approximation of value on items we consider long term. We also add back breakage and transaction costs as they are capital in nature.

In addition, we focus on Adjusted Funds from Operations or AFFO, which is defined as FFO less capital expenditures required to maintain the current performance of our operations (maintenance capital expenditures). While FFO provides a basis for assessing current operating performance, it does not take into consideration the cost to sustain the operating performance of our partnership's asset base. In order to assess the long-term, sustainable operating performance of our businesses, we observe that in addition to FFO, investors use AFFO by taking into account the impact of maintenance capital expenditures. AFFO is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by IFRS as issued by the IASB. AFFO is therefore unlikely to be comparable to similar measures presented by other issuers and has limitations as an analytical tool.

We also focus on Adjusted EBITDA which we define 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. Adjusted EBITDA provides a supplemental understanding of the performance of our business and enhanced comparability across periods and relative to our peers. Adjusted EBITDA excludes the impact of interest expense and current income taxes to remove the effect of the current capital structure and tax profile in assessing the operating performance of our businesses. Adjusted EBITDA is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by IFRS as issued by the IASB. Adjusted EBITDA is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted EBITDA has limitations as an analytical tool.

Adjusted Earnings is a measure that can be used to evaluate the performance of our operations, defined as net income attributable to our partnership, excluding any incremental depreciation and amortization expense associated with the revaluation of our property, plant and equipment and the impact of purchase price accounting, mark-to-market on hedging items and disposition gains or losses. While we believe that maintenance capital expenditures are the best measure of the cost to preserve our revenue generating capability, we acknowledge that investors may view historical depreciation as a more relevant proxy. Adjusted Earnings also excludes mark-to-market on hedging items recorded in net income or disposition gains or losses as we believe these items are not reflective of the ongoing performance of our underlying operations.

When viewed with our IFRS results, we believe that Adjusted Earnings provides a supplemental understanding of the performance of our underlying operations and also gives users enhanced comparability of our ongoing performance relative to peers in certain jurisdictions and across periods.

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 define Invested Capital as partnership capital removing the following items: non-controlling interest - in operating subsidiaries, retained earnings or deficit, accumulated other comprehensive income and ownership changes. We measure return on Invested Capital as AFFO, less estimated returns of capital on operations that are not perpetual in life, divided by the weighted average Invested Capital for the period.

A reconciliation of the most closely-related IFRS measure, net income, to FFO and AFFO is as follows:

US\$ MILLIONS ⁽¹⁾	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Net income	\$ 34	\$ 254	\$ 182	\$ 419
Add back or deduct the following:				
Depreciation and amortization	375	323	775	615
Share of earnings from investments in associates and joint ventures ⁽²⁾	(11)	(34)	(59)	(52)
FFO contribution from investments in associates and joint ventures ⁽²⁾	129	144	275	291
Income tax expense	63	61	169	136
Mark-to-market on hedging items and other	103	(64)	111	(56)
Other (expense) income	(4)	3	(22)	(13)
Consolidated Funds from Operations	689	687	1,431	1,340
FFO attributable to non-controlling interests ⁽³⁾	(356)	(350)	(740)	(652)
FFO	333	337	691	688
Maintenance capital expenditures	(68)	(73)	(125)	(127)
AFFO	265	264	566	561
Return of capital	(30)	(27)	(61)	(53)
AFFO less return of capital	\$ 235	\$ 237	\$ 505	\$ 508

1. Please see "Reconciliation of Operating Segment Measures" for a detailed reconciliation of Brookfield Infrastructure's proportionate results to our partnership's Consolidated Statements of Operating Results.
2. These adjustments have the combined effect of excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses recorded within our investments in associates and joint ventures in accordance with our definition of FFO.
3. By adjusting FFO attributable to non-controlling interests, the partnership is able to remove the portion of FFO earned at non-wholly owned subsidiaries that is not attributable to the partnership. We believe our proportionate financial information, when read in conjunction with the partnership's reported results under IFRS, provides the most meaningful assessment of how our operations are performing. Please refer to the discussion of limitations of the proportional results as an analytical tool within the "Reconciliation of Non-IFRS Financial Measures" section of this MD&A.

All reconciling amounts from net income to FFO presented above are taken directly from the partnership's consolidated financial statements, and in the case of "Contribution from investments in associates and joint ventures" and "Attributable to non-controlling interests", the partnership's proportionate share of FFO relating thereto are derived using the accounting policies consistent with those applied in the partnership's consolidated financial statements. FFO for these items is calculated on the same basis as consolidated entities, as disclosed above, and is calculated by applying the same ownership percentages used in calculating the partnership's share of equity accounted income and the corresponding elimination of non-controlling interests in accordance with IAS 28, *Investments in Associates and Joint Ventures* and IFRS 10, *Consolidated Financial Statements*, respectively.

For the three-month period ended June 30, 2020, the difference between net income and FFO is predominantly due to depreciation and amortization, FFO contribution from investments in associates and joint ventures and FFO attributable to non-controlling interests. Depreciation and amortization increased from the prior year due to incremental charges from recently completed acquisitions, higher asset values following our annual revaluation process and capital expenditures made during the year. FFO attributable to non-controlling interests increased from the prior year predominantly due to acquisitions completed during the past 12 months and organic growth, while FFO contribution from investments in associates and joint ventures decreased primarily as a result of the disposition of our European port operation in June 2019.

The difference between net income and AFFO is due to the aforementioned items, in addition to maintenance capital expenditures of \$68 million (2019: \$73 million).

For the six-month period ended June 30, 2020, the difference between net income and FFO is predominantly due to depreciation and amortization, FFO contribution from investments in associates and joint ventures, and FFO attributable to non-controlling interests. Depreciation and amortization increased from prior year due to incremental charges from recently completed acquisitions, higher asset values following our annual revaluation process and capital expenditures made during the year. FFO attributable to non-controlling interests increased from the prior year predominantly due to acquisitions completed during the past 12 months and organic growth, while FFO contribution from investments in associates and joint ventures decreased primarily as a result of the disposition of our European port operation in June 2019.

The difference between net income and AFFO is due to the aforementioned items in addition to maintenance capital expenditures of \$125 million (2019: \$127 million).

The following table reconciles net income, the most directly comparable IFRS measure, to Adjusted EBITDA, a non-IFRS measure. Adjusted EBITDA is presented based on our proportionate share of results in operations accounted for using the consolidation and the equity methods.

US\$ MILLIONS ⁽¹⁾	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Net income	\$ 34	\$ 254	\$ 182	\$ 419
Add back or deduct the following:				
Depreciation and amortization	375	323	775	615
Interest expense	247	241	529	453
Share of earnings from investments in associates and joint ventures ⁽²⁾	(11)	(34)	(59)	(52)
Adjusted EBITDA contributions from investments in associates and joint ventures ⁽²⁾	168	189	360	380
Income tax expense	63	61	169	136
Mark-to-market on hedging items and other	103	(64)	111	(56)
Consolidated Adjusted EBITDA	979	970	2,067	1,895
Adjusted EBITDA attributable to non-controlling interests ⁽³⁾	(541)	(498)	(1,127)	(951)
Adjusted EBITDA	\$ 438	\$ 472	\$ 940	\$ 944

1. Please see "Reconciliation of Operating Segment Measures" for a detailed reconciliation of Brookfield Infrastructure's proportionate results to our partnership's Consolidated Statements of Operating Results.
2. These adjustments have the combined effect of 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 recorded within our investments in associates and joint ventures in accordance with our definition of FFO.
3. By adjusting Adjusted EBITDA attributable to non-controlling interests, the partnership is able to remove the portion of Adjusted EBITDA earned at non-wholly owned subsidiaries that is not attributable to the partnership. We believe our proportionate financial information, when read in conjunction with the partnership's reported results under IFRS, provides the most meaningful assessment of how our operations are performing. Please refer to the discussion of limitations of the proportional results as an analytical tool within the "Reconciliation of Non-IFRS Financial Measures" section of this MD&A.

All reconciling amounts presented above are taken directly from the partnership's consolidated financial statements, and in the case of "Contribution from investments in associates and joint ventures" and "Attributable to non-controlling interests", the partnership's proportionate share of Adjusted EBITDA relating thereto are derived using the accounting policies consistent with those applied in the partnership's consolidated financial statements. Adjusted EBITDA for these items is calculated on the same basis as consolidated entities, as disclosed above, and is calculated by applying the same ownership percentages used in calculating the partnership's share of equity accounted income and the corresponding elimination of non-controlling interests in accordance with IAS 28, *Investments in Associates and Joint Ventures* and IFRS 10, *Consolidated Financial Statements*, respectively.

For the three-month period ended June 30, 2020, the difference between net income and Adjusted EBITDA is predominantly due to depreciation and amortization, interest expense, Adjusted EBITDA contributions from investments in associates and joint ventures and Adjusted EBITDA attributable to non-controlling interests. Depreciation and amortization increased from prior year due to incremental charges from recently completed acquisitions, higher asset values following our annual revaluation process and capital expenditures made during the year. Interest expense increased from the prior year due to additional borrowings associated with businesses acquired during the year. Adjusted EBITDA attributable to non-controlling interests increased from the prior year predominantly due to acquisitions completed during the past 12 months and organic growth, while Adjusted EBITDA contributions from investments in associates and joint ventures decreased from the prior year as a result of the disposition of our European port operation in June 2019.

For the six-month period ended June 30, 2020, the difference between net income and Adjusted EBITDA is predominantly due to depreciation and amortization, interest expense, and Adjusted EBITDA attributable to non-controlling interests. Depreciation and amortization increased from prior year due to incremental charges from recently completed acquisitions, higher asset values following our annual revaluation process and capital expenditures made during the year. Interest expense increased from the prior year due to additional borrowings associated with businesses acquired during the year. Adjusted EBITDA attributable to non-controlling interests increased from the prior year predominantly due to acquisitions completed during the past 12 months and organic growth.

The following table reconciles net income attributable to our partnership, the most directly comparable IFRS measure, to Adjusted Earnings, a non-IFRS financial metric:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Net (loss) income attributable to partnership ⁽¹⁾	\$ (61)	\$ 98	\$ 58	\$ 128
Add back or deduct the following:				
Depreciation and amortization expense due to application of revaluation model and acquisition accounting	111	104	236	206
Mark-to-market on hedging items and other	89	(36)	12	(4)
Gain on sale of subsidiaries or ownership changes	—	(21)	(36)	(21)
Adjusted earnings	\$ 139	\$ 145	\$ 270	\$ 309

1. Includes net income attributable to non-controlling interest—Redeemable Partnership Units held by Brookfield, non-controlling interests—Exchange LP Units, non-controlling interests—class A shares of BIPC, general partner and limited partners.

For the three-month period ended June 30, 2020, the difference between net income attributable to partnership and Adjusted Earnings is due to depreciation and amortization expense attributable to the application of the revaluation model and acquisition accounting of \$111 million (2019: \$104 million), mark-to-market losses on hedging items and other of \$89 million (2019: gains of \$36 million), and gain on sale of subsidiaries of \$nil (2019: \$21 million). Adjusted earnings decreased from the prior year mainly due to lower contributions attributable to the partnership concentrated in our transport segment during temporary government imposed shutdowns and the impact of foreign exchange.

For the six-month period ended June 30, 2020 the difference between net income attributable to partnership and Adjusted Earnings is due to depreciation and amortization expense attributable to the application of the revaluation model and acquisition accounting of \$236 million (2019: \$206 million), mark-to-market losses on hedging items and other of \$12 million (2019: gains of \$4 million), and gain on sale of subsidiaries or ownership changes of \$36 million (2019: \$21 million). Adjusted earnings decreased from the prior year due lower net income attributable to the partnership concentrated in our transport segment during temporary government imposed shutdowns and the impact of foreign exchange.

The following table reconciles net income per limited partnership unit, the most directly comparable IFRS measure, to FFO per unit, a non-IFRS financial metric:

US\$ MILLIONS, EXCEPT PER UNIT AMOUNTS ⁽¹⁾	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Net (loss) income per limited partnership unit ⁽²⁾	\$ (0.25)	\$ 0.11	\$ (0.12)	\$ 0.06
Add back or deduct the following:				
Depreciation and amortization	0.48	0.53	1.01	1.03
Deferred income taxes	(0.01)	0.05	0.07	0.06
Mark-to-market on hedging items	0.19	(0.08)	(0.36)	(0.04)
Valuation losses and other	0.31	0.15	0.89	0.44
Per unit FFO ⁽³⁾	\$ 0.72	\$ 0.76	\$ 1.49	\$ 1.55

1. Please see "Reconciliation of Operating Segment Measures" for a detailed reconciliation of Brookfield Infrastructure's proportionate results to our partnership's Consolidated Statements of Operating Results.

2. During the three and six-month periods ended June 30, 2020, on average there were 294.7 million and 294.1 million limited partnership units outstanding, respectively (2019: 279.7 million and 278.9 million). Net (loss) income per limited partnership unit has been adjusted to reflect the dilutive impact of the special distribution.

3. Average units outstanding, adjusted for the BIPC special distribution as if it had been completed prior to the periods presented, for the three and six-month periods were 464.9 million and 464.8 million, respectively (2019: 442.8 million and 442.9 million), being inclusive of limited partnership units, the Redeemable Partnership Units, the Exchange LP Units, class A shares of BIPC and the general partner units. Average units outstanding, prior to the impact of the special distribution, for the three and six-month periods were 418.4 million and 418.4 million respectively (2019: 398.5 million and 398.6 million).

The following table reconciles net income per limited partnership unit, the most directly comparable IFRS measure, to Adjusted Earnings per unit, a non-IFRS financial metric:

US\$ MILLIONS, EXCEPT PER UNIT AMOUNTS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Net (loss) income per limited partnership unit ⁽¹⁾	\$ (0.25)	\$ 0.11	\$ (0.12)	\$ 0.06
Add back or deduct the following:				
Depreciation and amortization expense due to application of revaluation model & acquisition accounting	0.24	0.23	0.51	0.46
Mark-to-market on hedging items and other	0.31	0.03	0.27	0.22
Gains on sale of subsidiaries or ownership changes	—	(0.05)	(0.08)	(0.05)
Adjusted earnings per unit ⁽²⁾	\$ 0.30	\$ 0.32	\$ 0.58	\$ 0.69

1. During the three and six-month periods ended June 30, 2020, on average there were 294.7 million and 294.1 million limited partnership units outstanding, respectively (2019: 279.7 million and 278.9 million). Net income (loss) per limited partnership unit has been adjusted to reflect the dilutive impact of the special distribution.
2. Average units outstanding, adjusted for the BIPC special distribution as if it had been completed prior to the periods presented, for the three and six-month periods were 464.9 million and 464.8 million, respectively (2019: 442.8 million and 442.9 million), being inclusive of limited partnership units, the Redeemable Partnership Units, the Exchange LP Units, class A shares of BIPC and the general partner units. Average units outstanding, prior to the impact of the special distribution, for the three and six-month periods were 418.4 million and 418.4 million respectively (2019: 398.5 million and 398.6 million).

The following reconciles partnership capital, the most directly comparable IFRS measure, to Invested Capital, a non-IFRS financial metric:

US\$ MILLIONS	As of	
	June 30, 2020	December 31, 2019
Partnership Capital	\$ 18,743	\$ 22,177
Remove impact of the following items since inception:		
Non-controlling interest - in operating subsidiaries	(11,860)	(14,113)
Deficit	2,450	2,048
Accumulated other comprehensive income	218	(705)
Ownership changes and other	(537)	(398)
Invested Capital	\$ 9,014	\$ 9,009

Invested capital increased as a result of a \$5 million issuance of units during the six-month period ended June 30, 2020.

The following table presents the change in Invested Capital during the three and six-month periods ended June 30, 2020:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2020	2019	2020	2019
Opening balance	\$ 9,011	\$ 8,202	\$ 9,009	\$ 8,156
Issuance of preferred units and preferred shares, net of repurchases	—	—	—	72
Issuances of limited partnership units and redeemable partnership units, net of repurchases	3	2	5	(24)
Ending balance	\$ 9,014	\$ 8,204	\$ 9,014	\$ 8,204
Weighted Average Invested Capital	\$ 9,011	\$ 8,202	\$ 9,010	\$ 8,192

AFFO is defined as FFO less maintenance capital expenditures. AFFO for the three and six-month periods ended June 30, 2020 was \$265 million and \$566 million respectively (2019: \$264 million and \$561 million). Estimated returns of capital for the three and six-month periods ended June 30, 2020 were \$30 million and 61 million respectively (2019: \$27 million and \$53 million).

Our partnership has met its investment return objectives for the three and six-month periods ended June 30, 2020 with returns on Invested Capital of 10% and 11%, respectively (2019: 12% and 12%).

Reconciliation of Operating Segment Measures

Adjusted EBITDA, FFO and AFFO are presented based on our proportionate share of results in operations accounted for using consolidation and the equity method whereby we either control or exercise significant influence over the investment respectively, in order to demonstrate the impact of key value drivers of each of these operating segments on our overall performance. As a result, segment depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses are reconciling items that will differ from results presented in accordance with IFRS as these reconciling items (1) include our proportionate share of earnings from investments in associates and joint ventures attributable to each of the above-noted items, and (2) exclude the proportionate share of earnings (loss) of consolidated investments not held by us apportioned to each of the above-noted items.

The following tables present 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 our ownership in operations accounted for using the consolidation and equity method whereby we either control or exercise significant influence over the investment, respectively. These tables reconcile our 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 investments in associates and reflecting the portion of each line item attributable to non-controlling interests. Refer to the "Discussion of Segment Reconciling Items" section of this MD&A for a reconciliation of segment results to our statement of operating results in accordance with IFRS.

FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2020 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total			
Revenues	\$ 248	\$ 283	\$ 266	\$ 104	\$ —	\$ 901	\$ (298)	\$ 1,343	\$ 1,946
Costs attributed to revenues	(74)	(138)	(128)	(51)	—	(391)	130	(802)	(1,063)
General and administrative costs	—	—	—	—	(72)	(72)	—	—	(72)
Adjusted EBITDA	174	145	138	53	(72)	438	(168)	541	
Other (expense) income	(10)	9	2	2	40	43	(7)	(40)	(4)
Interest expense	(34)	(46)	(34)	(12)	(22)	(148)	46	(145)	(247)
FFO	130	108	106	43	(54)	333	(129)	356	
Depreciation and amortization	(42)	(76)	(63)	(41)	—	(222)	92	(245)	(375)
Deferred taxes	(15)	5	(1)	19	(4)	4	(12)	—	(8)
Mark-to-market on hedging items and other	(13)	(32)	(24)	(5)	(102)	(176)	38	(16)	(154)
Share of earnings from associates	—	—	—	—	—	—	11	—	11
Net income attributable to non-controlling interest	—	—	—	—	—	—	—	(95)	(95)
Net income (loss) attributable to partnership ⁽²⁾	\$ 60	\$ 5	\$ 18	\$ 16	\$ (160)	\$ (61)	\$ —	\$ —	\$ (61)

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 ⁽¹⁾
	Utilities	Transport	Energy	Data Infrastructure	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	—	—	—	—	—	—	—	(156)	(156)
Net income (loss) attributable to partnership ⁽²⁾	\$ 116	\$ 9	\$ 9	\$ (10)	\$ (26)	\$ 98	\$ —	\$ —	\$ 98

Total attributable to Brookfield Infrastructure									
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 US\$ MILLIONS	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total	Contribution from investments in associates	Attributable to non- controlling interest	As per IFRS financials ⁽¹⁾
Revenues	\$ 523	\$ 608	\$ 543	\$ 213	\$ —	\$1,887	\$ (627)	\$ 2,882	\$ 4,142
Costs attributed to revenues	(156)	(297)	(257)	(104)	—	(814)	267	(1,755)	(2,302)
General and administrative costs	—	—	—	—	(133)	(133)	—	—	(133)
Adjusted EBITDA	367	311	286	109	(133)	940	(360)	1,127	
Other (expense) income	(22)	8	5	—	59	50	(3)	(69)	(22)
Interest expense	(69)	(91)	(70)	(24)	(45)	(299)	88	(318)	(529)
FFO	276	228	221	85	(119)	691	(275)	740	
Depreciation and amortization	(87)	(166)	(127)	(89)	—	(469)	203	(509)	(775)
Deferred taxes	(54)	13	(6)	19	(7)	(35)	(2)	(19)	(56)
Mark-to-market on hedging items and other	(23)	(98)	(49)	(23)	64	(129)	15	(88)	(202)
Share of earnings from associates	—	—	—	—	—	—	59	—	59
Net income attributable to non-controlling interest	—	—	—	—	—	—	—	(124)	(124)
Net income (loss) attributable to partnership ⁽²⁾	\$ 112	\$ (23)	\$ 39	\$ (8)	\$ (62)	\$ 58	\$ —	\$ —	\$ 58

Total attributable to Brookfield Infrastructure									
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 US\$ MILLIONS	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total	Contribution from investments in associates	Attributable to non- controlling interest	As per IFRS financials ⁽¹⁾
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	—	—	—	—	—	—	—	(291)	(291)
Net income (loss) attributable to partnership ⁽²⁾	\$ 184	\$ 23	\$ 41	\$ (9)	\$ (111)	\$ 128	\$ —	\$ —	\$ 128

1. 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.
2. Includes net income (loss) attributable to non-controlling interests - Redeemable Partnership Units held by Brookfield, non-controlling interests—Exchange LP Units, general partners, limited partners and class A shares of BIPC.

The following tables provide 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 our ownership in operations using consolidation and the equity method whereby we either control or exercise significant influence over the investment respectively. These tables reconcile our proportionate assets to total assets presented on our Consolidated Statements of Financial Position by removing net liabilities contained within investments in associates, reflecting the assets attributable to non-controlling interests, and adjusting for working capital assets which are netted against working capital liabilities.

AS OF JUNE 30, 2020 US\$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials
	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total				
Total assets	\$ 5,224	\$ 5,780	\$5,458	\$ 2,114	\$ (1,111)	\$ 17,465	\$ (2,762)	\$ 28,970	\$ 7,649	\$ 51,322

AS OF DECEMBER 31, 2019 US\$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials
	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total				
Total assets	\$ 5,825	\$ 6,916	\$5,589	\$ 2,204	\$ (1,284)	\$ 19,250	\$ (2,884)	\$ 32,621	\$ 7,321	\$ 56,308

Discussion of Segment Reconciling Items

The following tables detail and provide discussion, where applicable, of material changes between reporting periods for each operating segment, the reconciliation of contributions from investments in associates and attribution of non-controlling interest in the determination of Adjusted EBITDA, FFO and net income attributable to our partnership in order to facilitate the understanding of the nature of and changes to reconciling items.

FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2020 US\$ MILLIONS						
	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total
Adjustments to items comprising Adjusted EBITDA ⁽¹⁾						
Contributions from investments in associates	\$ (13)	\$ (58)	\$ (57)	\$ (40)	\$ —	\$ (168)
Attribution to non-controlling interest	185	167	160	29	—	541
Adjusted EBITDA	172	109	103	(11)	—	373
Adjustments to items comprising FFO ⁽²⁾						
Contributions from investments in associates	6	15	13	5	—	39
Attribution to non-controlling interest	(53)	(68)	(55)	(9)	—	(185)
FFO	125	56	61	(15)	—	227
Adjustments to items comprising net income attributable to partnership ⁽³⁾						
Contributions from investment in associates	7	43	44	35	—	129
Attribution to non-controlling interest	(132)	(99)	(105)	(20)	—	(356)
Net income attributable to partnership	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

**FOR THE THREE-MONTH PERIOD ENDED
JUNE 30, 2019
US\$ MILLIONS**

	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total
Adjustments to items comprising Adjusted EBITDA⁽¹⁾						
Contributions from investment in associates	\$ (13)	\$ (96)	\$ (54)	\$ (26)	\$ —	\$ (189)
Attribution to non-controlling interest	256	62	166	14	—	498
Adjusted EBITDA	243	(34)	112	(12)	—	309
Adjustments to items comprising FFO⁽²⁾						
Contributions from investments in associates	4	21	14	6	—	45
Attribution to non-controlling interest	(62)	(31)	(39)	(16)	—	(148)
FFO	185	(44)	87	(22)	—	206
Adjustments to items comprising net income attributable to partnership⁽³⁾						
Contributions from investment in associates	9	75	40	20	—	144
Attribution to non-controlling interest	(194)	(31)	(127)	2	—	(350)
Net income attributable to partnership	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

**FOR THE SIX-MONTH PERIOD ENDED
JUNE 30, 2020
US\$ MILLIONS**

	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total
Adjustments to items comprising Adjusted EBITDA⁽¹⁾						
Contributions from investments in associates	\$ (27)	\$ (126)	\$ (125)	\$ (82)	\$ —	\$ (360)
Attribution to non-controlling interest	403	351	318	55	—	1,127
Adjusted EBITDA	376	225	193	(27)	—	767
Adjustments to items comprising FFO⁽²⁾						
Contributions from investments in associates	12	33	27	13	—	85
Attribution to non-controlling interest	(113)	(145)	(104)	(25)	—	(387)
FFO	275	113	116	(39)	—	465
Adjustments to items comprising net income attributable to partnership⁽³⁾						
Contributions from investment in associates	15	93	98	69	—	275
Attribution to non-controlling interest	(290)	(206)	(214)	(30)	—	(740)
Net income attributable to partnership	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

**FOR THE SIX-MONTH PERIOD ENDED
JUNE 30, 2019
US\$ MILLIONS**

	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total
Adjustments to items comprising Adjusted EBITDA⁽¹⁾						
Contributions from investment in associates	\$ (18)	\$ (192)	\$ (119)	\$ (51)	\$ —	\$ (380)
Attribution to non-controlling interest	510	121	278	42	—	951
Adjusted EBITDA	492	(71)	159	(9)	—	571
Adjustments to items comprising FFO⁽²⁾						
Contributions from investments in associates	7	46	27	9	—	89
Attribution to non-controlling interest	(131)	(59)	(72)	(37)	—	(299)
FFO	368	(84)	114	(37)	—	361
Adjustments to items comprising net income attributable to partnership⁽³⁾						
Contributions from investment in associates	11	146	92	42	—	291
Attribution to non-controlling interest	(379)	(62)	(206)	(5)	—	(652)
Net income attributable to partnership	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

1. Revenues, costs attributed to revenues, general and administrative costs.

2. Other income, interest expense and cash taxes.

3. Depreciation and amortization, deferred taxes, fair value adjustments, other expenses, share of earnings from associates, net income attributable to non-controlling interest

During the three and six-month period ended June 30, 2020, contributions from investments in associates and joint ventures decreased as compared to the same periods in 2019. The reduction is primarily attributable to the disposition of our European port operation in June 2019, partially offset by the contributions from acquisitions completed over the past 12 months.

During the three and six-month period ended June 30, 2020, attribution to non-controlling interest increased as compared to the same periods in 2019. The increase is primarily attributable to acquisitions completed over the past 12 months.

Critical Accounting Policies and Estimates

The preparation of financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses that are not readily apparent from other sources, during the reporting period. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments made by management and utilized in the normal course of preparing Brookfield Infrastructure's consolidated financial statements are outlined below.

Revaluation of property, plant and equipment

Property, plant and equipment is revalued on a regular basis. The critical estimates and assumptions underlying the valuation of property, plant and equipment are set out in Note 14, Property, Plant and Equipment in our December 31, 2019 audited consolidated financial statements. Our partnership's property, plant, and equipment are measured at fair value on a recurring basis with an effective date of revaluation for all asset classes as of December 31, 2019. Brookfield Infrastructure determines fair value under both the income and cost methods with due consideration to significant inputs such as the discount rate, terminal value multiple, overall investment horizon, useful life and replacement cost.

Impairment of goodwill, intangibles with indefinite lives and investment in associates and joint ventures

Our partnership assesses the impairment of goodwill and intangible assets with indefinite lives by reviewing the value-in-use or fair value less costs of disposal of the cash-generating units to which goodwill or the intangible asset has been allocated. Brookfield Infrastructure uses the following critical assumptions and estimates: the circumstances that gave rise to the goodwill, timing and amount of future cash flows expected from the cash-generating unit; discount rates; terminal capitalization rates; terminal valuation dates; useful lives and residual values.

The impairment assessment of investments in associates and joint ventures requires estimation of the recoverable amount of the asset.

Other estimates utilized in the preparation of our partnership's financial statements are: depreciation and amortization rates and useful lives; recoverable amount of goodwill and intangible assets; ability to utilize tax losses and other tax measurements.

CONTROLS AND PROCEDURES

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended June 30, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting due to the global pandemic. We are continually monitoring and assessing our internal controls to minimize the impact on their design and operating effectiveness.

Risks Associated with the Global Pandemic

Our partnership has been closely monitoring developments related to the global pandemic, including the existing and potential impact on global and local economies in the jurisdictions where we operate. While safeguarding the well-being of individuals is our paramount concern, we remain focused on continuity plans and preparedness measures at each of our businesses. Several measures designed to ensure continued operation have been implemented to date, and we continue to evaluate and assess further actions.

Our partnership has a diversified portfolio of operating businesses in the utilities, transport, energy and data infrastructure sectors. Certain businesses have been impacted by the global pandemic. In particular, businesses in the transport segment have experienced adverse impacts on their financial performance as a result of the economic shutdowns and the responses by governments such as our toll roads and port businesses, business and communities in general. Our U.K. connections business has also experienced delays in recognizing earnings associated with the build-out of a contracted backlog of projects. Other of our businesses have been less impacted and some have not been impacted at all, as a result of their regulated or contractual revenue frameworks. The impact on our partnership's current results has been partially insulated by the contractual and regulated revenue frameworks across many of our businesses.

In the longer term, due to the speed with which the situation is developing and the uncertainty of its magnitude, outcome and duration, we are not able at this time to estimate the medium-term impact of the economic shutdowns on our operations. See "Cautionary statement regarding forward-looking statements".

The rapid spread of the COVID-19 virus, which was declared by the World Health Organization to be a pandemic on March 11, 2020, and actions taken globally in response to COVID-19, have significantly disrupted international business activities. In addition, our business relies, to a certain extent, on free movement of goods, services, and capital from around the world, which has been significantly restricted as a result of the global pandemic. Our partnership has implemented a response plan designed to maintain its operations despite the outbreak of the virus. However, we may experience direct or indirect impacts from the pandemic, including delays in development or construction activities in our business, and we have experienced reduced movement of goods and people resulting in lower revenues in our transport segment. We also have some risk that our contract counterparties could fail to meet their obligations to us.

Given the ongoing and dynamic nature of the circumstances surrounding the global pandemic, it is difficult to predict how significant the impact of the economic shutdowns, including any responses to them, will be on the global economy and our businesses or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including new information which may emerge concerning the severity of the pandemic and additional actions which may be taken to contain COVID-19. Such developments could have an adverse effect on our assets, liabilities, business, financial condition, results of operations and cash flow.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. We may make such statements in this report, in other filings with Canadian regulators or the SEC and in other public communications. The words "tend", "seek", "target", "foresee", "believe," "expect," "could", "aim to," "intend," "objective", "outlook", "endeavour", "estimate", "likely", "continue", "plan", derivatives thereof and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "will", "may", "should," which are predictions of or indicate future events, trends or prospects and which do not relate to historical matters, identify forward-looking statements. Forward-looking statements in this Management's Discussion and Analysis include among others, statements with respect to our assets tending to appreciate in value over time, growth in our assets and operations, increases in FFO per unit and resulting capital appreciation, returns on capital and on equity, increasing demand for commodities and global movement of goods, expected capital expenditures, the impact of planned capital projects by customers of our businesses as on the performance and growth of those businesses, the extent of our corporate, general and administrative expenses, our ability to close acquisitions (including acquisitions referred to in this Management's Discussion and Analysis and other planned transactions), our capacity to take advantage of opportunities in the marketplace, the future prospects of the assets that we operate or will operate, partnering with institutional investors, ability to identify, acquire and integrate new acquisition opportunities, long-term target return on our assets, sustainability of distribution levels, distribution growth and payout ratios, operating results and margins for our business and each operation, future prospects for the markets for our products, our plans for growth through internal growth and capital investments, ability to achieve stated objectives, ability to drive operating efficiencies, return on capital expectations for the business, contract prices and regulated rates for our operations, our expected future maintenance and capital expenditures, ability to deploy capital in accretive investments, impact on the business resulting from our view of future economic conditions, our ability to maintain sufficient financial liquidity, our ability to draw down funds under our bank credit facilities, our ability to secure financing through the issuance of equity or debt, expansions of existing operations, likely sources of future opportunities in the markets in which we operate, financing plans for our operating companies, foreign currency management activities and other statements with respect to our beliefs, outlooks, plans, expectations and intentions. Although we believe that the partnership's anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the partnership to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by the forward-looking statements contained herein include general economic conditions in the jurisdictions in which we operate and elsewhere which may impact the markets for our products or services, the ability to achieve growth within Brookfield Infrastructure's businesses, our ability to achieve the milestones necessary to deliver the targeted returns to our unitholders, which is uncertain, some of which depends on access to capital and continuing favourable commodity prices, the impact of market conditions on our businesses, including as a result of the recent novel coronavirus outbreak ("COVID-19"), the fact that success of Brookfield Infrastructure is dependent on market demand for an infrastructure company, which is unknown, the availability of equity and debt financing for Brookfield Infrastructure, the ability to effectively complete new acquisitions in the competitive infrastructure space (including the potential acquisitions referred to in this letter to unitholders, some of which remain subject to the satisfaction of conditions precedent, and the inability to reach final agreement with counterparties to transactions referred to herein as being currently pursued, given that there can be no assurance that any such transaction will be agreed to or completed) and to integrate acquisitions into existing operations, changes in technology which have the potential to disrupt the businesses and industries in which we invest, the market conditions of key commodities, the price, supply or demand for which can have a significant impact upon the financial and operating performance of our business, regulatory decisions affecting our regulated businesses, our ability to secure favourable contracts, weather events affecting our business, traffic volumes on our toll road businesses, pandemics or epidemics, and other risks and factors described in the documents filed by us with the securities regulators in Canada and the United States, including under "Risk Factors" in our most recent Annual Report on Form 20-F and other risks and factors that are described therein. In addition, our future results may be impacted by risks associated with a global pandemic caused by a novel strain of coronavirus, COVID-19, and the related global reduction in commerce and travel and substantial volatility in stock markets worldwide, which may result in a decrease of cash flows and impairment losses and/or revaluations on our investments and infrastructure assets, and we may be unable to achieve our expected returns.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Brookfield Infrastructure, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, the partnership undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.