

Brookfield Infrastructure Partners L.P.

Interim Report Q2 2022

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS

*AS OF JUNE 30, 2022 AND DECEMBER 31, 2021 AND
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021*

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Brookfield Infrastructure Partners L.P. (our “partnership” and together with its subsidiary and operating entities “Brookfield Infrastructure”) is a leading global infrastructure company that owns and operates high-quality, essential, long-life assets in the utilities, transport, midstream and data sectors across North and South America, Asia Pacific and Europe. It is focused on assets that have contracted and regulated revenues that generate predictable and stable cash flows.

Brookfield Asset Management Inc. (together with its affiliates other than Brookfield Infrastructure, “Brookfield”) has an approximate 27.2% economic interest in Brookfield Infrastructure on a fully exchanged basis. Brookfield Infrastructure has appointed Brookfield as its Service Provider to provide certain management, administrative and advisory services, for a fee, under the Master Services Agreement.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

US\$ MILLIONS, UNAUDITED	Notes	As of	
		June 30, 2022	December 31, 2021
Assets			
Cash and cash equivalents	7	\$ 1,301	\$ 1,406
Financial assets	7	870	740
Accounts receivable and other	7	2,317	2,204
Inventory		458	400
Assets classified as held for sale	4	878	146
Current assets		5,824	4,896
Property, plant and equipment	8	37,469	38,655
Intangible assets	9	13,524	14,214
Investments in associates and joint ventures	10	5,183	4,725
Investment properties		646	655
Goodwill	6	8,952	8,979
Financial assets	7	796	536
Other assets		1,379	1,141
Deferred income tax asset		126	160
Total assets		\$ 73,899	\$ 73,961
Liabilities and Partnership Capital			
Liabilities			
Accounts payable and other	7	\$ 4,163	\$ 4,019
Corporate borrowings	7,11	264	431
Non-recourse borrowings	7,11	3,506	2,701
Financial liabilities	7	454	1,510
Liabilities directly associated with assets classified as held for sale	4	508	—
Current liabilities		8,895	8,661
Corporate borrowings	7,11	3,225	2,288
Non-recourse borrowings	7,11	23,393	23,833
Financial liabilities	7	1,694	1,730
Other liabilities		4,663	5,027
Deferred income tax liability		5,970	6,011
Preferred shares	7	20	20
Total liabilities		47,860	47,570
Partnership capital			
Limited partners	16	5,419	5,702
General partner	16	29	31
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield	16	2,282	2,408
BIPC exchangeable shares	16	1,303	1,369
Exchangeable units ⁽¹⁾	16	75	85
Perpetual subordinated notes	16	293	—
Interest of others in operating subsidiaries		15,720	15,658
Preferred unitholders	16	918	1,138
Total partnership capital		26,039	26,391
Total liabilities and partnership capital		\$ 73,899	\$ 73,961

1. Includes non-controlling interest attributable to Exchange LP units and BIPC exchangeable LP units.

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF OPERATING RESULTS

US\$ MILLIONS, UNAUDITED	Notes	For the three-month period ended June 30		For the six-month period ended June 30	
		2022	2021	2022	2021
Revenues	14	\$ 3,681	\$ 2,663	\$ 7,092	\$ 5,346
Direct operating costs ⁽¹⁾	8,9,15	(2,712)	(1,925)	(5,218)	(3,740)
General and administrative expenses		(108)	(96)	(229)	(191)
		861	642	1,645	1,415
Interest expense		(469)	(362)	(878)	(717)
Share of (losses) earnings from investments in associates and joint ventures	10	(34)	10	20	77
Mark-to-market on hedging items	7	169	(15)	137	20
Other income		52	1,317	87	1,344
Income before income tax		579	1,592	1,011	2,139
Income tax (expense) recovery					
Current		(180)	(74)	(300)	(168)
Deferred		26	(212)	8	(252)
Net income		\$ 425	\$ 1,306	\$ 719	\$ 1,719
Attributable to:					
Limited partners		\$ 70	\$ 192	\$ 76	\$ 281
General partner		60	51	120	101
Non-controlling interest attributable to:					
Redeemable Partnership Units held by Brookfield		29	79	32	116
BIPC exchangeable shares		17	29	18	43
Exchange LP Units		—	1	—	1
Interest of others in operating subsidiaries		249	954	473	1,177
Basic and diluted income per limited partner unit:	16	\$ 0.13	\$ 0.41	\$ 0.12	\$ 0.59

1. Our company reclassified depreciation and amortization expense, which was previously presented as a separate line item, to direct operating costs. Direct operating costs include \$552 million and \$1,096 million of depreciation and amortization expenses for the three and six-month periods ended June 30, 2022, respectively. Prior period amounts were also adjusted to reflect this change, which resulted in an increase to direct operating costs of \$492 million and \$961 million for the three and six-month periods ended June 30, 2021, with an equal and offsetting decrease to depreciation and amortization expense. This reclassification had no impact on revenues, net income, or basic and diluted earnings per limited partner unit.

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

US\$ MILLIONS, UNAUDITED	Notes	For the three-month period ended June 30		For the six-month period ended June 30	
		2022	2021	2022	2021
Net income		\$ 425	\$ 1,306	\$ 719	\$ 1,719
Other comprehensive income (loss):					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation of asset retirement obligation		23	—	48	—
Marketable securities, net of tax	7	—	45	—	165
Unrealized actuarial gains (losses)		5	(1)	18	20
Tax impact of remeasurement of revaluation surplus and other	18	(6)	(90)	(15)	(94)
		22	(46)	51	91
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation		(1,286)	424	(751)	50
Cash flow hedge	7	195	(19)	450	160
Net investment hedge	7	93	(47)	122	(41)
Taxes on the above items		(47)	6	(114)	(34)
Share of income (losses) from investments in associates and joint ventures	10	173	(3)	148	5
		(872)	361	(145)	140
Total other comprehensive (loss) income		(850)	315	(94)	231
Comprehensive (loss) income		\$ (425)	\$ 1,621	\$ 625	\$ 1,950
Attributable to:					
Limited partners		\$ (153)	\$ 326	\$ 70	\$ 380
General partner		59	51	120	101
Non-controlling interest attributable to:					
Redeemable Partnership Units held by Brookfield		(64)	135	31	157
BIPC exchangeable shares		(35)	49	18	58
Exchangeable units ⁽¹⁾		(3)	1	—	1
Interest of others in operating subsidiaries		(229)	1,059	386	1,253

1. Includes non-controlling interest attributable to Exchange LP units and BIPC exchangeable LP units.

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2022 US\$ MILLIONS	Limited Partners						Non-controlling interest – Redeemable Partnership Units held by Brookfield	Non-controlling interest – BIPC exchangeable shares	Non-controlling interest – Exchangeable units ⁽⁴⁾	Non-controlling interest – In operating subsidiaries	Non-controlling interest – Perpetual subordinated notes	Preferred unitholders capital	Total partners' capital
	Limited partners' capital	(Deficit)	Ownership changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner							
Balance as of March 31, 2022	\$ 6,080	\$ (2,309)	\$ 1,430	\$ 540	\$ 5,741	\$ 31	\$ 2,420	\$ 1,381	\$ 81	\$ 16,110	\$ 293	\$ 918	\$ 26,975
Net income	—	70	—	—	70	60	29	17	—	249	—	—	425
Other comprehensive loss	—	—	—	(223)	(223)	(1)	(93)	(52)	(3)	(478)	—	—	(850)
Comprehensive income (loss)	—	70	—	(223)	(153)	59	(64)	(35)	(3)	(229)	—	—	(425)
Unit issuance ⁽²⁾	4	—	—	—	4	—	—	—	—	—	—	—	4
Partnership distributions ⁽³⁾	—	(165)	—	—	(165)	(61)	(69)	(40)	(3)	—	—	—	(338)
Partnership preferred distributions ⁽³⁾	—	(9)	—	—	(9)	—	(5)	(2)	—	—	—	—	(16)
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	(161)	—	—	(161)
Other items ⁽²⁾	1	86	—	(86)	1	—	—	(1)	—	—	—	—	—
Balance as at June 30, 2022	\$ 6,085	\$ (2,327)	\$ 1,430	\$ 231	\$ 5,419	\$ 29	\$ 2,282	\$ 1,303	\$ 75	\$ 15,720	\$ 293	\$ 918	\$ 26,039

1. Refer to Note 18 Accumulated Other Comprehensive Income (Loss).
2. Refer to Note 16 Partnership Capital.
3. Refer to Note 17 Distributions.
4. Includes non-controlling interest attributable to Exchange LP units and BIPC exchangeable LP units.

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2021 US\$ MILLIONS	Limited Partners												Total partners' capital
	Limited partners' capital	(Deficit)	Ownership changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner	Non-controlling interest – Redeemable Partnership Units held by Brookfield	Non-controlling interest – BIPC exchangeable shares	Non-controlling interest – Exchange LP Units	Non-controlling interest – in operating subsidiaries	Preferred unitholders capital		
Balance as at March 31, 2021	\$ 5,529	\$ (2,357)	\$ 540	\$ 417	\$ 4,129	\$ 19	\$ 1,643	\$ 622	\$ 11	\$ 14,204	\$ 1,324	\$ 21,952	
Net income	—	192	—	—	192	51	79	29	1	954	—	1,306	
Other comprehensive income	—	—	—	134	134	—	56	20	—	105	—	315	
Comprehensive income	—	192	—	134	326	51	135	49	1	1,059	—	1,621	
Unit issuance ⁽²⁾	3	—	—	—	3	—	—	—	—	—	—	3	
Partnership distributions ⁽³⁾	—	(151)	—	—	(151)	(50)	(62)	(23)	(1)	—	—	(287)	
Partnership preferred distributions ⁽³⁾	—	(11)	—	—	(11)	—	(5)	(2)	—	—	—	(18)	
Disposition of subsidiaries ⁽⁴⁾	—	—	—	—	—	—	—	—	—	(1,408)	—	(1,408)	
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	(306)	—	(306)	
Acquisition of non-controlling interest ⁽⁵⁾	—	—	—	—	—	—	—	—	—	(196)	—	(196)	
Other items ^{(1),(4),(5)}	—	170	(21)	(170)	(21)	—	(8)	(3)	—	122	—	90	
Balance as at June 30, 2021	<u>\$ 5,532</u>	<u>\$ (2,157)</u>	<u>\$ 519</u>	<u>\$ 381</u>	<u>\$ 4,275</u>	<u>\$ 20</u>	<u>\$ 1,703</u>	<u>\$ 643</u>	<u>\$ 11</u>	<u>\$ 13,475</u>	<u>\$ 1,324</u>	<u>\$ 21,451</u>	

1. Refer to Note 18 Accumulated Other Comprehensive Income (Loss).
2. Refer to Note 16 Partnership Capital.
3. Refer to Note 17 Distributions.
4. Refer to Note 5 Disposition of Businesses.
5. Refer to Note 6 Acquisition of Businesses.

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022 US\$ MILLIONS	Limited Partners													Total partners' capital
	Limited partners' capital	(Deficit)	Ownership changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner	Non-controlling interest – Redeemable Partnership Units held by Brookfield	Non-controlling interest – BIPC exchangeable shares	Non-controlling interest – Exchangeable Units	Non-controlling interest – in operating subsidiaries	Non-controlling interest – Perpetual subordinated notes	Preferred unitholders capital		
Balance as at January 1, 2022	\$ 6,074	\$ (2,125)	\$ 1,430	\$ 323	\$ 5,702	\$ 31	\$ 2,408	\$ 1,369	\$ 85	\$ 15,658	\$ —	\$ 1,138	\$ 26,391	
Net income	—	76	—	—	76	120	32	18	—	473	—	—	719	
Other comprehensive loss	—	—	—	(6)	(6)	—	(1)	—	—	(87)	—	—	(94)	
Comprehensive income (loss)	—	76	—	(6)	70	120	31	18	—	386	—	—	625	
Unit issuance ⁽²⁾	8	—	—	—	8	—	—	—	—	—	—	—	8	
Partnership distributions ⁽³⁾	—	(330)	—	—	(330)	(122)	(138)	(80)	(6)	—	—	—	(676)	
Partnership preferred distributions ⁽³⁾	—	(20)	—	—	(20)	—	(10)	(5)	—	—	—	—	(35)	
Subsidiary distributions to non- controlling interest	—	—	—	—	—	—	—	—	—	(324)	—	—	(324)	
Preferred units redeemed ⁽²⁾	—	(14)	—	—	(14)	—	(9)	—	—	—	—	(220)	(243)	
Issuance of perpetual subordinated notes ⁽²⁾	—	—	—	—	—	—	—	—	—	—	293	—	293	
Other items ⁽²⁾	3	86	—	(86)	3	—	—	1	(4)	—	—	—	—	
Balance as at June 30, 2022	<u>\$ 6,085</u>	<u>\$ (2,327)</u>	<u>\$ 1,430</u>	<u>\$ 231</u>	<u>\$ 5,419</u>	<u>\$ 29</u>	<u>\$ 2,282</u>	<u>\$ 1,303</u>	<u>\$ 75</u>	<u>\$ 15,720</u>	<u>\$ 293</u>	<u>\$ 918</u>	<u>\$ 26,039</u>	

1. Refer to Note 18 Accumulated Other Comprehensive Income (Loss).
2. Refer to Note 16 Partnership Capital.
3. Refer to Note 17 Distributions.
4. Refer to Note 5 Disposition of Businesses.

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

Limited Partners

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021 US\$ MILLIONS	Limited partners' capital	(Deficit)	Ownership changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner	Non-controlling interest – Redeemable Partnership Units held by Brookfield	Non-controlling interest – BIPC exchangeable shares	Non-controlling interest – Exchange LP Units	Non-controlling interest – in operating subsidiaries	Preferred unitholders capital	Total partners' capital
Balance as at January 1, 2021	\$ 5,526	\$ (2,285)	\$ 540	\$ 452	\$ 4,233	\$ 19	\$ 1,687	\$ 638	\$ 12	\$ 13,954	\$ 1,130	\$ 21,673
Net income	—	281	—	—	281	101	116	43	1	1,177	—	1,719
Other comprehensive loss	—	—	—	99	99	—	41	15	—	76	—	231
Comprehensive income (loss)	—	281	—	99	380	101	157	58	1	1,253	—	1,950
Unit issuance ⁽²⁾	6	—	—	—	6	—	—	—	—	—	—	6
Partnership distributions ⁽³⁾	—	(302)	—	—	(302)	(100)	(124)	(46)	(2)	—	—	(574)
Partnership preferred distributions ⁽³⁾	—	(21)	—	—	(21)	—	(9)	(4)	—	—	—	(34)
Acquisition of subsidiaries ⁽⁵⁾	—	—	—	—	—	—	—	—	—	288	—	288
Disposition of subsidiaries ⁽⁴⁾	—	—	—	—	—	—	—	—	—	(1,408)	—	(1,408)
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	(538)	—	(538)
Acquisition of non-controlling interest ⁽⁵⁾	—	—	—	—	—	—	—	—	—	(196)	—	(196)
Preferred units issued ⁽²⁾	—	—	—	—	—	—	—	—	—	—	194	194
Other items ^{(1),(4),(5)}	—	170	(21)	(170)	(21)	—	(8)	(3)	—	122	—	90
Balance as at June 30, 2021	\$ 5,532	\$ (2,157)	\$ 519	\$ 381	\$ 4,275	\$ 20	\$ 1,703	\$ 643	\$ 11	\$ 13,475	\$ 1,324	\$ 21,451

1. Refer to Note 18 Accumulated Other Comprehensive Income (Loss).
2. Refer to Note 16 Partnership Capital.
3. Refer to Note 17 Distributions.
4. Refer to Note 5 Disposition of Businesses.
5. Refer to Note 6 Acquisition of Businesses.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF CASH FLOWS

US\$ MILLIONS, UNAUDITED	Notes	For the three-month period ended June 30		For the six-month period ended June 30	
		2022	2021	2022	2021
Operating Activities					
Net income		\$ 425	\$ 1,306	\$ 719	\$ 1,719
Adjusted for the following items:					
Earnings from investments in associates and joint ventures, net of distributions received	10	76	(10)	146	(18)
Depreciation and amortization expense	8,9	552	492	1,096	961
Mark-to-market on hedging items, provisions and other	7	(200)	(1,254)	(179)	(1,348)
Deferred income tax (recovery) expense		(26)	212	(8)	252
Changes in non-cash working capital, net		(93)	(182)	(305)	(276)
Cash from operating activities		<u>734</u>	<u>564</u>	<u>1,469</u>	<u>1,290</u>
Investing Activities					
Acquisition of subsidiaries, net of cash acquired	6	—	(49)	(42)	(145)
Disposal of subsidiaries, net of cash disposed	5	—	2,588	—	2,588
Investments in associates and joint ventures	10	(216)	—	(671)	—
Disposal of investments in associates and joint ventures	10	275	—	275	412
Purchase of long-lived assets	8,9	(735)	(414)	(1,334)	(746)
Disposal of long-lived assets	8,9	12	12	21	23
Purchase of financial assets		(146)	(331)	(382)	(502)
Sale of financial assets		201	230	401	526
Net settlement of foreign exchange hedging items	7	25	(18)	24	(17)
Cash (used by) from investing activities		<u>(584)</u>	<u>2,018</u>	<u>(1,708)</u>	<u>2,139</u>
Financing Activities					
Distributions to general partner	17	(61)	(50)	(122)	(100)
Distributions to other unitholders	17	(293)	(255)	(589)	(508)
Subsidiary distributions to non-controlling interest		(161)	(306)	(324)	(538)
Capital provided by non-controlling interest	16	—	—	293	100
Capital provided to non-controlling interest		—	(1,408)	—	(1,408)
Acquisition of partial interest from non-controlling interest	6	—	(283)	—	(283)
Deposit repaid to parent	19	(200)	(744)	—	(344)
Proceeds from corporate borrowings	11	474	244	474	244
(Repayment of) net proceeds from commercial paper program	11	(124)	406	(164)	496
Proceeds from corporate credit facility	11	1,245	1,539	2,202	1,830
Repayment of corporate credit facility	11	(1,216)	(1,816)	(1,694)	(2,961)
Proceeds from non-recourse borrowings	11	2,164	1,005	3,400	1,597
Repayment of non-recourse borrowings	11	(1,413)	(555)	(2,007)	(974)
Lease liability repaid and other		(72)	(119)	(90)	(178)
Settlement of deferred consideration		(1,037)	(137)	(1,037)	(191)
Net preferred units (redeemed) issued	16	—	—	(243)	194
Partnership units issued	16	4	3	8	6
Cash (used by) from financing activities		<u>(690)</u>	<u>(2,476)</u>	<u>107</u>	<u>(3,018)</u>
Cash and cash equivalents					
Change during the period		(540)	106	(132)	411
Cash reclassified as assets held for sale		(30)	—	(30)	(6)
Impact of foreign exchange on cash		(98)	29	57	3
Balance, beginning of period		1,969	1,140	1,406	867
Balance, end of period		<u>\$ 1,301</u>	<u>\$ 1,275</u>	<u>\$ 1,301</u>	<u>\$ 1,275</u>

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

NOTES TO THE UNAUDITED INTERIM CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2022 AND DECEMBER 31, 2021 AND

FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021

1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

Brookfield Infrastructure Partners L.P. (our “partnership” and, together with its subsidiaries and operating entities, “Brookfield Infrastructure”) owns and operates utilities, transport, midstream and data businesses in North and South America, Europe and the Asia Pacific region. Our partnership was formed as a limited partnership established under the laws of Bermuda, pursuant to a limited partnership agreement dated May 17, 2007, as amended and restated. Our partnership is a subsidiary of Brookfield Asset Management Inc. (“Brookfield”). Our partnership’s units are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbols “BIP” and “BIP.UN”, respectively. Our cumulative Class A preferred limited partnership units, Series 1, Series 3, Series 9 and Series 11 are listed on the Toronto Stock Exchange under the symbols “BIP.PR.A,” “BIP.PR.B,” “BIP.PR.E” and “BIP.PR.F,” respectively. Our cumulative Class A preferred limited partnership units, Series 13 and Series 14, are listed on the New York Stock Exchange under the symbols “BIP.PR.A” and “BIP.PR.B”, respectively. Our partnership’s registered office is 73 Front Street, 5th Floor Hamilton, HM 12, Bermuda.

In these notes to the consolidated financial statements, references to “units” are to the limited partnership units in our partnership other than the preferred units, references to our “preferred units” are to preferred limited partnership units in our partnership and references to our “unitholders” and “preferred unitholders” are to the holders of our units and preferred units, respectively. References to “Class A Preferred Units,” “Series 1 Preferred Units,” “Series 3 Preferred Units,” “Series 9 Preferred Units,” “Series 11 Preferred Units,” “Series 13 Preferred Units” and “Series 14 Preferred Units” are to cumulative Class A preferred limited partnership units, cumulative Class A preferred limited partnership units, Series 1, cumulative Class A preferred limited partnership units, Series 3, cumulative Class A preferred limited partnership units, Series 9, cumulative Class A preferred limited partnership units, Series 11, cumulative Class A preferred limited partnership units, Series 13, and cumulative Class A preferred limited partnership units Series 14, in our partnership, respectively.

2. SUMMARY OF ACCOUNTING POLICIES

a) Statement of Compliance

These interim condensed and consolidated financial statements of our partnership and its subsidiaries (together “Brookfield Infrastructure”) have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies Brookfield Infrastructure applied in its consolidated financial statements as of and for the year-ended December 31, 2021. The accounting policies that our partnership applied in its annual consolidated financial statements as of and for the year-ended December 31, 2021 are disclosed in Note 3 of such financial statements, with which reference should be made in reading these interim condensed and consolidated financial statements.

These interim condensed and consolidated financial statements were authorized for issuance by the Board of Directors of our partnership on August 11, 2022.

b) Significant Accounting Judgments and Key Sources of Estimation Uncertainty

In preparing our consolidated financial statements, we make judgments in applying our accounting policies. The areas of policy judgment are consistent with those reported in our consolidated financial statements as of and for the year-ended December 31, 2021. As disclosed in our 2021 annual consolidated financial statements, our partnership uses significant assumptions and estimates to determine the fair value of our property, plant and equipment and the value-in-use or fair value less costs of disposal of the cash-generating units or groups of cash generating units to which goodwill or an intangible asset has been allocated.

3. SEGMENT INFORMATION

IFRS 8, *Operating Segments*, requires operating segments to be determined based on information that is regularly reviewed by the Executive Management and the Board of Directors for the purpose of allocating resources to the segment and to assess its performance. The Chief Operating Decision Maker (“CODM”) uses Funds from Operations (“FFO”) in assessing performance and in making resource allocation decisions, which enable the determination of return on the equity deployed. We define FFO as net income excluding the impact of depreciation and amortization, deferred income taxes, mark-to-market on hedging items and other income (expenses) that are not related to the revenue earning activities and are not normal, recurring cash operating expenses necessary for business operations.

FFO includes balances attributable to the partnership generated by investments in associates and joint ventures accounted for using the equity method and excludes amounts attributable to non-controlling interests based on the economic interests held by non-controlling interests in consolidated subsidiaries.

Total attributable to Brookfield Infrastructure									
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2022 US\$ MILLIONS	Utilities	Transport	Midstream	Data	Corporate	Total	Contribution from investments in associates	Attributable to non- controlling interest	As per IFRS financials ⁽¹⁾
Revenues	\$ 485	\$ 617	\$ 411	\$ 145	\$ —	\$ 1,658	\$ (617)	\$ 2,640	\$ 3,681
Costs attributed to revenues ⁽²⁾	(199)	(347)	(193)	(62)	—	(801)	313	(1,672)	(2,160)
General and administrative expenses	—	—	—	—	(108)	(108)	—	—	(108)
Other (expense) income	(23)	(1)	(4)	2	37	11	7	(146)	(128)
Interest expense	(75)	(70)	(44)	(25)	(33)	(247)	82	(304)	(469)
FFO	188	199	170	60	(104)	513			
Depreciation and amortization expense						(334)	131	(349)	(552)
Deferred taxes						(40)	(20)	86	26
Mark-to-market on hedging items and other						37	138	(6)	169
Share of losses from associates						—	(34)	—	(34)
Net income attributable to non-controlling interest						—	—	(249)	(249)
Net income attributable to partnership ⁽³⁾						\$ 176	\$ —	\$ —	\$ 176

Total attributable to Brookfield Infrastructure									
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2021 US\$ MILLIONS	Utilities	Transport	Midstream	Data	Corporate	Total	Contribution from investments in associates	Attributable to non- controlling interest	As per IFRS financials ⁽¹⁾
Revenues	\$ 428	\$ 506	\$ 130	\$ 151	\$ —	\$ 1,215	\$ (474)	\$ 1,922	\$ 2,663
Costs attributed to revenues ⁽²⁾	(177)	(267)	(48)	(67)	—	(559)	235	(1,109)	(1,433)
General and administrative expenses	—	—	—	—	(96)	(96)	—	—	(96)
Other (expense) income	(18)	—	—	—	30	12	1	(47)	(34)
Interest expense	(43)	(66)	(22)	(24)	(23)	(178)	64	(248)	(362)
FFO	190	173	60	60	(89)	394			
Depreciation and amortization expense						(273)	124	(343)	(492)
Deferred taxes						(108)	(14)	(90)	(212)
Mark-to-market on hedging items and other						339	54	869	1,262
Share of earnings from associates						—	10	—	10
Net income attributable to non-controlling interest						—	—	(954)	(954)
Net income attributable to partnership ⁽³⁾						\$ 352	\$ —	\$ —	\$ 352

Total attributable to Brookfield Infrastructure									
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022 US\$ MILLIONS	Utilities	Transport	Midstream	Data	Corporate	Total	Contribution from investments in associates	Attributable to non- controlling interest	As per IFRS financials ⁽¹⁾
Revenues	\$ 924	\$ 1,195	\$ 834	\$ 297	\$ —	\$ 3,250	\$ (1,188)	\$ 5,030	\$ 7,092
Costs attributed to revenues ⁽²⁾	(384)	(670)	(382)	(131)	—	(1,567)	598	(3,153)	(4,122)
General and administrative expenses	—	—	—	—	(229)	(229)	—	—	(229)
Other (expense) income	(51)	(5)	(1)	5	69	17	15	(226)	(194)
Interest expense	(134)	(136)	(85)	(53)	(57)	(465)	154	(567)	(878)
FFO	355	384	366	118	(217)	1,006			
Depreciation and amortization expense						(656)	254	(694)	(1,096)
Deferred taxes						(52)	(23)	83	8
Mark-to-market on hedging items and other						(52)	170	—	118
Share of earnings from associates						—	20	—	20
Net income attributable to non-controlling interest						—	—	(473)	(473)
Net income attributable to partnership ⁽³⁾						\$ 246	\$ —	\$ —	\$ 246

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Midstream	Data	Corporate	Total			
Revenues	\$ 818	\$ 1,001	\$ 364	\$ 300	\$ —	\$ 2,483	\$ (964)	\$ 3,827	\$ 5,346
Costs attributed to revenues ⁽²⁾	(344)	(529)	(97)	(134)	—	(1,104)	470	(2,145)	(2,779)
General and administrative expenses	—	—	—	—	(191)	(191)	—	—	(191)
Other (expense) income	(34)	(4)	(15)	5	49	1	1	(99)	(97)
Interest expense	(84)	(133)	(46)	(51)	(50)	(364)	134	(487)	(717)
FFO	356	335	206	120	(192)	825			
Depreciation and amortization expense						(553)	252	(660)	(961)
Deferred taxes						(136)	(15)	(101)	(252)
Mark-to-market on hedging items and other						406	45	842	1,293
Share of earnings from associates						—	77	—	77
Net income attributable to non-controlling interest						—	—	(1,177)	(1,177)
Net income attributable to partnership ⁽³⁾						\$ 542	\$ —	\$ —	\$ 542

1. The above tables reconcile Brookfield Infrastructure's share of results to our partnership's unaudited interim condensed and 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. Costs attributed to revenues exclude depreciation and amortization expense. Refer to Note 15, Direct Operating Costs, for further details.
3. Includes net income attributable to limited partners, the general partner, non-controlling interests - Redeemable Partnership Units held by Brookfield, non-controlling interests - Exchange LP Units, non-controlling interests - BIPC Exchangeable LP units and non-controlling interests - BIPC exchangeable shares.

Segment assets

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

The following is an analysis of Brookfield Infrastructure's assets by reportable operating segment:

AS OF JUNE 30, 2022 US\$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Midstream	Data	Corporate	Total				
Total assets	\$ 7,640	\$ 8,451	\$ 10,310	\$ 3,331	\$ (1,231)	\$ 28,501	\$ (5,529)	\$ 42,466	\$ 8,461	\$ 73,899

AS OF DECEMBER 31, 2021 US\$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Midstream	Data	Corporate	Total				
Total assets	\$ 6,184	\$ 8,601	\$ 10,378	\$ 3,405	\$ (1,471)	\$ 27,097	\$ (4,825)	\$ 42,415	\$ 9,274	\$ 73,961

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

4. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

In June 2022, Brookfield Infrastructure, alongside institutional partners, agreed to the sale of its Indian toll road operations for total net proceeds of approximately \$0.2 billion (Indian toll road consortium of approximately \$0.6 billion). As a result, the assets and liabilities of the business were classified as held for sale as at June 30, 2022. In addition, in December 2021, a subsidiary of Brookfield Infrastructure agreed to the sale of its 50% interest in a freehold landlord port in Victoria, Australia. As a result, our net investment in the port, which was previously presented as investments in associates, has been classified as held for sale.

The major classes of assets and liabilities of the businesses classified as held for sale are as follows:

<u>US\$ MILLIONS</u>	<u>June 30, 2022</u>
Assets	
Cash and cash equivalents	\$ 30
Accounts receivable and other current assets	80
Current assets	110
Property, plant and equipment	4
Investment in associates ⁽¹⁾	139
Intangible assets	605
Goodwill and other non-current assets	20
Total assets classified as held for sale	\$ 878
Liabilities	
Accounts payable and other liabilities	\$ 75
Deferred income tax liability	6
Non-recourse borrowings	427
Total liabilities associated with assets held for sale	508
Net assets classified as held for sale	\$ 370

1. Refer to Note 10, Investments in Associates and Joint Ventures, for further details.

5. DISPOSITION OF BUSINESSES

Dispositions completed in 2021

a) Disposition of our Chilean toll road operation

On November 16, 2021, Brookfield Infrastructure, alongside institutional partners (collectively, the “AVN consortium”) completed the sale of its 17% interest in our Chilean toll road business (AVN consortium total of approximately 34%). The sale resulted in net proceeds of approximately \$165 million (AVN consortium total of approximately \$315 million). Our partnership recognized a gain of approximately \$140 million (AVN consortium total of \$270 million) in Other income (expense) on the Consolidated Statements of Operating Results. The partnership’s share of losses relating to previous foreign exchange movements and hedges of \$8 million were reclassified from accumulated other comprehensive income to Other income (expense) on the Consolidated Statements of Operating Results.

b) Disposition of our U.S. district energy operation

On July 16, 2021, Brookfield Infrastructure completed the sale of its 40% interest in our U.S. district energy operation. The sale resulted in net proceeds of approximately \$555 million. Our partnership recognized a gain of approximately \$425 million in Other income (expense) on the Consolidated Statements of Operating Results. The partnership’s share of accumulated revaluation surplus of \$150 million was reclassified from accumulated other comprehensive income directly to retained earnings and recorded within Other items on the Consolidated Statements of Partnership Capital.

c) Disposition of our Canadian district energy operation

On June 7, 2021, Brookfield Infrastructure, alongside institutional partners (collectively, the “Enwave Canada consortium”) completed the sale of its 25% interest in our Canadian district energy operation. The sale resulted in net proceeds of approximately \$450 million (Enwave Canada consortium total of approximately \$1.8 billion). Our partnership recognized a gain of approximately \$295 million (Enwave Canada consortium total of approximately \$1.2 billion) in Other income (expense) on the Consolidated Statements of Operating Results. The partnership’s share of accumulated revaluation surplus of \$124 million was reclassified from accumulated other comprehensive income directly to retained earnings and recorded within Other items on the Consolidated Statements of Partnership Capital. The partnership’s share of net gains relating to previous foreign exchange movements and hedges of \$9 million were reclassified from accumulated other comprehensive income to Other income (expense) on the Consolidated Statements of Operating Results.

d) Disposition of our U.K. regulated distribution business’s portfolio of smart meters

On May 12, 2021, our U.K. regulated distribution business sold its smart meters business for gross consideration of approximately \$820 million. After the repayment of debt and working capital requirements at the business, our partnership received net proceeds of approximately \$340 million. The business recognized a gain of approximately \$195 million in Other income (expense) on the Consolidated Statements of Operating Results, of which approximately \$155 million is attributable to our partnership. The partnership’s share of accumulated revaluation surplus of \$142 million was reclassified from accumulated other comprehensive income directly to retained earnings and recorded within Other items on the Consolidated Statements of Partnership Capital. The partnership’s share of net gains relating to previous foreign exchange movements and hedges of \$12 million were reclassified from accumulated other comprehensive income to Other income (expense) on the Consolidated Statements of Operating Results.

6. ACQUISITION OF BUSINESSES

Acquisitions Completed in 2022

a) Individually insignificant business combinations

The following table summarizes the purchase price allocation of individually insignificant business combinations that have been completed in 2022:

US\$ MILLIONS	
Cash	\$ 7
Equity consideration ⁽¹⁾	13
Contingent consideration	8
Total consideration	\$ 28

1. *As part of our consideration, we issued shares of the subsidiary which are compound instruments.*

Fair value of assets and liabilities acquired (provisional)⁽¹⁾:

US\$ MILLIONS	
Accounts receivable and other	\$ 15
Property, plant and equipment	33
Intangible assets	72
Goodwill	104
Accounts payable and other liabilities	(55)
Non-recourse borrowings	(6)
Net assets acquired before non-controlling interest	163
Non-controlling interest ⁽²⁾	(135)
Net assets acquired	\$ 28

1. *The fair values of certain acquired assets and liabilities for these operations have been determined on a provisional basis given the proximity of the acquisitions to the reporting date, pending finalization of the determination of the fair values of the acquired assets and liabilities. Our partnership is in the process of obtaining additional information primarily in order to assess the fair values of property, plant and equipment, intangible assets, deferred income taxes and the resulting impact to goodwill as at the date of the acquisitions.*

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

Supplemental Information

Had the individually insignificant acquisitions been effective January 1, 2022, the revenue and net income of Brookfield Infrastructure would have increased by approximately \$5.0 million and \$1.0 million, respectively, for the six-month period ended June 30, 2022.

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

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

Acquisitions Completed in 2021

(a) Acquisition of Brazilian electricity transmission operation

On February 26, 2021, Brookfield Infrastructure, alongside institutional partners, exercised its option to acquire an additional 15% interest in Jose Maria de Macedo de Eletricidade S.A (“JMM”), a Brazilian electricity transmission operation, increasing Brookfield Infrastructure’s ownership in JMM to 31%. Prior to February 26, 2021, our partnership’s existing interest in JMM was accounted for using the equity method.

On December 24, 2021, Brookfield Infrastructure, alongside institutional partners, exercised its option to acquire an additional 15% interest in Giovanni Sanguinetti Transmissora de Energia S.A. (“Sanguinetti”) and Veredas Transmissora de Electricidade S.A. (“Veredas”), Brazilian electricity transmission operations, increasing Brookfield Infrastructure’s ownership in both operations to 31%. Prior to December 24, 2021, our partnership’s existing interest in both operations were accounted for using the equity method.

Consideration Transferred:

US\$ MILLIONS	
Cash	\$ 56
Pre-existing interest in the businesses	92
Total consideration	\$ 148

Fair value of assets and liabilities acquired as of the date of acquisitions (provisional)⁽¹⁾:

US\$ MILLIONS	
Cash and cash equivalents	\$ 70
Accounts receivable and other	13
Intangible assets	1,094
Goodwill	44
Accounts payable and other liabilities	(99)
Non-recourse borrowings	(481)
Deferred income tax liabilities	(152)
Net assets acquired before non-controlling interest	489
Non-controlling interest ⁽²⁾	(341)
Net assets acquired	\$ 148

- The fair values of certain acquired assets and liabilities for these operations have been determined on a provisional basis given the proximity of the acquisitions to the reporting date, pending finalization of the determination of the fair values of the acquired assets and liabilities. Our partnership is in the process of obtaining additional information primarily in order to assess the fair values of intangible assets, deferred income taxes and the resulting impact to goodwill as at the date of the acquisition.*
- Non-controlling interest represents the consideration paid for the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition dates.*

(b) Acquisition of a Canadian diversified midstream operation

On August 20, 2021, Brookfield Infrastructure, alongside institutional partners (collectively, the “IPL consortium”) acquired an effective 41% interest (IPL consortium total of 69%) in IPL for total consideration of approximately \$2.8 billion (IPL consortium total of approximately \$4.7 billion). The acquisition was funded through cash provided by the partnership of \$0.8 billion (IPL consortium total of \$1.9 billion), \$0.2 billion of BIPC exchangeable LP units, \$1.1 billion of BIPC exchangeable shares and \$0.5 billion (IPL consortium total of \$0.9 billion) of asset level debt raised on closing. In addition, Brookfield Infrastructure had an existing 3% interest in IPL (IPL consortium total - 10%) valued at \$0.2 billion prior to the acquisition (IPL consortium total of \$0.6 billion). Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective August 20, 2021. Acquisition costs of approximately \$65 million were recorded as Other income (expense) within the Consolidated Statements of Operating Results.

Consideration Transferred:

US\$ MILLIONS	
Cash	\$ 1,268
BIPC exchangeable shares	1,061
BIPC exchangeable LP units	245
Pre-existing interest in business ⁽¹⁾	192
Total consideration	<u>\$ 2,766</u>

1. Prior to the acquisition, Brookfield held an interest in the acquiree which was accounted for as a financial asset.

Fair value of assets and liabilities acquired as of August 20, 2021 (provisional)⁽¹⁾:

US\$ MILLIONS	
Cash and cash equivalents	\$ 121
Accounts receivable and other	440
Property, plant and equipment	9,865
Intangible assets	2,569
Goodwill	2,096
Accounts payable and other liabilities	(700)
Lease liabilities	(226)
Non-recourse borrowings	(6,185)
IPL shares held by public shareholders ⁽²⁾	(2,086)
Deferred income tax liabilities	(1,229)
Net assets acquired before non-controlling interest	4,665
Non-controlling interest ⁽³⁾	(1,899)
Net assets acquired	<u>\$ 2,766</u>

1. The fair values of certain acquired assets and liabilities for these operations have been determined on a provisional basis given the proximity of the acquisitions to the reporting date, pending finalization of the determination of the fair values of the acquired assets and liabilities. Our partnership is in the process of obtaining additional information primarily in order to assess the fair values of property, plant and equipment, intangible assets, and the resulting impact to goodwill and deferred taxes as at the date of the acquisition.
2. IPL shares held by public shareholders represent the 31% interest in IPL not yet acquired by Brookfield as of August 20, 2021. The interest is classified as liability on acquisition due to the mandatory extension of Brookfield’s offer to acquire the remaining interest in IPL. The mandatory extension expired on September 3, 2021 and the remaining \$1.6 billion interest was reclassified to non-controlling interest thereafter.
3. Non-controlling interest represents the consideration paid for the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date.

The goodwill recorded on acquisition is largely reflective of the potential to obtain long-term contracts for the business’ unutilized capacity and production growth. The goodwill recognized is not deductible for income tax purposes.

Subsequent to the initial acquisition, Brookfield Infrastructure, alongside institutional partners, acquired an additional 4% interest (IPL consortium total of 7%) in IPL during the period between August 25, 2021 and September 3, 2021, increasing our partnership's ownership of the business to approximately 45% (IPL consortium total of 76%), for approximately \$315 million (IPL consortium total of \$530 million). The acquisition was funded through cash provided by the partnership of approximately \$225 million (IPL consortium total of approximately \$440 million), \$11 million of BIPC exchangeable LP units and \$79 million of BIPC exchangeable shares. No gain or loss was recognized on acquisition.

On October 28, 2021 Brookfield Infrastructure, alongside institutional partners, acquired an additional 14% interest (IPL consortium total of 24%) in IPL for total consideration of \$0.9 billion (IPL consortium of \$1.6 billion). The acquisition was funded through cash provided by the partnership of approximately \$0.4 billion (IPL consortium total of approximately \$1.1 billion) and \$0.5 billion of BIPC exchangeable shares and BIPC exchangeable LP units. Subsequent to the acquisition, our partnership's ownership of the business is 59% (IPL consortium total of 100%). As a result of the carrying value of non-controlling interests exceeding the purchase price, a gain of approximately \$30 million was recognized directly in ownership changes and recorded within Other items on the Consolidated Statements of Partnership Capital.

c) Acquisition of additional interest in our Brazilian regulated gas transmission operation

On April 30, 2021, Brookfield Infrastructure, alongside institutional partners (the "NTS consortium"), acquired an additional 3% interest (NTS consortium total of 10%) in our Brazilian regulated gas transmission operation, increasing our partnership's ownership of the business to approximately 31%. Total consideration paid was \$87 million (NTS consortium total of \$283 million), all of which was funded using asset level debt raised on closing. As a result of the purchase price exceeding the previous carrying value of non-controlling interests, a loss of \$32 million was recognized directly in ownership changes and recorded within Other items on the Consolidated Statements of Partnership Capital.

d) Individually insignificant business combinations

The following table summarizes the purchase price allocation of individually insignificant business combinations that were completed in 2021:

<u>US\$ MILLIONS</u>	
Cash	\$ 79
Deferred consideration	3
Contingent consideration	2
Total consideration	\$ 84

Fair value of assets and liabilities acquired as of the date of acquisitions (provisional)⁽¹⁾:

<u>US\$ MILLIONS</u>	
Cash and cash equivalents	\$ 26
Accounts receivable and other	34
Property, plant and equipment	314
Intangible assets	71
Goodwill	260
Accounts payable and other liabilities	(51)
Lease liabilities	(109)
Non-recourse borrowings	(32)
Deferred income tax liabilities	(49)
Net assets acquired before non-controlling interest	464
Non-controlling interest ⁽²⁾	(380)
Net assets acquired	\$ 84

- The fair values of certain acquired assets and liabilities for these operations have been determined on a provisional basis given the proximity of the acquisitions to the reporting date, pending finalization of the determination of the fair values of the acquired assets and liabilities. Our partnership is in the process of obtaining additional information primarily in order to assess the fair values of property, plant and equipment, intangible assets, deferred income taxes and the resulting impact to goodwill as at the date of the acquisitions.*
- Non-controlling interest represents the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition dates.*

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Classification of Financial Instruments

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

Carrying Value and Fair Value of Financial Instruments

The following table provides the allocation of financial instruments and their associated classifications as at June 30, 2022:

US\$ MILLIONS

Financial Instrument Classification

MEASUREMENT BASIS	Fair value through profit or loss	Amortized Cost	Total
Financial assets			
Cash and cash equivalents	\$ —	\$ 1,301	\$ 1,301
Accounts receivable and other	—	2,971	2,971
Financial assets (current and non-current) ⁽¹⁾	1,542	124	1,666
Total	\$ 1,542	\$ 4,396	\$ 5,938
Financial liabilities			
Corporate borrowings	\$ —	\$ 3,489	\$ 3,489
Non-recourse borrowings (current and non-current)	—	26,899	26,899
Accounts payable and other	—	3,450	3,450
Financial liabilities (current and non-current) ⁽¹⁾	296	1,852	2,148
Lease liabilities	—	3,646	3,646
Preferred shares ⁽²⁾	—	20	20
Total	\$ 296	\$ 39,356	\$ 39,652

1. Derivative instruments which are elected for hedge accounting totaling \$697 million are included in financial assets and \$58 million of derivative instruments are included in financial liabilities.

2. \$20 million of preferred shares issued to wholly-owned subsidiaries of Brookfield.

The following table provides the allocation of financial instruments and their associated classifications as at December 31, 2021:

US\$ MILLIONS

Financial Instrument Classification

MEASUREMENT BASIS	Fair value through profit or loss	Amortized Cost	Total
Financial assets			
Cash and cash equivalents	\$ —	\$ 1,406	\$ 1,406
Accounts receivable and other	—	2,718	2,718
Financial assets (current and non-current) ⁽¹⁾	1,171	105	1,276
Total	\$ 1,171	\$ 4,229	\$ 5,400
Financial liabilities			
Corporate borrowings	\$ —	\$ 2,719	\$ 2,719
Non-recourse borrowings (current and non-current)	—	26,534	26,534
Accounts payable and other	—	3,392	3,392
Financial liabilities (current and non-current) ⁽¹⁾	501	2,739	3,240
Lease liabilities	—	3,840	3,840
Preferred shares ⁽²⁾	—	20	20
Total	\$ 501	\$ 39,244	\$ 39,745

1. Derivative instruments which are elected for hedge accounting totaling \$384 million are included in financial assets and \$314 million of derivative instruments are included in financial liabilities.
2. \$20 million of preferred shares issued to wholly-owned subsidiaries of Brookfield.

The following table provides the carrying values and fair values of financial instruments as at June 30, 2022 and December 31, 2021:

US\$ MILLIONS	June 30, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	\$ 1,301	\$ 1,301	\$ 1,406	\$ 1,406
Accounts receivable and other	2,971	2,971	2,718	2,718
Financial assets (current and non-current)	1,666	1,666	1,276	1,276
Total	\$ 5,938	\$ 5,938	\$ 5,400	\$ 5,400
Financial liabilities				
Corporate borrowings ⁽¹⁾	\$ 3,489	\$ 3,234	\$ 2,719	\$ 2,805
Non-recourse borrowings (current and non-current) ⁽²⁾	26,899	26,264	26,534	26,769
Accounts payable and other	3,450	3,450	3,392	3,392
Financial liabilities (current and non-current)	2,148	2,148	3,240	3,240
Preferred shares ⁽³⁾	20	20	20	20
Total	\$ 36,006	\$ 35,116	\$ 35,905	\$ 36,226

1. Corporate borrowings are classified under level 1 of the fair value hierarchy; quoted prices in an active market are available.
2. Non-recourse borrowings are classified under level 2 of the fair value hierarchy with the exception of certain borrowings at our U.K. port operation, which are classified under level 1. For level 2 fair values, future cash flows are estimated based on observable forward interest rates at the end of the reporting period.
3. \$20 million of preferred shares issued to wholly-owned subsidiaries of Brookfield.

Hedging Activities

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

Cash Flow Hedges

Brookfield Infrastructure uses interest rate swaps to hedge the variability in cash flows related to a variable rate asset or liability and highly probable forecasted issuances of debt. The settlement dates coincide with the dates on which the interest is payable on the underlying debt, and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss. For the three and six-month periods ended June 30, 2022, gains of \$195 million and \$450 million, respectively (2021: losses of \$19 million and gains of \$160 million) were recorded in other comprehensive income for the effective portion of the cash flow hedges. As of June 30, 2022, there was a net derivative asset balance of \$574 million relating to derivative contracts designated as cash flow hedges (December 31, 2021: \$101 million).

Net Investment Hedges

Brookfield Infrastructure uses foreign exchange contracts and foreign currency denominated debt instruments to manage its foreign currency exposures arising from net investments in foreign operations having a functional currency other than the U.S. dollar. For the three and six-month periods ended June 30, 2022, gains of \$93 million and \$122 million, respectively (2021: losses of \$47 million and \$41 million) were recorded in other comprehensive income relating to the hedges of net investments in foreign operations. Further, for the three and six-month periods ended June 30, 2022, Brookfield Infrastructure received \$25 million and \$24 million, respectively (2021: paid \$18 million and \$17 million) relating to the settlement of foreign exchange contracts in the period. As of June 30, 2022, there was a net unrealized derivative asset balance of \$65 million relating to derivative contracts designated as net investment hedges (December 31, 2021: liability balance of \$31 million).

Fair Value Hierarchical Levels—Financial Instruments

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

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

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

US\$ MILLIONS	Fair value hierarchy	June 30, 2022	December 31, 2021
Marketable securities	Level 1 ⁽¹⁾	\$ 75	\$ 179
Foreign currency forward contracts	Level 2 ⁽²⁾		
Financial asset		\$ 244	\$ 104
Financial liability		43	98
Interest rate swaps & other	Level 2 ⁽²⁾		
Financial asset		\$ 1,168	\$ 882
Financial liability		104	307
Other contracts	Level 3 ⁽³⁾		
Financial asset		\$ 55	\$ 6
Financial liability		149	96

1. Valuation technique: Quoted bid prices in an active market.

2. Valuation technique: Discounted cash flow. Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects our credit risk and the credit risk of various counterparties.

3. Valuation technique: Discounted cash flow. Future cash flows primarily driven by assumptions concerning the amount and timing of estimated future cash flow.

During the three and six-month periods ended June 30, 2022, no transfers were made between level 1 and 2 or level 2 and 3.

8. PROPERTY, PLANT AND EQUIPMENT

US\$ MILLIONS	Utilities	Transport	Midstream	Data	Total
Balance at January 1, 2021	\$ 9,289	\$ 8,697	\$ 4,321	\$ 8,593	\$ 30,900
Additions, net of disposals	478	434	423	429	1,764
Acquisitions through business combinations ⁽¹⁾	180	134	9,865	—	10,179
Assets held by subsidiaries disposed during the period ⁽²⁾	(2,300)	(15)	—	—	(2,315)
Non-cash additions (disposals) ⁽³⁾	34	(107)	88	(532)	(517)
Net foreign currency exchange differences	(116)	(145)	165	(166)	(262)
Balance at December 31, 2021	\$ 7,565	\$ 8,998	\$ 14,862	\$ 8,324	\$ 39,749
Additions, net of disposals	218	274	427	233	1,152
Acquisitions through business combinations ⁽¹⁾	—	—	—	33	33
Non-cash (disposals) additions	(105)	(2)	(6)	38	(75)
Assets reclassified as held for sale	—	(8)	—	—	(8)
Net foreign currency exchange differences	(535)	(292)	(294)	(411)	(1,532)
Balance at June 30, 2022	\$ 7,143	\$ 8,970	\$ 14,989	\$ 8,217	\$ 39,319
Accumulated depreciation:					
Balance at January 1, 2021	\$ (1,613)	\$ (1,404)	\$ (356)	\$ (263)	\$ (3,636)
Depreciation expense	(352)	(481)	(270)	(419)	(1,522)
Disposals	19	9	17	—	45
Assets held by subsidiaries disposed during the period ⁽²⁾	663	12	—	—	675
Non-cash disposals	—	140	3	45	188
Net foreign currency exchange differences	11	56	(16)	8	59
Balance at December 31, 2021	\$ (1,272)	\$ (1,668)	\$ (622)	\$ (629)	\$ (4,191)
Depreciation expense	(160)	(232)	(208)	(195)	(795)
Assets reclassified as held for sale	—	4	—	—	4
Non-cash disposals	—	10	3	5	18
Net foreign currency exchange differences	93	86	24	32	235
Balance at June 30, 2022	\$ (1,339)	\$ (1,800)	\$ (803)	\$ (787)	\$ (4,729)
Accumulated fair value adjustments:					
Balance at January 1, 2021	\$ 2,934	\$ 1,048	\$ 338	\$ —	\$ 4,320
Fair value adjustments	134	48	70	—	252
Net foreign currency exchange differences	(26)	(50)	—	—	(76)
Assets held by subsidiaries disposed during the period ⁽²⁾	(1,399)	—	—	—	(1,399)
Balance at December 31, 2021	\$ 1,643	\$ 1,046	\$ 408	\$ —	\$ 3,097
Net foreign currency exchange differences	(155)	(62)	(1)	—	(218)
Balance at June 30, 2022	\$ 1,488	\$ 984	\$ 407	\$ —	\$ 2,879
Net book value:					
December 31, 2021	\$ 7,936	\$ 8,376	\$ 14,648	\$ 7,695	\$ 38,655
June 30, 2022⁽⁴⁾	\$ 7,292	\$ 8,154	\$ 14,593	\$ 7,430	\$ 37,469

1. Refer to Note 6, Acquisition of Businesses, for further details.

2. Refer to Note 5, Disposition of Businesses, for further details.

3. Non-cash disposals within the data segment primarily relates to revisions to the purchase price allocation at our telecom tower operation in India.

4. Includes right-of-use assets of \$118 million in our utilities segment, \$1,044 million in our transport segment, \$369 million in our midstream segment and \$2,174 million in our data segment. Current lease liabilities of \$404 million have been included in accounts payable and other and non-current lease liabilities of \$3,242 million have been included in other liabilities in the Consolidated Statement of Financial Position.

The partnership's property, plant, and equipment is measured at fair value on a recurring basis with an effective date of revaluation for all asset classes of December 31, 2021. Brookfield Infrastructure determined fair value under the income method or on a depreciated replacement cost basis. The partnership's right-of-use assets recorded as property, plant, and equipment are measured using the cost model. Assets under development are revalued where fair value could be reliably measured.

9. INTANGIBLE ASSETS

US\$ MILLIONS	As of	
	June 30, 2022	December 31, 2021
Cost	\$ 15,195	\$ 15,785
Accumulated amortization	(1,671)	(1,571)
Total	\$ 13,524	\$ 14,214

Intangible assets are allocated to the following cash generating units, or group of cash generating units:

US\$ MILLIONS	As of	
	June 30, 2022	December 31, 2021
Brazilian regulated gas transmission operation	\$ 2,812	\$ 2,645
Canadian diversified midstream	2,395	2,536
North American rail operations	1,799	1,867
North American residential energy infrastructure operation	1,662	1,720
Brazilian electricity transmission operation	1,477	1,366
Peruvian toll roads	1,025	976
Indian telecom tower operation	729	782
Indian toll roads ⁽¹⁾	—	658
U.K. telecom towers operation	429	480
U.K. port operation	260	289
Other ⁽²⁾	936	895
Total	\$ 13,524	\$ 14,214

1. Refer to Note 4, Assets and Liabilities Classified as Held for Sale, for further details.

2. Other intangibles are primarily comprised of customer contracts at our Australian port operation, Western Canadian natural gas gathering and processing operation, U.S. data center operation, Colombian natural gas transmission operation, natural gas operation in India and contracted order book at our U.K. regulated distribution operation.

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

US\$ MILLIONS	For the six-month	For the 12 month period ended
	period ended June 30, 2022	December 31, 2021
Cost at beginning of the period	\$ 15,785	\$ 13,233
Additions through business combinations ⁽¹⁾	72	3,734
Additions, net of disposals	71	67
Assets held by subsidiaries disposed during the period ⁽²⁾	—	(957)
Assets reclassified as held for sale ⁽³⁾	(816)	—
Non-cash additions ⁽⁴⁾	68	271
Foreign currency translation	15	(563)
Ending Balance	\$ 15,195	\$ 15,785

1. Refer to Note 6, Acquisition of Businesses, for further details.

2. Refer to Note 5, Disposition of Businesses, for further details.

3. Refer to Note 4, Assets and Liabilities Classified as Held for Sale, for further details.

4. Non-cash additions for the three-month period ended June 30, 2022 primarily relates to revisions to the purchase price allocation at our residential infrastructure operation in Germany.

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

US\$ MILLIONS	For the six-month period ended June 30, 2022	For the 12 month period ended December 31, 2021
Accumulated amortization at beginning of the period	\$ (1,571)	\$ (1,466)
Assets held by subsidiaries disposed during the period ⁽¹⁾	—	281
Non-cash additions, net of disposals	1	26
Assets reclassified as held for sale	211	—
Amortization	(301)	(514)
Disposals	(3)	—
Foreign currency translation	(8)	102
Ending Balance	\$ (1,671)	\$ (1,571)

1. Refer to Note 5, Disposition of Businesses, for further details.

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

US\$ MILLIONS	For the six-month period ended June 30, 2022	For the 12 month period ended December 31, 2021
Balance at the beginning of the period	\$ 4,725	\$ 5,528
Share of earnings for the period	20	88
Foreign currency translation and other	(65)	(323)
Share of other comprehensive income	148	163
Distributions	(166)	(157)
Disposition of interest ^{(1),(7)}	(150)	(336)
Held for sale ⁽²⁾	—	(146)
Change in basis of accounting ^{(3),(4)}	—	(92)
Acquisitions ^{(5),(6),(8)}	671	—
Ending Balance⁽⁹⁾	\$ 5,183	\$ 4,725

1. In March 2021, Brookfield Infrastructure sold an effective 13% interest in its U.S. gas pipeline for net proceeds of \$412 million. Approximately \$125 million of the proceeds were used to repay a shareholder loan. On disposition, Brookfield Infrastructure recognized a gain on sale of approximately \$75 million in Other income (expense) in the Consolidated Statement of Operating Results. Based on our ownership interest and governance rights retained, our partnership will continue to equity account for this investment in the midstream segment.
2. In December 2021, a subsidiary of Brookfield Infrastructure agreed to the sale of its 50% interest in a freehold landlord port in Victoria, Australia. The transaction is subject to regulatory approval. The subsidiary is expected to receive net proceeds of approximately \$0.3 billion.
3. On February 26, 2021, Brookfield Infrastructure exercised its option to acquire an additional 15% interest in Jose Maria de Macedo de Eletricidade S.A. ("JMM"), a Brazilian electricity transmission operation, increasing Brookfield Infrastructure's ownership in JMM to 31%. As a result of governance rights obtained, Brookfield Infrastructure consolidated JMM effective February 26, 2021. Refer to Note 6, Acquisition of Businesses, for further details.
4. On December 24, 2021, Brookfield Infrastructure, alongside institutional partners, exercised its option to acquire an additional 15% interest in Giovanni Sanguinetti Transmissora de Energia S.A. ("Sanguinetti") and Veredas Transmissora de Electricidade S.A. ("Veredas"), which are both Brazilian electricity transmission operations, increasing Brookfield Infrastructure's ownership in both operations to 31%. As a result of governance rights obtained, Brookfield Infrastructure consolidated Sanguinetti and Veredas as of December 24, 2021. Refer to Note 6, Acquisition of Businesses, for further details.
5. On February 16, 2022, Brookfield Infrastructure acquired an approximate 8% interest in AusNet Services Ltd., an Australian regulated utility, for total equity consideration of approximately \$0.5 billion.
6. On April 1, 2022, Brookfield Infrastructure acquired a 13% interest in an Australian smart meter business, for total equity consideration of approximately \$215 million.
7. On June 13, 2022, Brookfield Infrastructure sold an effective 49% interest in its North American container terminal operation for net proceeds of \$275 million. On disposition, Brookfield Infrastructure recognized a gain on sale of approximately \$125 million and income tax expense of approximately \$50 million in the Consolidated Statement of Operating Results. \$142 million of revaluation gains (net of tax) were reclassified from accumulated other comprehensive income directly to retained earnings and recorded within Other items on the Consolidated Statements of Partnership Capital.
8. Subsequent to quarter end, Brookfield Infrastructure acquired a 13% interest in an Australian data transmission business, for total equity consideration of approximately \$0.2 billion.
9. The closing balance includes a shareholder loan of \$375 million receivable from our U.S. gas pipeline (2021: \$375 million).

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

<u>US\$ MILLIONS</u>	As of	
	June 30, 2022	December 31, 2021
Utilities	\$ 870	\$ 230
Transport	2,132	2,317
Midstream	1,052	1,052
Data	1,025	1,087
Corporate	104	39
Ending Balance	\$ 5,183	\$ 4,725

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

<u>US\$ MILLIONS</u>	As of			
	June 30, 2022		December 31, 2021	
Financial position:				
Total assets	\$ 67,997	\$	52,969	
Total liabilities	(39,918)		(31,731)	
Net assets	\$ 28,079	\$	21,238	
	For the three-month period ended June 30		For the six-month period ended June 30	
<u>US\$ MILLIONS</u>	2022	2021	2022	2021
Financial performance:				
Total revenue	\$ 5,455	\$ 3,897	\$ 10,471	\$ 7,862
Total net income for the period	309	324	901	846
Brookfield Infrastructure's share of net (loss) income	\$ (34)	\$ 10	\$ 20	\$ 77

11. BORROWINGS

a) Corporate Borrowings

Brookfield Infrastructure has a \$2.1 billion senior unsecured revolving credit facility used for general working capital purposes including acquisitions. The \$2.1 billion is available on a revolving basis for the full term of the facility. All amounts outstanding under this facility will be repayable on June 29, 2027. All obligations of Brookfield Infrastructure under the facility are guaranteed by our partnership. Loans under this facility accrue interest at a floating rate based on LIBOR plus 1.2%. Brookfield Infrastructure is required to pay an unused commitment fee under the facility of 13 basis points per annum. As at June 30, 2022, draws on the credit facility were \$508 million (2021: nil) and \$15 million of letters of credit were issued (2021: \$12 million).

	Maturity ⁽²⁾	Annual Rate ⁽²⁾	Currency	As of	
				June 30, 2022	December 31, 2021
Corporate revolving credit facility	June 29, 2027	LIBOR plus 1.2%	US\$	\$ 508	\$ —
Commercial paper	July 18, 2022	1.9%	US\$	267	431
Non-current:					
Medium-term notes ⁽¹⁾ :					
Public - Canadian	February 22, 2024	3.3%	C\$	233	237
Public - Canadian	February 22, 2024	3.3%	C\$	311	317
Public - Canadian	September 11, 2028	4.2%	C\$	544	554
Public - Canadian	October 9, 2029	3.4%	C\$	544	554
Public - Canadian	September 1, 2032	2.9%	C\$	388	396
Public - Canadian	April 25, 2034	5.4%	C\$	311	—
Public - Canadian	April 25, 2052	5.8%	C\$	155	—
Subordinated notes ⁽¹⁾ :					
Public - U.S.	May 24, 2081	5.0%	US\$	250	250
				<u>3,511</u>	<u>2,739</u>
Deferred financing costs and other				(22)	(20)
Total				<u>\$ 3,489</u>	<u>\$ 2,719</u>

1. Refer to Note 13, *Subsidiary Public Issuers*, for further details.

2. Maturity and annual rate associated with our commercial paper program represents a weighted average of all outstanding obligations as of June 30, 2022.

Brookfield Infrastructure has entered into a \$1 billion revolving credit facility with Brookfield to provide additional liquidity for general corporate purposes and capital expenditures, if required. The revolving credit facility automatically renews for eight consecutive one-year terms, which would result in the facility ultimately maturing in February 2027. Brookfield has the option to terminate the agreement prior to April 14 each year by providing Brookfield Infrastructure with a written notice. Loans under this facility accrued interest on LIBOR plus 1.8% and no commitment fees were incurred for any undrawn balance. As of June 30, 2022, there were \$nil (2021: \$nil) borrowings outstanding.

On April 21, 2022, Brookfield Infrastructure Finance ULC issued C\$600 million of medium-term notes in two tranches: C\$400 million maturing on April 25, 2034 with a coupon of 5.439% per annum and C\$200 million maturing on April 25, 2052 with a coupon of 5.789% per annum, and \$3 million of debt issuance costs were incurred.

On May 24, 2021, Brookfield Infrastructure Finance ULC issued \$250 million of subordinated notes maturing May 24, 2081, with a coupon of 5.0% and \$6 million of debt issuance costs were incurred.

On February 24, 2021, Brookfield Infrastructure established a U.S. commercial paper program under which a subsidiary of our partnership may issue unsecured commercial paper notes up to a maximum aggregate amount outstanding at any time of \$500 million. Proceeds from the commercial paper issuances are supplemented by our corporate credit facilities. As of June 30, 2022, there were \$267 million of borrowing outstanding (2021: \$431 million).

The increase in corporate borrowings during the six-month period ended June 30, 2022 is attributable to draws on our corporate credit facility of \$508 million and the issuance of \$474 million of medium-term notes. This increase was partially offset by \$164 million of net repayment on our commercial paper program and the impact of a weaker Canadian dollar relative to the U.S. dollar.

b) Non-Recourse Borrowings

US\$ MILLIONS	As of	
	June 30, 2022	December 31, 2021
Current	\$ 3,506	\$ 2,701
Non-current	23,393	23,833
Total	\$ 26,899	\$ 26,534

Non-recourse borrowings increased as compared to December 31, 2021 due to net borrowings of \$1.4 billion, partially offset by \$0.4 billion of borrowings reclassified to held for sale and the impact of foreign exchange.

12. 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 nature, divided by the weighted average Invested Capital for the period.

We define AFFO as FFO less capital expenditures required to maintain the current performance of our operations (maintenance capital expenditures). We define Invested Capital as partnership capital removing the impact of the following items: non-controlling interest in operating subsidiaries, retained earnings or deficit, accumulated other comprehensive income and ownership changes.

US\$ MILLIONS	As of	
	June 30, 2022	December 31, 2021
Partnership Capital	\$ 26,039	\$ 26,391
Remove impact of the following items since inception:		
Non-controlling interest - in operating subsidiaries	(15,720)	(15,658)
Deficit	2,865	2,520
Accumulated other comprehensive income	(393)	(543)
Ownership changes and other	(515)	(515)
Invested Capital	\$ 12,276	\$ 12,195

The following table presents the change in Invested Capital during the three and six-month periods ended June 30, 2022 and 2021:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2022	2021	2022	2021
Opening balance	\$ 12,272	\$ 9,410	\$ 12,195	\$ 9,213
Net (redemption) issuance of preferred units	—	—	(220)	194
Issuance of perpetual subordinated notes	—	—	293	—
Issuance of limited partnership units	4	3	8	6
Ending balance	\$ 12,276	\$ 9,413	\$ 12,276	\$ 9,413
Weighted Average Invested Capital	\$ 12,272	\$ 9,410	\$ 12,346	\$ 9,386

13. SUBSIDIARY PUBLIC ISSUERS

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

An indenture dated as of May 24, 2021, between Brookfield Infrastructure Finance ULC, our partnership and its subsidiaries, Brookfield Infrastructure L.P. (the “Holding LP”), Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation, BIP Bermuda Holdings I Limited (collectively, the “BIP Guarantors”), BIPC Holdings Inc. (“BIPC Holdings”), Computershare Trust Company of Canada and Computershare Trust Company, N.A., as supplemented and amended from time to time (the “U.S. Indenture”) provides for the issuance of one or more series of unsecured notes of Brookfield Infrastructure Finance ULC.

On April 21, 2022, the Co-Issuers issued C\$600 million of medium-term notes under the Indenture in two tranches in the Canadian bond market: C\$400 million maturing April 25, 2034 with a coupon of 5.439%, and C\$200 million maturing April 25, 2052 with a coupon of 5.789%. These medium-term notes are fully and unconditionally guaranteed by the BIP Guarantors and BIPC Holdings.

On May 24, 2021, Brookfield Infrastructure Finance ULC issued \$250 million of subordinated unsecured notes under the U.S. Indenture maturing May 24, 2081 in the U.S. with a coupon of 5.0% (the “subordinated notes”). The subordinated notes are guaranteed, on a subordinated basis, as to payment of principal, premium (if any) and interest and certain other amounts by the BIP Guarantors and BIPC Holdings. The subordinated notes, including any accrued and unpaid interest thereon, will be exchanged automatically, without the consent or action of the holders thereof, into units of a newly-issued series of Class A preferred limited partnership units of the partnership, being class A preferred limited partnership units, Series 15, upon the occurrence of certain bankruptcy-related events.

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

A base shelf prospectus of BIP Investment Corporation (“BIPIC”) dated as of December 11, 2020 provides for the issuance of one or more series of senior preferred shares of BIPIC. The BIP Guarantors and BIPC Holdings will fully and unconditionally guarantee the payment obligations of BIPIC in respect of any senior preferred shares issued by BIPIC under the prospectus.

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

BIPC Holdings has also fully and unconditionally guaranteed the payment obligations of the partnership in respect of certain of the partnership’s currently outstanding cumulative class A preferred limited partnership units and may guarantee the payment obligations of the partnership in respect of additional cumulative class A preferred limited partnership units issued to the public, if and when issued.

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

FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2022 US\$ MILLIONS	Our partnership ⁽²⁾	The Fincos	BIPIC	BIPC Holdings	Subsidiaries of our partnership other than the Fincos, BIPIC, and BIPC Holdings ⁽³⁾	Consolidating adjustments ⁽⁴⁾	Our partnership consolidated
Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,681	\$ 3,681
Net income (loss) attributable to partnership ⁽¹⁾	70	—	—	—	176	(70)	176
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2021							
Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,663	\$ 2,663
Net income (loss) attributable to partnership ⁽¹⁾	192	—	—	119	233	(192)	352
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022 US\$ MILLIONS							
Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7,092	\$ 7,092
Net income (loss) attributable to partnership ⁽¹⁾	76	—	—	—	246	(76)	246
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021							
Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,346	\$ 5,346
Net income (loss) attributable to partnership ⁽¹⁾	281	—	—	134	408	(281)	542
AS OF JUNE 30, 2022							
Current assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,824	\$ 5,824
Non-current assets	6,630	—	1,045	2,999	9,282	48,119	68,075
Current liabilities	—	—	209	—	—	8,686	8,895
Non-current liabilities	—	2,714	—	84	—	36,167	38,965
Non-controlling interests							
Redeemable Partnership Units held by Brookfield	—	—	—	—	—	2,282	2,282
BIPC exchangeable shares	—	—	—	—	—	1,303	1,303
Exchangeable units ⁽⁵⁾	—	—	—	—	—	75	75
Perpetual subordinated notes	—	—	—	—	—	293	293
In operating subsidiaries	—	—	—	—	—	15,720	15,720
Preferred unitholders	—	—	—	—	—	918	918
AS OF DECEMBER 31, 2021							
Current assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,896	\$ 4,896
Non-current assets	6,840	—	1,045	2,373	9,835	48,972	69,065
Current liabilities	—	—	232	—	—	8,429	8,661
Non-current liabilities	—	2,288	—	—	—	36,621	38,909
Non-controlling interests							
Redeemable Partnership Units held by Brookfield	—	—	—	—	—	2,408	2,408
BIPC exchangeable shares	—	—	—	—	—	1,369	1,369
Exchangeable units ⁽⁵⁾	—	—	—	—	—	85	85
In operating subsidiaries	—	—	—	—	—	15,658	15,658
Preferred unitholders	—	—	—	—	—	1,138	1,138

1. Includes net income attributable to limited partners, the general partner, non-controlling interests - Redeemable Partnership Units held by Brookfield, non-controlling interests - Exchange LP units, non-controlling interests - BIPC exchangeable LP units and non-controlling interests - BIPC exchangeable shares.
2. Includes investments in all subsidiaries of our partnership under the equity method.
3. Includes investments in all other subsidiaries of the Holding LP, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation and BIP Bermuda Holdings I Limited under the equity method.
4. Includes elimination of intercompany transactions and balances necessary to present our partnership on a consolidated basis.
5. Includes non-controlling interest attributable to Exchange LP units and BIPC exchangeable LP units.

14. REVENUE

The following table disaggregates revenues by our operating segments:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2022	2021	2022	2021
Utilities	\$ 1,350	\$ 1,229	\$ 2,562	\$ 2,320
Midstream	1,007	178	1,909	553
Transport	894	871	1,768	1,719
Data	430	385	853	754
Total	\$ 3,681	\$ 2,663	\$ 7,092	\$ 5,346

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

The following table disaggregates revenues by geographical region:

US\$ MILLIONS	For the three-month period ended June 30		For the six-month period ended June 30	
	2022	2021	2022	2021
Canada	\$ 1,158	\$ 411	\$ 2,225	\$ 835
U.S.	693	644	1,286	1,384
India	481	420	948	805
U.K.	392	381	799	756
Brazil	401	295	769	568
Colombia	236	211	450	428
Australia	174	148	339	297
New Zealand	29	—	56	—
Peru	29	23	56	46
Chile	—	38	—	77
Other	88	92	164	150
Total	\$ 3,681	\$ 2,663	\$ 7,092	\$ 5,346

Brookfield Infrastructure's customer base is comprised predominantly of investment grade companies. Our revenues are well diversified by region and counterparty with only one customer making up greater than 10% of our partnership's consolidated revenues. For the three and six-month periods ended June 30, 2022, revenues generated from these customers within the utilities and data segments were \$385 million and \$764 million, respectively (2021: \$341 million and \$668 million). Our partnership has completed a review of the credit risk of key counterparties. Based on their liquidity position, business performance, and aging of our accounts receivable, we do not have any significant changes in expected credit losses at this time. Our partnership continues to monitor the credit risk of our counterparties in light of the current economic environment.

15. DIRECT OPERATING COSTS

Direct operating costs are costs incurred to earn revenue and include all attributable expenses. The following table lists direct operating costs for the three and six-month periods ended June 30, 2022, and 2021. Comparative figures have been reclassified to conform to the current period's presentation.

<u>US\$ MILLIONS</u>	<u>For the three-month period ended June 30</u>		<u>For the six-month period ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Depreciation and amortization	\$ 552	\$ 492	\$ 1,096	\$ 961
Compensation	414	368	857	739
Fuel, transportation, and distribution costs	423	383	808	741
Cost of inventory	787	245	1,407	431
Utilities	117	108	237	215
Other direct operating costs	419	329	813	653
Total	\$ 2,712	\$ 1,925	\$ 5,218	\$ 3,740

16. PARTNERSHIP CAPITAL

As at June 30, 2022, our partnership's capital structure was comprised of three classes of partnership units: limited partnership units, preferred units and general partnership units. Limited partnership units entitle the holder to their proportionate share of distributions. Preferred units entitle the holder to cumulative preferential cash distributions in accordance with their terms. General partnership units entitle the holder to the right to govern the financial and operating policies of our partnership. The Holding LP's capital structure is composed of four classes of partnership units: special general partner units, Holding LP Class A preferred units, managing general partner units and redeemable partnership units held by Brookfield.

On June 10, 2022, Brookfield Infrastructure completed a three-for-two stock split of BIP units, BIPC exchangeable shares, Exchange LP Units, and BIPC exchangeable LP units, by way of a subdivision whereby unitholders/shareholders received an additional one-half of a unit/share for each unit/share held. Brookfield Infrastructure's preferred units were not affected by the stock split. All historical unit and share counts, as well as per unit/share disclosures have been adjusted to effect for the change in units due to the stock split.

(a) Special General and Limited Partnership Capital

UNITS MILLIONS	Special General Partner Units		Limited Partnership Units		Total	
	As of and for the six-month period ended June 30, 2022	As of and for the 12 month period ended Dec. 31, 2021	As of and for the six-month period ended June 30, 2022	As of and for the 12 month period ended Dec. 31, 2021	As of and for the six-month period ended June 30, 2022	As of and for the 12 month period ended Dec. 31, 2021
Opening balance	2.4	2.4	457.9	443.1	460.3	445.5
Issued for cash	—	—	0.2	14.6	0.2	14.6
Conversion from Exchange LP Units	—	—	—	0.1	—	0.1
Conversion from BIPC exchangeable shares	—	—	—	0.1	—	0.1
Ending balance	2.4	2.4	458.1	457.9	460.5	460.3

Weighted average number of special general partner units outstanding for the three and six-month periods ended June 30, 2022 were 2.4 million (2021: 2.4 million). The weighted average number of limited partnership units outstanding for the three and six-month periods ended June 30, 2022 was 458.0 million (2021: 443.3 million and 443.2 million).

US\$ MILLIONS	Special General Partner		Limited Partners		Total	
	As of and for the six-month period ended June 30, 2022	As of and for the 12 month period ended Dec. 31, 2021	As of and for the six-month period ended June 30, 2022	As of and for the 12 month period ended Dec. 31, 2021	As of and for the six-month period ended June 30, 2022	As of and for the 12 month period ended Dec. 31, 2021
Opening balance	\$ 19	\$ 19	\$ 6,074	\$ 5,526	\$ 6,093	\$ 5,545
Unit issuance	—	—	8	545	8	545
Conversion from Exchange LP Units	—	—	2	2	2	2
Conversion from BIPC exchangeable shares	—	—	1	1	1	1
Ending balance	\$ 19	\$ 19	\$ 6,085	\$ 6,074	\$ 6,104	\$ 6,093

In November 2021, Brookfield Infrastructure issued 14.3 million units at \$39.10 per unit in public offerings in the U.S. and Canada. In total, \$556 million of gross proceeds were raised through the issuance and \$23 million in equity issuance costs were incurred. Concurrently, Brookfield Infrastructure issued approximately 10.7 million Redeemable Partnership Units at the public offering price, net of commissions, to Brookfield for additional proceeds of \$400 million.

As a result of the issuances during the year, inclusive of equity raised as part of the IPL acquisition, equity was reallocated between limited partners, the general partner, non-controlling interests - Redeemable Partnership Units held by Brookfield, non-controlling interests - Exchange LP units, non-controlling interests - BIPC exchangeable LP units, and non-controlling interests - BIPC exchangeable shares to reflect the difference between the ratio in which the unit/shareholders participated in the issuance and their original economic interest in the partnership. The resulting impacts were recognized as ownership changes within the Consolidated Statements of Partnership Capital. Amounts in accumulated other comprehensive income (loss) were also ratably allocated.

In June 2010, we implemented a distribution reinvestment plan (the “Plan”) that allows eligible holders of our partnership to purchase additional units by reinvesting their cash distributions. Under the Plan, units are acquired at a price per unit calculated by reference to the volume weighted average of the trading price for our units on the New York Stock Exchange for the five trading days immediately preceding the relevant distribution date. During the six-month period ending June 30, 2022, our partnership issued 0.2 million units for proceeds of \$8 million (2021: 0.2 million units for proceeds of \$6 million).

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

UNITS MILLIONS	Non-controlling interest – Redeemable Partnership Units held by Brookfield	
	As of and for the six-month period ended June 30, 2022	As of and for the 12-month period ended Dec. 31, 2021
Opening balance	193.6	182.9
Issued for cash	—	10.7
Ending balance	193.6	193.6

In November 2021, Brookfield Infrastructure issued 10.7 million Redeemable Partnership Units to Brookfield for proceeds of \$400 million. The weighted average number of Redeemable Partnership Units outstanding for both the three and six-month periods ended June 30, 2022 was 193.6 million (2021: 182.9 million).

US\$ MILLIONS	Non-controlling interest – Redeemable Partnership Units held by Brookfield	
	As of and for the six-month period ended June 30, 2022	As of and for the 12-month period ended Dec. 31, 2021
Opening balance	\$ 2,728	\$ 2,328
Unit issuance	—	400
Ending balance	\$ 2,728	\$ 2,728

(c) Non-controlling interest – BIPC exchangeable shares

SHARES MILLIONS	Non-controlling interest – BIPC exchangeable shares	
	As of and for the six-month period ended June 30, 2022	As of and for the 12-month period ended Dec. 31, 2021
Opening balance	110.0	67.4
Share issuance	—	0.6
Issued in conjunction with the acquisition of Inter Pipeline	—	39.0
Conversion to units	—	3.2
Conversion from BIPC Exchangeable LP Units	0.3	(0.2)
Ending balance	110.3	110.0

US\$ MILLIONS	Non-controlling interest – BIPC shares	
	As of and for the six-month period ended June 30, 2022	As of and for the 12-month period ended Dec. 31, 2021
Opening balance	\$ 1,755	\$ (19)
Share issuance	—	1,770
Conversion to limited partnership units	(1)	(1)
Conversion from BIPC Exchangeable LP Units	4	5
Ending balance	\$ 1,758	\$ 1,755

In November 2021, BIPC, a subsidiary of our partnership issued 3.2 million BIPC exchangeable shares at \$41.73 per share in public offerings in the U.S. and Canada. In total, \$134 million of gross proceeds were raised through the issuance and \$6 million in equity issuance costs were incurred.

In October 2021, BIPC issued 12.2 million BIPC exchangeable shares for a fair value of \$502 million in connection with the acquisition of our Canadian diversified midstream operation. Refer to Note 6, *Acquisition of Business*, for further details.

During August and September 2021, BIPC issued 26.9 million BIPC exchangeable shares for a fair value of \$1,140 million in connection with the acquisition of our Canadian diversified midstream operation. Refer to Note 6, *Acquisition of Businesses*, for further details.

During the six-month period ended June 30, 2022, BIPC exchangeable shareholders exchanged less than 0.1 million BIPC exchangeable shares for \$1 million of our units (2021: less than 0.1 million for less than \$1 million).

(d) Non-controlling interest – Exchangeable Units

UNITS MILLIONS	Non-controlling interest – Exchangeable units	
	As of and for the six-month period ended June 30, 2022	As of and for the 12-month period ended Dec. 31, 2021
Opening balance	6.9	1.5
Issuance of BIPC exchangeable LP units	—	6.2
Conversion to BIPC exchangeable shares	(0.3)	(0.6)
Conversion to limited partnership units	(0.1)	(0.2)
Ending balance⁽¹⁾	6.5	6.9

US\$ MILLIONS	Non-controlling interest – Exchangeable units	
	As of and for the six-month period ended June 30, 2022	As of and for the 12-month period ended Dec. 31, 2021
Opening balance	\$ 408	\$ 156
Issuance of BIPC exchangeable LP units	—	259
BIPC Exchangeable LP Units converted to BIPC exchangeable shares	(4)	(5)
Conversion to limited partnership units	(2)	(2)
Ending balance⁽¹⁾	\$ 402	\$ 408

1. Includes non-controlling interest attributable to Exchange LP unitholders and BIPC exchangeable LP unitholders.

During August, September and October 2021, BIPC Exchange LP, a subsidiary of our partnership, issued 6.2 million BIPC Exchangeable LP Units for a fair value of \$259 million in connection with the acquisition of our Canadian diversified midstream operation. Refer to Note 6, *Acquisition of Businesses* for further detail.

During the six-month period ended June 30, 2022, Exchange LP unitholders exchanged less than 0.1 million Exchange LP units for \$2 million of our units (2021: 0.1 million for less than \$1.0 million)

During the six-month period ended June 30, 2022, BIPC Exchangeable LP unitholders exchanged 0.3 million BIPC exchangeable LP units for \$4.0 million of BIPC exchangeable shares.

(e) Non-controlling interest - Perpetual Subordinated Notes

UNITS MILLIONS	Perpetual Subordinated Notes	
	As of and for the six-month period ended June 30, 2022	As of and for the 12 month period ended Dec. 31, 2021
Opening balance	\$ —	\$ —
Issued for cash	293	—
Ending balance	\$ 293	\$ —

On January 21, 2022, our partnership issued 12 million fixed rate perpetual subordinated notes, at \$25 per unit, with a fixed coupon rate of 5.125% annually. In total, \$293 million net proceeds were raised. The notes do not have a fixed maturity date and are not redeemable at the option of the holders, therefore the notes are classified as non-controlling interest. The perpetual subordinated notes also provide Brookfield Infrastructure, at its discretion, the right to defer the interest (in whole or in part) indefinitely.

(f) Preferred Unitholders' Capital

UNITS MILLIONS	Preferred Units	
	As of and for the six-month period ended June 30, 2022	As of and for the 12 month period ended Dec. 31, 2021
Opening balance	55.9	57.9
Issued for cash	—	8.0
Repurchased and cancelled	(12.0)	(10.0)
Ending balance	43.9	55.9

US\$ MILLIONS	Preferred Units	
	As of and for the six-month period ended June 30, 2022	As of and for the 12 month period ended Dec. 31, 2021
Opening balance	\$ 1,138	\$ 1,130
Unit issuance	—	194
Repurchased and cancelled	(220)	(186)
Ending balance	\$ 918	\$ 1,138

On March 31, 2022, our partnership redeemed all of its outstanding Cumulative Class A Preferred Limited Partnership Units, Series 7, for \$220 million. Losses on redemption of \$23 million were recognized directly in equity.

On September 30, 2021, our partnership redeemed all of its outstanding Cumulative Class A Preferred Limited Partnership Units, Series 5, for \$206 million. Losses on redemption of \$20 million were recognized directly in equity.

On January 21, 2021, our partnership issued 12 million Series 14 Preferred Units, at \$25 per unit, with a quarterly fixed distribution of 5.00% annually. In total, \$200 million of gross proceeds were raised and \$6 million in underwriting and issuance costs were incurred. Net proceeds of the issuance were used to finance or refinance eligible green projects following criteria outlined by the International Capital Markets Association.

17. DISTRIBUTIONS

The following table outlines distributions made to each class of partnership units, including BIPC exchangeable shares and Exchange LP units that are exchangeable into units, as well as BIPC exchangeable LP units that are exchangeable into BIPC exchangeable shares:

US\$ MILLIONS EXCEPT PER UNIT INFORMATION	For the three-month period ended June 30			
	2022		2021	
	Total	Per Unit	Total	Per Unit
Limited Partners	\$ 165	\$ 0.36	\$ 151	\$ 0.34
General Partner ⁽¹⁾	61		50	
Non-controlling interest attributable to:				
Redeemable Partnership Units held by Brookfield	69	0.36	62	0.34
BIPC exchangeable shares	40	0.36	23	0.34
Exchangeable units ⁽²⁾	3	0.36	1	0.34
Preferred unitholders	12	0.27	18	0.27
Perpetual subordinated notes	4	0.21	—	—
Total Distributions	\$ 354		\$ 305	

US\$ MILLIONS EXCEPT PER UNIT INFORMATION	For the six-month period ended June 30			
	2022		2021	
	Total	Per Unit	Total	Per Unit
Limited Partners	\$ 330	\$ 0.72	\$ 302	\$ 0.68
General Partner ⁽¹⁾	122		100	
Non-controlling interest attributable to:				
Redeemable Partnership Units held by Brookfield	138	0.72	124	0.68
BIPC exchangeable shares	80	0.72	46	0.68
Exchangeable units ⁽²⁾	6	0.72	2	0.68
Preferred unitholders	27	0.53	34	0.52
Perpetual subordinated notes	8	0.42	—	—
Total Distributions	\$ 711		\$ 608	

1. Distributions to the General Partner include \$60 million and \$120 million of incentive distributions for the three and six-month periods ended June 30, 2022, respectively (2021: \$50 million and \$100 million).

2. Includes non-controlling interest attributable to Exchange LP units and BIPC exchangeable LP units.

18. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

a) Attributable to Limited Partners

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2022	\$ 673	\$ (1,463)	\$ 27	\$ 56	\$ 125	\$ (10)	\$ 915	\$ 323
Other comprehensive income (loss)	13	(195)	37	49	—	4	86	(6)
Other items ⁽¹⁾	—	—	—	—	—	—	(86)	(86)
Balance at June 30, 2022	\$ 686	\$ (1,658)	\$ 64	\$ 105	\$ 125	\$ (6)	\$ 915	\$ 231

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income (loss)
Balance at January 1, 2021	\$ 1,015	\$ (1,562)	\$ 37	\$ (14)	\$ 39	\$ (36)	\$ 973	\$ 452
Other comprehensive (loss) income ⁽²⁾	(49)	15	(20)	39	106	5	3	99
Other items ^{(3),(4)}	(170)	—	—	—	—	—	—	(170)
Balance at June 30, 2021	\$ 796	\$ (1,547)	\$ 17	\$ 25	\$ 145	\$ (31)	\$ 976	\$ 381

b) Attributable to General Partner

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2022	\$ 4	\$ (8)	\$ —	\$ —	\$ 1	\$ —	\$ 5	\$ 2
Other comprehensive (loss) income	—	(1)	—	—	—	—	1	—
Balance at June 30, 2022	\$ 4	\$ (9)	\$ —	\$ —	\$ 1	\$ —	\$ 6	\$ 2

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2021	\$ 7	\$ (12)	\$ 2	\$ 1	\$ —	\$ —	\$ 5	\$ 3
Other comprehensive income	—	—	—	—	—	—	—	—
Balance at June 30, 2021	\$ 7	\$ (12)	\$ 2	\$ 1	\$ —	\$ —	\$ 5	\$ 3

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

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2022	\$ 283	\$ (616)	\$ 12	\$ 24	\$ 53	\$ (6)	\$ 387	\$ 137
Other comprehensive income (loss)	6	(80)	15	20	—	—	38	(1)
Other items ⁽¹⁾	—	—	—	—	—	—	(36)	(36)
Balance at June 30, 2022	\$ 289	\$ (696)	\$ 27	\$ 44	\$ 53	\$ (6)	\$ 389	\$ 100

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income (loss)
Balance at January 1, 2021	\$ 438	\$ (647)	\$ 17	\$ (9)	\$ 13	\$ (12)	\$ 409	\$ 209
Other comprehensive (loss) income ⁽²⁾	(20)	8	(9)	16	43	2	1	41
Other items ^{(3),(4)}	(69)	—	—	—	—	—	—	(69)
Balance at June 30, 2021	\$ 349	\$ (639)	\$ 8	\$ 7	\$ 56	\$ (10)	\$ 410	\$ 181

d) Attributable to Non-controlling interest – BIPC exchangeable shares

US\$ MILLIONS	Revaluation surplus	Foreign currency translation & other	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2022	\$ 161	\$ (351)	\$ 7	\$ 13	\$ 30	\$ (2)	\$ 219	\$ 77
Other comprehensive income (loss)	4	(46)	9	12	—	—	21	—
Other items ⁽¹⁾	—	—	—	—	—	—	(20)	(20)
Balance at June 30, 2022	\$ 165	\$ (397)	\$ 16	\$ 25	\$ 30	\$ (2)	\$ 220	\$ 57

US\$ MILLIONS	Revaluation surplus	Foreign currency translation & other	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2021	\$ 27	\$ 28	\$ (6)	\$ 22	\$ 5	\$ (3)	\$ (11)	\$ 62
Other comprehensive (loss) income ⁽²⁾	(7)	2	(3)	6	16	—	1	15
Other items ^{(3),(4)}	(27)	—	—	—	—	—	—	(27)
Balance at June 30, 2021	\$ (7)	\$ 30	\$ (9)	\$ 28	\$ 21	\$ (3)	\$ (10)	\$ 50

e) Attributable to Non-controlling interest – Exchangeable units⁽⁵⁾

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2022	\$ 10	\$ (24)	\$ 1	\$ 1	\$ 1	\$ —	\$ 15	\$ 4
Other comprehensive (loss) income	—	(2)	—	—	—	—	2	—
Balance at June 30, 2022	\$ 10	\$ (26)	\$ 1	\$ 1	\$ 1	\$ —	\$ 17	\$ 4

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2021	\$ 4	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ 5
Other comprehensive loss	—	—	—	—	—	—	—	—
Balance at June 30, 2021	\$ 4	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ 5

- In relation to the disposition of a 49% interest in its North American container terminal operation, \$142 million of accumulated other comprehensive income (net of tax) of revaluation surplus gains were reclassified from accumulated other comprehensive income directly to retained earnings and recorded within Other items on the Consolidated Statements of Partnership Capital. Refer to Note 10, Investments in Associates and Joint Ventures, for further details.
- On May 24, 2021, Finance Bill 2021 in the U.K. became substantively enacted. As a result, effective April 2023, the U.K. tax rate will increase from 19% to 25%. During the three and six-month periods ended June 30, 2021, net income and accumulated other comprehensive income included \$178 million and \$90 million of deferred tax expenses, respectively, related to the rate change.
- In relation to the disposition of a 25% interest in our Canadian district energy operation, \$124 million of accumulated other comprehensive income (net of tax) of revaluation surplus gains were reclassified from accumulated other comprehensive income directly to retained earnings and recorded within Other items on the Consolidated Statements of Partnership Capital. Refer to Note 5, Disposition of Businesses, for further details.
- In relation to the disposition of our smart meters business in the U.K., \$142 million of accumulated other comprehensive income (net of tax) of revaluation surplus gains were reclassified from accumulated other comprehensive income directly to retained earnings and recorded within Other items on the Consolidated Statements of Partnership Capital. Refer to Note 5, Disposition of Businesses, for further details.
- Includes non-controlling interest attributable to Exchange LP units and BIPC exchangeable LP units.

19. 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. Director fees of less than \$1 million were incurred during the three and six-month periods ended June 30, 2022 (2021: 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 market value of our partnership. The Base Management Fee was \$105 million and \$223 million respectively, for the three and six-month periods ended June 30, 2022 (2021: \$93 million and \$185 million). As of June 30, 2022, \$103 million was outstanding as payable to the Service Provider (December 31, 2021: \$108 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 Holding 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, 2022, Brookfield Infrastructure had a loan payable of \$26 million to a subsidiary of Brookfield (December 31, 2021: \$26 million). The loan is payable in full prior to the end of 2024 with an interest rate of 1.7%.

Brookfield Infrastructure, from time to time, will place deposits with, or receive deposits from, Brookfield. As at June 30, 2022, our net deposit from Brookfield was \$nil (December 31, 2021: \$nil) and Brookfield Infrastructure incurred interest expense of less than \$1 million and \$2 million for the three and six-month periods ended June 30, 2022, respectively (2021: \$1 million and \$2 million). Deposits bear interest at market rates.

Brookfield Infrastructure has entered into a \$1 billion revolving credit facility with Brookfield to provide additional liquidity for general corporate purposes and capital expenditures, if required. As of June 30, 2022, there were no borrowings outstanding (December 31, 2021: \$nil).

During the quarter, Brookfield Infrastructure transferred an investment funded by our partnership on behalf of future institutional partners to Brookfield. In connection with the transfer, our partnership received approximately \$189 million from Brookfield. Separately, Brookfield Infrastructure transferred an investment to Brookfield. Our partnership received \$24 million from Brookfield.

As at June 30, 2022, Brookfield Infrastructure had \$95 million of corporate borrowings outstanding to a subsidiary of Brookfield (December 31, 2021: \$45 million), \$6 million of non-recourse borrowings outstanding to an associate of Brookfield (December 31, 2021: \$6 million) and approximately \$0.6 billion of net payables to a subsidiary of Brookfield (December 31, 2021: \$0.6 billion), representing funding provided on behalf of Brookfield Infrastructure in connection with the acquisition of our Canadian diversified midstream operation. As at June 30, 2022, associates of Brookfield Infrastructure had \$80 million of non-recourse borrowings outstanding to an associate of Brookfield (December 31, 2021: \$111 million).

Brookfield Infrastructure's subsidiaries provide heating, cooling, connection, port marine and natural gas services on market terms in the normal course of operations to subsidiaries and associates of Brookfield. For the three and six-month periods ended June 30, 2022, revenues of less than \$2 million and \$3 million, respectively were generated (2021: \$2 million and \$4 million).

Brookfield Infrastructure's subsidiaries purchase power, 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. For the three and six-month periods ended June 30, 2022, expenses of \$27 million and \$28 million, respectively were incurred (2021: less than \$1 million for the three and six-month periods, respectively).

In addition, subsidiaries of Brookfield Infrastructure reported lease assets and liabilities of \$12 million at June 30, 2022 (December 31, 2021: \$12 million) with a subsidiary of Brookfield.