

Brookfield

2021

ANNUAL
REPORT

**Brookfield Infrastructure
Partners L.P.**

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington D.C. 20549

FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
for the fiscal year ended December 31, 2021
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-33632

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

(Exact name of Registrant as specified in its charter)

Bermuda

(Jurisdiction of incorporation or organization)

73 Front Street

Hamilton, HM 12, Bermuda

(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered pursuant to Section 12(b) of the Act:

Title of class	Trading Symbol(s)	Name of each exchange on which registered
Limited Partnership Units	BIP, BIP UN	New York Stock Exchange; Toronto Stock Exchange
Class A Preferred Limited Partnership Units, Series 13	BIP PR A	New York Stock Exchange
Class A Preferred Limited Partnership Units, Series 14	BIP PR B	New York Stock Exchange
5.000% Subordinated Notes due 2081 (and the subordinated guarantees related thereto)	BIPH	New York Stock Exchange
5.125% Perpetual Subordinated Notes (and the subordinated guarantees related thereto)	BIPI	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

305,265,498 Limited Partnership Units as of December 31, 2021

4,989,265 Class A Preferred Limited Partnership Units, Series 1 as of December 31, 2021

4,989,262 Class A Preferred Limited Partnership Units, Series 3 as of December 31, 2021

11,979,750 Class A Preferred Limited Partnership Units, Series 7 as of December 31, 2021

7,986,595 Class A Preferred Limited Partnership Units, Series 9 as of December 31, 2021

9,936,190 Class A Preferred Limited Partnership Units, Series 11 as of December 31, 2021

8,000,000 Class A Preferred Limited Partnership Units, Series 13 as of December 31, 2021

8,000,000 Class A Preferred Limited Partnership Units, Series 14 as of December 31, 2021

1 General Partner Unit as of December 31, 2021

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or an emerging growth company. See definition of "accelerated filer", "large accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check one)

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

**International Financial Reporting Standards as issued by the
International Accounting Standards Board**

Other

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

TABLE OF CONTENTS

	PAGE
INTRODUCTION AND USE OF CERTAIN TERMS	1
FORWARD-LOOKING STATEMENTS	5
PART I	11
Item 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS	11
Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE	11
Item 3. KEY INFORMATION	11
3.A [RESERVED]	11
3.B CAPITALIZATION AND INDEBTEDNESS	11
3.C REASONS FOR THE OFFER AND USE OF PROCEEDS	11
3.D RISK FACTORS	11
Item 4. INFORMATION ON THE COMPANY	63
4.A HISTORY AND DEVELOPMENT OF BROOKFIELD INFRASTRUCTURE	63
4.B BUSINESS OVERVIEW	79
4.C ORGANIZATIONAL STRUCTURE	107
4.D PROPERTY, PLANT AND EQUIPMENT	111
Item 4A. UNRESOLVED STAFF COMMENTS	111
Item 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS	111
5.A OPERATING RESULTS	116
5.B LIQUIDITY AND CAPITAL RESOURCES	147
5.C RESEARCH AND DEVELOPMENT	169
5.D TREND INFORMATION	169
5.E CRITICAL ACCOUNTING ESTIMATES	170
Item 6. DIRECTORS AND SENIOR MANAGEMENT	172
6.A DIRECTORS AND SENIOR MANAGEMENT	172
6.B COMPENSATION	180
6.C BOARD PRACTICES	181
6.D EMPLOYEES	186
6.E SHARE OWNERSHIP	186
Item 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	187
7.A MAJOR SHAREHOLDERS	187
7.B RELATED PARTY TRANSACTIONS	188
7.C INTEREST OF EXPERTS AND COUNSEL	256
Item 8. FINANCIAL INFORMATION	257
8.A CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION	257
8.B SIGNIFICANT CHANGES	257
Item 9. THE OFFER AND LISTING	257
9.A OFFER AND LISTING DETAILS	257
9.B PLAN OF DISTRIBUTION	257
9.C MARKETS	257
9.D SELLING SHAREHOLDERS	257
9.E DILUTION	257
9.F EXPENSES OF THE ISSUE	257

Item 10.	ADDITIONAL INFORMATION	258
	10.A SHARE CAPITAL	258
	10.B MEMORANDUM AND ARTICLES OF ASSOCIATION	258
	10.C MATERIAL CONTRACTS	292
	10.D EXCHANGE CONTROLS	294
	10.E TAXATION	294
	10.F DIVIDENDS AND PAYING AGENTS	331
	10.G STATEMENT BY EXPERTS	331
	10.H DOCUMENTS ON DISPLAY	332
	10.I SUBSIDIARY INFORMATION	332
Item 11.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT NON-PRODUCT RELATED MARKET RISK	332
Item 12.	DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES	332
PART II		333
Item 13.	DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES	333
Item 14.	MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS	333
Item 15.	CONTROLS AND PROCEDURES	333
Item 16A.	AUDIT COMMITTEE FINANCIAL EXPERT	334
Item 16B.	CODE OF ETHICS	334
Item 16C.	PRINCIPAL ACCOUNTANT FEES AND SERVICES	335
Item 16D.	EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEE	335
Item 16E.	PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASER	335
Item 16F.	CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT	336
Item 16G.	CORPORATE GOVERNANCE	336
Item 16H.	MINE SAFETY DISCLOSURES	336
Item 16I.	DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS	336
PART III		337
Item 17.	FINANCIAL STATEMENTS	337
Item 18.	FINANCIAL STATEMENTS	337
Item 19.	EXHIBITS	337

INTRODUCTION AND USE OF CERTAIN TERMS

Unless the context requires otherwise, when used in this annual report on Form 20-F, the terms “Brookfield Infrastructure”, “we”, “us” and “our” refer to Brookfield Infrastructure Partners L.P., collectively with the Holding LP, the Holding Entities and the operating entities but excluding BIPC (each as defined below). References to “our group” mean, collectively, Brookfield Infrastructure Corporation and Brookfield Infrastructure. All dollar amounts contained in this annual report on Form 20-F are expressed in U.S. dollars, unless specified otherwise, and references to “dollars”, “\$”, “US\$” or “USD” are to U.S. dollars, all references to “C\$” or “CAD” are to Canadian dollars, all references to “A\$” or “AUD” are to Australian dollars, all references to “CLP” are to Chilean pesos, all references to “COP” are to Colombian pesos, all references to “reais”, “BRL” or “R\$” are to Brazilian reais, all references to “rupees”, “INR” or “₹” are to Indian rupees, and all references to “UF” are to Unidad de Fomento which is an inflation indexed Chilean peso monetary unit that is set daily, on the basis of the prior month’s inflation rate. In addition, all references to “£” or “GBP” are to pound sterling, all references to “NZD” are to New Zealand dollars, all references to “€” or “EUR” are to Euros, all references to “PEN” are to Peruvian Nuevo Sol and, unless the context suggests otherwise, references to:

- “Alberta Finco” are to Brookfield Infrastructure Finance ULC;
- “BIPC” are to Brookfield Infrastructure Corporation;
- “BIPC Exchangeable LP Units” are to the exchangeable units of Brookfield Infrastructure Corporation Exchange Limited Partnership (“BIPC Exchange LP”), a subsidiary of our partnership, which were issued in connection with the acquisition by our partnership and our institutional partners of Inter Pipeline Ltd. (“IPL”, “Inter Pipeline”, or “Canadian diversified midstream operation”), and which provide holders with economic terms that are substantially equivalent to BIPC exchangeable shares and are exchangeable, on a one-for-one basis, for BIPC exchangeable shares;
- “BIPC exchangeable shares” are to class A exchangeable subordinate voting shares in the capital of BIPC;
- “Brookfield” are to Brookfield Asset Management and any affiliate of Brookfield Asset Management, other than our group;
- “Brookfield Accounts” are to Brookfield-sponsored vehicles, consortiums and/or partnerships (including private funds, joint ventures and similar arrangements);
- “Brookfield Asset Management” are to Brookfield Asset Management Inc.;
- “class B shares” are to the class B multiple voting shares in the capital of BIPC;
- “class C shares” are to the class C non-voting shares in the capital of BIPC;
- “CODM” are to the Chief Operating Decision Maker;
- our “current operations” are to the businesses in which we hold an interest as described in Item 4.B “Business Overview”;
- our “data operations” are to our interest in our data distribution businesses in Asia-Pacific, India and Europe, our telecommunications business in India and data storage operations in North and South America, Europe and the Asia Pacific, as described in Item 4.B “Business Overview—Our Operations—Data —Overview”;

- our “midstream operations” are to our interest in our North American gas storage operation, our Western Canadian natural gas gathering and processing operation and our Canadian diversified midstream operation, as described in Item 4.B “Business Overview—Our Operations—Midstream—Overview”;
- the “Exchange LP Units” are to the exchangeable units of Brookfield Infrastructure Partners Exchange LP (“Exchange LP”), a subsidiary of our partnership, which were issued in connection with our partnership’s acquisition of an effective 30% interest in Enercare Inc. (“Enercare”), and which provide holders with economic terms that are substantially equivalent to those of our units and are exchangeable, on a one-for-one basis, for our units;
- “Exchangeable units” mean, collectively, the Exchange LP Units and the BIPC Exchangeable LP Units;
- “fully exchanged basis” means Brookfield’s ownership in our partnership assuming the exchange of all issued and outstanding Redeemable Partnership Units, Exchange LP Units, BIPC exchangeable shares and BIPC Exchangeable LP Units;
- our “General Partner” are to Brookfield Infrastructure Partners Limited, which serves as our partnership’s general partner;
- “Holding Entities” are to certain subsidiaries of the Holding LP, from time-to-time, through which we hold all of our interests in the operating entities;
- the “Holding LP” are to Brookfield Infrastructure L.P.;
- the “Infrastructure General Partner” are to Brookfield Infrastructure Special GP Limited, which serves as the general partner of the Infrastructure Special LP;
- the “Infrastructure Special LP” are to Brookfield Infrastructure Special L.P., a subsidiary of Brookfield Asset Management, which is the special general partner of the Holding LP and “Special General Partner Units” refers to the units of the Holding LP that the Infrastructure Special LP holds in such capacity;
- “Licensing Agreements” are to the licensing agreements described in Item 7.B “Related Party Transactions—Licensing Agreements”;
- our “Limited Partnership Agreement” are to the amended and restated limited partnership agreement of our partnership, as amended from time to time;
- the “managing general partner” are to our partnership in its capacity as managing general partner of the Holding LP and “Managing General Partner Units” refers to the units of the Holding LP that our partnership holds in such capacity;
- “Master Services Agreement” are to the amended and restated master services agreement dated as of March 13, 2015, as amended on March 31, 2020, among the Service Recipients, Brookfield Asset Management, the Service Provider and others, as described in Item 6.A “Directors and Senior Management—Our Master Services Agreement”;
- “Merger Transaction” are to our acquisition of the ownership interests in Prime that were not already held by us, which was completed on December 8, 2010;
- “Oaktree” are to Oaktree Capital Group, LLC together with its affiliates;

- “Oaktree Accounts” are to Oaktree-managed funds and accounts;
- “operating entities” are to the entities which directly or indirectly hold our current operations and assets that we may acquire in the future, including any assets held through joint ventures, partnerships and consortium arrangements;
- our “partnership” are to Brookfield Infrastructure Partners L.P.;
- “Prime” are to Prime Infrastructure, known collectively as Babcock & Brown Infrastructure Limited and Babcock & Brown Infrastructure Trust, or BBI, prior to its recapitalization on November 20, 2009;
- “rate base” are to a regulated or notionally stipulated asset base;
- the “Redemption-Exchange Mechanism” are to the mechanism by which Brookfield may request redemption of its limited partnership interests in the Holding LP in whole or in part in exchange for cash, subject to the right of our partnership to acquire such interests (in lieu of such redemption) in exchange for units of our partnership, as more fully set forth in Item 10.B “Memorandum and Articles of Association—Description of the Holding LP’s Limited Partnership Agreement—Redemption-Exchange Mechanism”;
- “Redeemable Partnership Unit” is a limited partnership unit of the Holding LP that has the rights of the Redemption-Exchange Mechanism. See Item 10.B “Memorandum and Articles of Association—Description of the Holding LP’s Limited Partnership Agreement”;
- “Relationship Agreement” are to the amended and restated relationship agreement dated as of March 28, 2014, as amended from time to time, by and among our partnership, the Holding LP, the Holding Entities, the Service Provider and Brookfield Asset Management, as described in Item 7.B “Related Party Transactions—Relationship Agreement”;
- the “Service Provider” are to Brookfield Infrastructure Group L.P., Brookfield Asset Management Private Institutional Capital Adviser (Canada), LP, Brookfield Asset Management Barbados Inc., Brookfield Global Infrastructure Advisor Limited, Brookfield Infrastructure Group (Australia) Pty Limited and, unless the context otherwise requires, includes any other affiliate of Brookfield Asset Management that provides services to us pursuant to the Master Services Agreement or any other service agreement or arrangement;
- “Service Recipients” are to our partnership, the Holding LP, certain of the Holding Entities, BIPC and certain of their subsidiaries in their capacity as recipients of services under the Master Services Agreement;
- “spin-off” are to the issuance of the special dividend by Brookfield Asset Management to its shareholders of 35,016,762 of our units on January 31, 2008;
- “special distribution” are to the special distribution by our partnership to unitholders of one BIPC exchangeable share per nine units held completed on March 31, 2020, as further described in Item 4.A “History and Development of Brookfield Infrastructure — Overview”;
- our “transport operations” are to our interests in North American, European, Australian and Brazilian rail operations, North American LNG export operations, port operations in the United States, the U.K., Australia, and New Zealand and toll road operations in Chile, Brazil, Peru and India, as described in Item 4.B “Business Overview—Our Operations—Transport—Overview”;

- “Chilean electricity transmission operation” means the 27.8% interest in ETC Transmission Holdings, S.L. the parent company of Transelec S.A., a regulated electricity transmission operation in Chile, with subsidiaries in Peru, that was sold by Brookfield Infrastructure in 2018;
- our “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;
- “Class A Preferred Units”, “Series 1 Preferred Units”, “Series 2 Preferred Units”, “Series 3 Preferred Units”, “Series 4 Preferred Units”, “Series 7 Preferred Units”, “Series 8 Preferred Units”, “Series 9 Preferred Units”, “Series 10 Preferred Units”, “Series 11 Preferred Units”, “Series 12 Preferred Units”, “Series 13 Preferred Units”, “Series 14 Preferred Units” and “Series 15 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 2, cumulative class A preferred limited partnership units, series 3, cumulative class A preferred limited partnership units, series 4, cumulative class A preferred limited partnership units, series 7, cumulative class A preferred limited partnership units, series 8 in our partnership, cumulative class A preferred limited partnership units, series 9 in our partnership, cumulative class A preferred limited partnership units, series 10 in our partnership, cumulative class A preferred limited partnership units, series 11 in our partnership, cumulative class A preferred limited partnership units, series 12 in our partnership, cumulative class A preferred limited partnership units, series 13, cumulative class A preferred limited partnership units, series 14 and cumulative class A preferred limited partnership units, series 15 in our partnership, respectively;
- “Holding LP Class A Preferred Units”, “Holding LP Series 1 Preferred Units”, “Holding LP Series 3 Preferred Units”, “Holding LP Series 7 Preferred Units”, “Holding LP Series 9 Preferred Units”, “Holding LP Series 11 Preferred Units”, “Holding LP Series 13 Preferred Units”, “Holding LP Series 14 Preferred Units” and “Holding LP Series 15 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 7 of the Holding LP, cumulative class A preferred limited partnership units, series 9 of the Holding LP, cumulative class A preferred limited partnership units, series 11 of the Holding LP, cumulative class A preferred limited partnership units, series 13 of the Holding LP, cumulative class A preferred limited partnership units, series 14 of the Holding LP and cumulative class A preferred limited partnership units, series 15 of the Holding LP, respectively;
- our “utilities operations” refer to our interests in an Australian export terminal, our South American electricity transmission operation in Brazil, our natural gas distribution operation in Colombia, our European regulated distribution operation in the U.K., our South American natural gas transmission operation and our European, North American and U.K. residential infrastructure operations, as described in Item 4.B “Business Overview—Our Operations—Utilities—Overview”; and
- “Voting Agreements” are to the voting arrangements described in Item 7.B “Related Party Transactions—Voting Agreements”.

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

FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains certain “forward-looking statements” and “forward-looking information” within the meaning of applicable securities laws concerning our business and operations. The forward-looking statements and information also relate to, among other things, our business, operations, objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates and anticipated events or trends. In some cases, you can identify forward-looking statements and information by terms such as “anticipate,” “believe,” “could,” “estimate,” “likely,” “expect,” “intend,” “may,” “continue,” “plan,” “potential,” “objective,” “tend,” “seek,” “target,” “foresee,” “aim to,” “outlook,” “endeavor,” “will,” “would” and “should” or the negative of those terms or other comparable terminology. In particular, our statements with respect to the continuity plans and preparedness measures we have implemented in response to the COVID-19 pandemic and its expected impact on our businesses, operations, earnings and results are forward-looking statements. These forward-looking statements and information are not historical facts but reflect our current expectations regarding future results or events and are based on information currently available to us and on assumptions we believe are reasonable.

Although we believe that our anticipated future results, performance or achievements expressed or implied by these forward-looking statements and information are based on reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations and our plans and strategies may vary materially from those expressed in the forward-looking statements and information herein.

Factors that could cause our actual results to differ materially from those contemplated or implied by our forward-looking statements and information include, without limitation:

- commodity risks;
- alternative technologies could impact the demand for, or use of, the businesses and assets that we own and operate and could impair or eliminate the competitive advantage of our businesses and assets;
- acquisitions may subject us to additional risks and the expected benefits of our acquisitions may not materialize;
- the competitive market for acquisition opportunities and the inability to identify and complete acquisitions as planned;
- pending acquisitions, dispositions and other transactions may not be completed on the timeframe or in the manner contemplated, or at all;
- our ability to renew existing contracts and win additional contracts with existing or potential customers;

- deployment of capital for our committed backlog and other projects we are pursuing may be delayed, curtailed or redirected altogether;
- timing and price for the completion of unfinished projects;
- infrastructure operations may require substantial capital expenditures;
- exposure to environmental risks, including increasing environmental legislation and the broader impacts of climate change;
- exposure to increased economic regulation and adverse regulatory decisions;
- First Nations claims to land, adverse claims or governmental claims may adversely affect our infrastructure operations;
- some of our current operations are held in the form of joint ventures or partnerships or through consortium arrangements;
- some of our businesses operate in jurisdictions with less developed legal systems and could experience difficulties in obtaining effective legal redress, which creates uncertainties;
- actions taken by national, state, or provincial governments, including nationalization, or the imposition of new taxes, could materially impact the financial performance or value of our assets;
- equipment that we need, including spare parts and components required for project development, may become unavailable or difficult to procure;
- reliance on technology and exposure to cyber-security attacks;
- customers may default on their obligations;
- reliance on tolling and revenue collection systems;
- Brookfield's influence over our partnership and our partnership's dependence on the Service Provider;
- the lack of an obligation of Brookfield to source acquisition opportunities for us;
- our dependence on Brookfield and its professionals;
- the role and ownership of Brookfield in our partnership and in Holding LP may change and interests in our General Partner may be transferred to a third party without unitholder or preferred unitholder consent;
- Brookfield may increase its ownership of our partnership;
- our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any fiduciary duties to act in the best interests of unitholders or preferred unitholders;
- conflicts of interest between our partnership, our preferred unitholders and our unitholders, on the one hand, and Brookfield, on the other hand;
- our arrangements with Brookfield may contain terms that are less favorable than those which otherwise might have been obtained from unrelated parties;
- our General Partner may be unable or unwilling to terminate the Master Services Agreement;

- the limited liability of, and our indemnification of, the Service Provider;
- our assets are or may become highly leveraged and we intend to incur indebtedness above the asset level;
- some of our acquisitions may be of distressed companies, which may subject us to increased risks, including the incurrence of legal or other expenses;
- our partnership is a holding entity that relies on its subsidiaries to provide the funds necessary to pay our distributions and meet our financial obligations;
- future sales and issuances of our units, preferred units or securities exchangeable for our units (including BIPC exchangeable shares), or the perception of such sales or issuances, could depress the trading price of our units or preferred units;
- our partnership may become regulated as an investment company under the *U.S. Investment Company Act of 1940*, as amended (“Investment Company Act”);
- we are exempt from certain requirements of Canadian securities laws and we are not subject to the same disclosure requirements as a U.S. domestic issuer;
- we may be subject to the risks commonly associated with a separation of economic interest from control or the incurrence of debt at multiple levels within an organizational structure;
- effectiveness of our internal controls over financial reporting;
- our unitholders and preferred unitholders do not have a right to vote on partnership matters or to take part in the management of our partnership;
- market price of our units and preferred units may be volatile;
- dilution of existing unitholders;
- foreign currency risk and risk management activities;
- investors may find it difficult to enforce service of process and enforcement of judgments against us;
- we may not be able to continue paying comparable or growing cash distributions to unitholders in the future;
- changes in tax law and practice;
- general economic conditions and risks relating to the economy;
- increasing political uncertainty, which may impact our ability to expand in certain markets;
- the severity and duration of the COVID-19 pandemic, as well as the direct and indirect impacts that the virus may have;
- adverse changes in currency exchange rates;
- availability and cost of credit;
- government policy and legislation change;

- exposure to uninsurable losses and force majeure events;
- labor disruptions and economically unfavorable collective bargaining agreements;
- exposure to occupational health and safety related accidents;
- high levels of government regulation upon many of our operating entities, including with respect to rates set for our regulated businesses;
- our infrastructure business is at risk of becoming involved in disputes and possible litigation;
- our ability to finance our operations due to the status of the capital markets;
- changes in our credit ratings;
- our operations may suffer a loss from fraud, bribery, corruption or other illegal acts;
- new regulatory initiatives related to ESG;
- potential human rights impacts of our business activities; and
- other factors described in this annual report on Form 20-F, including, but not limited to, those described under Item 3.D “Risk Factors” and elsewhere in this annual report on Form 20-F.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements and information, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. In light of these risks, uncertainties and assumptions, the events described by our forward-looking statements and information might not occur. These risks could cause our actual results and our plans and strategies to vary from our forward-looking statements and information. We qualify any and all of our forward-looking statements and information by these cautionary factors. Please keep this cautionary note in mind as you read this annual report on Form 20-F. We disclaim any obligation to update or revise publicly any forward-looking statements or information, whether written or oral, as a result of new information, future events or otherwise, except as required by applicable law.

CAUTIONARY STATEMENT REGARDING THE USE OF NON-IFRS ACCOUNTING MEASURES

To measure performance, we focus on net income, a measure under the International Financial Reporting Standards (“IFRS”), as well as certain non-IFRS measures, including Funds from Operations (“FFO”), Adjusted Funds from Operations (“AFFO”), adjusted EBITDA (“Adjusted EBITDA”) and invested capital (“Invested Capital”), along with other measures. To measure liquidity, we focus on debt attributable to the partnership and net debt.

FFO

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.

FFO is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS as issued by the International Accounting Standards Board (“IASB”). FFO is therefore unlikely to be comparable to similar measures presented by other issuers. FFO has limitations as an analytical tool. Specifically, our definition of FFO may differ from the definition used by other organizations, and is different than the definition of Funds from Operations used by the Real Property Association of Canada (“REALPAC”) and the National Association of Real Estate Investment Trusts, Inc. (“NAREIT”), in part because the NAREIT definition is based on U.S. GAAP, as opposed to IFRS.

AFFO

We define AFFO as FFO less capital expenditures required to maintain the current performance of our operations (maintenance capital expenditures). AFFO is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. AFFO is therefore unlikely to be comparable to similar measures presented by other issuers and has limitations as an analytical tool.

Adjusted EBITDA

In addition to FFO and AFFO, we focus on Adjusted EBITDA, which we define as net income excluding the impact of interest expense, depreciation and amortization, income taxes, mark-to-market on hedging items and other income (expenses) corresponding to amounts that are not related to the revenue earning activities and are not normal, recurring cash operating expenses necessary for business operations.

Adjusted EBITDA 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 ownership interests held by non-controlling interests in consolidated subsidiaries.

Adjusted EBITDA is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. Adjusted EBITDA is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted EBITDA has limitations as an analytical tool.

Invested Capital

Invested Capital, which tracks the amount of capital that has been contributed to our partnership, is a measure we utilize to assess returns on capital deployed, relative to targeted returns. Investment decisions are based on, amongst other measures and factors, targeted returns on Invested Capital of 12% to 15% annually over the long term. We define Invested Capital as partnership capital removing the following items: non-controlling interest - in operating subsidiaries, retained earnings or deficit, accumulated other comprehensive income and ownership changes. We measure return on Invested Capital as AFFO, less estimated returns of capital on operations that are not perpetual in nature, divided by the weighted average Invested Capital for the period. Our partnership completes our estimate of returns of capital by reviewing the cash flow profile over the economic useful life of limited life businesses as underwritten, and estimating the percentage of cash flows generated in a given year. This percentage is then applied to our invested capital to determine how much capital we believe was returned in the current year.

Debt attributable to the partnership and net debt

We define debt attributable to the partnership as our partnership's share of borrowing obligations relating to our investments in various portfolio businesses. Net debt is debt attributable to the partnership, net of the partnership's share of cash and cash equivalents. Debt attributable to the partnership and net debt are not, and are not intended to be, presented in accordance with IFRS. We provide debt attributable to the partnership and net debt, both non-IFRS liquidity measures, because we believe they assist investors and analysts in estimating our overall performance and understanding the leverage pertaining specifically to our partnership's share of its invested capital in a given investment. When used in conjunction with Adjusted EBITDA, debt attributable to the partnership is expected to provide useful information as to how our partnership has financed its businesses at the asset-level. We believe our presentation, when read in conjunction with our partnership's reported results under IFRS, including consolidated debt, provides a more meaningful assessment of how our operations are performing and capital is being managed.

For further details regarding our use of FFO, AFFO, Adjusted EBITDA, Invested Capital, as well as a reconciliation of net income to FFO, AFFO and Adjusted EBITDA and a reconciliation of Partnership Capital to Invested Capital, please see the "Reconciliation of Non-IFRS Financial Measures" section in Item 5 "Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Condition and Results of Operations". For further details regarding our use of debt attributable to the partnership and net debt, please see the "Liquidity and Capital Resources" section in Item 5 "Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Condition and Results of Operations."

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A [RESERVED]

3.B CAPITALIZATION AND INDEBTEDNESS

Not applicable.

3.C REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

3.D RISK FACTORS

Summary of Risk Factors

The following summarizes some, but not all, of the risks provided below. Please carefully consider all of the information discussed in this Item 3.D “Risk Factors” in this annual report on Form 20-F for a detailed description of these and other risks.

Risks Relating to Our Operations and the Infrastructure Industry

- Risks relating to demand for commodities, such as natural gas or minerals.
- Risks relating to impact of alternative technologies on our business and cyber security attacks.
- Risks relating to successful identification, completion and integration of acquisitions.
- Risks relating to competition with other market participants.
- Risks relating to construction or expansion of projects, environmental damage and future capital expenditures.
- Risks relating to economic regulation and adverse regulatory decisions in the countries we operate, including nationalization or the imposition of new taxes.
- Risks relating to supply chain disruptions.
- Risks relating to adverse claims or governmental rights asserted against the lands used for our infrastructure assets.
- Risks relating to our transactions and joint ventures, partnerships and consortium arrangements.
- Risks relating to tolling and revenue collection systems.

Risks Relating to Our Relationship with Brookfield

- Risks relating to our dependence on Brookfield and the Service Provider, and conflicts of interests therewith.
- Risks relating to our inability to have access to all infrastructure acquisitions that Brookfield identifies.
- Risks relating to the departure of some or all of Brookfield's professionals.
- Risks relating to Brookfield's ownership position in our partnership.
- Risks relating to the lack of any fiduciary obligations imposed on Brookfield to act in the best interests of the Service Recipients, our partnership or our unitholders.
- Risks related to our Master Services Agreement, our organizational and ownership structure and our other arrangements with Brookfield and the Service Provider.
- Risks related to breaches of the information barrier and related internal controls by Brookfield and/or Oaktree and other affiliates.
- Risks relating to our inability to terminate our Master Services Agreement.
- Risks relating to the limited liability of the Service Provider to our partnership and the other Service Recipients.

Risks Relating to Our Partnership Structure

- Risks related to our use of leverage and indebtedness, including compliance with any covenants that could restrict our ability to engage in certain types of activities or to make distributions to equity holders.
- Risks related to the acquisition or disposition of distressed companies.
- Risks related our partnership being a holding entity and our reliance on the Holding LP and, indirectly, the Holding Entities and our operating entities to provide us with the funds necessary to pay distributions and meet our financial obligations.
- Risks related to future sales or issuances of our units, preferred units or securities exchangeable into our units (including BIPC exchangeable shares), or the perception of such sales or issuances.
- Risks related to being deemed an "investment company" under the Investment Company Act
- Risks related to our partnership being an "SEC foreign issuer" under Canadian securities regulations and a "foreign private issuer" under U.S. securities laws.
- Risks related to our failure to maintain effective internal controls.

Risks Relating to Our Units and Preferred Units

- Risks related to our unitholders and preferred unitholders not having a right to vote on partnership matters or to take part in the management of our partnership.
- Risks related to the market price of our units and preferred units (or securities exchangeable into our units, including the BIPC exchangeable shares).
- Risks related to the issuance of additional units, preferred units or securities exchangeable into our units (including BIPC exchangeable shares).
- Risks related to foreign currency associated with Brookfield Infrastructure's distributions to non-U.S. unitholders.
- Risks related to enforcement of service of process and enforcement of judgments against us and the directors and officers of our General Partner and the Service Provider.
- Risks related to our ability to continue paying comparable or growing cash distributions to our unitholders.

Risks Related to Canadian and United States Taxation

- Risks related to Canadian and United States taxation, and the effects thereof on our business and operations.

General Risks

- Risks relating to general economic and political conditions, changes in governmental policy and legislation, and the markets in which we operate.
- Risks relating to COVID-19.
- Risks relating to foreign currency.
- Risks relating to access to debt or equity markets, our ability to access credit markets and changes in our credit ratings.
- Risks relating to natural disasters, weather events, uninsurable losses and force majeure events.
- Risks relating to labor disruptions and economically unfavorable collective bargaining agreements.
- Risks relating to occupational health and safety and accidents.
- Risks relating to fraud, bribery, corruption, other illegal acts, inadequate or failed internal processes or systems, or from external events.
- Risks relating to contractual disputes and litigation.
- Risks relating to new ESG regulatory initiatives.
- Risks relating to potential human rights impacts of our business activities.

You should carefully consider the following factors in addition to the other information set forth in this annual report on Form 20-F. If any of the following risks actually occur, our business, financial condition and results of operations and the value of our units and preferred units would likely suffer.

Risks Relating to Our Operations and the Infrastructure Industry

Some of our operations depend on continued strong demand for commodities, such as natural gas or minerals, for their financial performance. Material reduction in demand for these key commodities can potentially result in reduced value for assets, or in extreme cases, a stranded asset.

Some of our operations are critically linked to the transport or production of key commodities. For example, the Australian export terminal that our partnership holds an interest in relies on demand for coal exports, our Australian rail operation relies on demand for iron ore for steel production and our South and North American gas transmission operation relies on demand for natural gas and benefits from higher gas prices. While we endeavor to protect against short to medium term commodity demand risk wherever possible by structuring our contracts in a way that minimizes volume risk (e.g. minimum guaranteed volumes and ‘take-or-pay’ arrangements), these contract terms are finite and in some cases contracts contain termination or suspension rights for the benefit of the customer. Accordingly, a long-term and sustained downturn in the demand for or price of a key commodity linked to one of our operations may result in termination, suspension or default under a key contract, or otherwise have a material adverse impact on the financial performance or growth prospects of that particular operation, notwithstanding our efforts to maximize contractual protections.

If a critical upstream or downstream business ceased to operate, this could materially impact our financial performance or the value of one or more of our operating businesses. In extreme cases, our infrastructure could become redundant, resulting in an inability to recover a return on or of capital and potentially triggering covenants and other terms and conditions under associated debt facilities.

Alternative technologies could impact the demand for, or use of, the business and assets that we own and operate and could impair or eliminate our competitive advantage of our businesses and assets.

There are alternative technologies that may impact the demand for, or use of, the businesses and assets that we own and operate. While some such alternative technologies are in earlier stages of development, ongoing research and development activities may improve such alternative technologies. For example, changes in the materials used in construction may reduce the demand for iron ore and coal. Our data operations rely for their continued viability on the ongoing demand for tower infrastructure and data storage facilities, which is uncertain and could be subject to bypass risk or obsolescence as a result of new or developing technologies. Additionally, off-grid energy solutions may reduce the need for electricity and gas generation networks and pipelines, and technologies that enable remote working opportunities could reduce traffic on our toll roads. If this were to happen, the competitive advantage of our businesses and assets may be significantly impaired or eliminated and our business, financial condition, results of operations and cash flow could be materially and adversely affected as a result.

Acquisitions may subject us to additional risks and the expected benefits of our acquisitions may not materialize.

A key part of Brookfield Infrastructure's strategy involves seeking acquisition opportunities upon Brookfield's recommendation and allocation of opportunities to us. Acquisitions may increase the scale, scope and diversity of our operations. We depend on the diligence and skill of Brookfield's professionals and our Service Provider to manage us, including integrating all of the acquired business' operations with our existing operations. These individuals may have difficulty managing the additional operations and may have other responsibilities within Brookfield's asset management business. If Brookfield does not effectively manage the additional operations, our existing business, financial condition and results of operations may be adversely affected.

Acquisitions will likely involve some or all of the following risks, which could materially and adversely affect our business, financial condition or results of operations: the difficulty of integrating the acquired operations and personnel into our current operations; the ability to achieve potential synergies; potential disruption of our current operations; diversion of resources, including Brookfield's time and attention; the difficulty of managing the growth of a larger organization; the risk of entering markets in which we have little experience; the risk of becoming involved in labor, commercial or regulatory disputes or litigation related to the new enterprise; the risk of environmental or other liabilities associated with the acquired business; and the risk of a change of control resulting from an acquisition triggering rights of third parties or government agencies under contracts with, or authorizations held by the operating business being acquired. While it is our practice to conduct extensive due diligence investigations into businesses being acquired, it is possible that due diligence may fail to uncover all material risks in the business being acquired, or to identify a change of control trigger in a material contract or authorization, or that a contractual counterparty or government agency may take a different view on the interpretation of such a provision to that taken by us, thereby resulting in a dispute. The discovery of any material liabilities subsequent to an acquisition, as well as the failure of an acquisition to perform according to expectations, could have a material adverse effect on Brookfield Infrastructure's business, financial condition and results of operations. In addition, if returns are lower than anticipated from acquisitions, we may not be able to achieve growth in our distributions in line with our stated goals and the market value of our units may decline.

We operate in a highly competitive market for acquisition opportunities.

Our acquisition strategy is dependent to a significant extent on the ability of Brookfield to identify acquisition opportunities that are suitable for us. We face competition for acquisitions primarily from investment funds, operating companies acting as strategic buyers, construction companies, commercial and investment banks, and commercial finance companies. Many of these competitors are substantially larger and have considerably greater financial, technical and marketing resources than are available to us. Some of these competitors may also have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of acquisitions and to offer terms that we are unable or unwilling to match. Due to the capital intensive nature of infrastructure acquisitions, in order to finance acquisitions we will need to compete for equity capital from institutional investors and other equity providers, including Brookfield, and our ability to consummate acquisitions will be dependent on such capital continuing to be available. Increases in interest rates could also make it more difficult to consummate acquisitions because our competitors may have a lower cost of capital which may enable them to bid higher prices for assets. In addition, because of our affiliation with Brookfield, there is a higher risk that when we participate with Brookfield and others in joint ventures, partnerships and consortiums on acquisitions we may become subject to antitrust or competition laws that we would not be subject to if we were acting alone. These factors may create competitive disadvantages for us with respect to acquisition opportunities.

We cannot provide any assurance that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations or that Brookfield will be able to identify and make acquisitions on our behalf that are consistent with our objectives or that generate attractive returns for our unitholders. We may lose acquisition opportunities if we do not match prices, structures and terms offered by competitors, if we are unable to access sources of equity or obtain indebtedness at attractive rates or if we become subject to antitrust or competition laws. Alternatively, we may experience decreased rates of return and increased risks of loss if we match prices, structures and terms offered by competitors.

We may be unable to complete acquisitions, dispositions and other transactions as planned.

Our acquisitions, dispositions and other transactions are subject to a number of closing conditions, including, as applicable, security holder approval, regulatory approval (including competition authorities) and other third party consents and approvals that are beyond our control and may not be satisfied. In particular, many jurisdictions in which we seek to invest (or divest) impose government consent requirements on investments by foreign persons. Consents and approvals may not be obtained, may be obtained subject to conditions which adversely affect anticipated returns, and/or may be delayed and delay or ultimately preclude the completion of acquisitions, dispositions and other transactions. Government policies and attitudes in relation to foreign investment may change, making it more difficult to complete acquisitions, dispositions and other transactions in such jurisdictions. Furthermore, interested stakeholders could take legal steps to prevent transactions from being completed. If all or some of our acquisitions, dispositions and other transactions are unable to be completed on the terms agreed, we may need to modify or delay or, in some cases, terminate these transactions altogether, the market value of our units may significantly decline and we may not be able to achieve the expected benefits of the transactions. Although we expect to generate significant net proceeds from asset sales in the next 12 to 18 months, we can provide no assurance that those sales will be completed on the anticipated time frame, or at all.

Infrastructure assets may be subject to competition risk.

Some assets may be affected by the existence of other competing assets owned and operated by other parties. There can be no assurance that our businesses can renew all their existing contracts or win additional contracts with their existing or potential customers. The ability of our businesses to maintain or improve their revenue is dependent on price, availability and customer service as well as on the availability of access to alternative infrastructure. In the case where the relevant business is unable to retain customers and/or unable to win additional customers to replace those customers it is unable to retain, the revenue from such assets will be reduced.

Investments in infrastructure projects prior to or during a construction or expansion phase are likely to be subject to increased risk.

A key part of our growth strategy involves identifying and taking advantage of organic growth opportunities within our existing businesses. These opportunities typically involve development and construction of new infrastructure or expansion or upgrades to existing infrastructure. Investments in new infrastructure projects during a development or construction phase are likely to be subject to additional risk that the project will not receive all required approvals, will not be completed within budget, within the agreed timeframe and to the agreed specifications and, where applicable, will not be successfully integrated into the existing assets. During the construction phase, major risks include: (i) a delay in the projected completion of the project, which can result in an increase in total project construction costs through higher capitalized interest charges and additional labor, material expenses, and a resultant delay in the commencement of cash flow; (ii) the insolvency of the head contractor, a major subcontractor and/or a key equipment supplier; (iii) construction costs exceeding estimates for various reasons, including inaccurate engineering and planning, labor and building material costs in excess of expectations and unanticipated problems with project start-up; and (iv) defects in design, engineering or construction (including, without limitation, latent defects that do not materialize during an applicable warranty or limitation periods). Such unexpected increases may result in increased debt service costs, operations and maintenance expenses and damage payments for late delivery. This may result in the inability of project owners to meet the higher interest and principal repayments arising from the additional debt required.

In addition, construction projects may be exposed to significant liquidated damages to the extent that commercial operations are delayed beyond prescribed dates or that performance levels do not meet guaranteed levels. For example, a liquidated damages regime applies in respect of some of the expansion of works at our Brazilian toll road business.

We currently have approximately \$1.7 billion of committed backlog. Total capital to be commissioned in the next two to three years currently stands at approximately \$4.5 billion. We can provide no assurance that we will be able to complete these projects on time or within budget. In addition, we are pursuing a number of other organic growth opportunities that are not yet committed. Accordingly, we can provide no assurance that these projects will materialize on the terms currently contemplated, or at all.

All of our infrastructure operations may require substantial capital expenditures in the future.

Our utilities, transport, data and midstream operations are capital intensive and require substantial ongoing expenditures for, among other things, additions and improvements, and maintenance and repair of plant and equipment related to our operations. Any failure to make necessary capital expenditures to maintain our operations in the future could impair the ability of our operations to serve existing customers or accommodate increased volumes. In addition, we may not be able to recover such investments based upon the rates our operations are able to charge.

In some of the jurisdictions in which we have utilities, transport, data or midstream operations, certain maintenance capital expenditures may not be covered by the regulatory framework. If our operations in these jurisdictions require significant capital expenditures to maintain our asset base, we may not be able to recover such costs through the regulatory framework. In addition, we may be exposed to disallowance risk in other jurisdictions to the extent that capital expenditures and other costs are not fully recovered through the regulatory framework.

Our operating entities are exposed to the risk of environmental damage.

Many of Brookfield Infrastructure's assets are involved in using, handling or transporting substances that are toxic, combustible, explosive, corrosive or otherwise hazardous to the environment. Furthermore, some of our assets have operations in or in close proximity to environmentally sensitive areas or densely populated communities. There is a risk of a leak, spillage, explosion or other environmental emission at one of these assets, which could cause regulatory infractions, damage to the environment, injury or loss of life. Such an incident if it occurred could result in fines or penalties imposed by regulatory authorities, revocation of licenses or permits required to operate the business or the imposition of more stringent conditions in those licenses or permits, or legal claims for compensation (including punitive damages) by affected stakeholders. In addition, some of our assets may be subject to regulations or rulings made by environmental agencies that conflict with existing obligations we have under concession or other permitting agreements. Resolution of such conflicts may lead to uncertainty and increased risk of delays or cost over-runs on projects. All of these have the potential to significantly impact the value or financial performance of Brookfield Infrastructure.

Our operating entities are exposed to the risk of increasing environmental legislation and the broader impacts of climate change.

With an increasing global focus and public sensitivity to environmental sustainability and environmental regulation becoming more stringent, Brookfield Infrastructure's assets could be subject to increasing environmental responsibility and liability. For example, many jurisdictions in which Brookfield Infrastructure operates are considering implementing, or have implemented, schemes relating to the regulation of carbon emissions. As a result, there is a risk that the consumer demand for some of the energy sources supplied by Brookfield Infrastructure will be reduced. The nature and extent of future regulation in the various jurisdictions in which Brookfield Infrastructure's operations are situated is uncertain, but is expected to become more complex and stringent.

It is difficult to assess the impact of any such changes on Brookfield Infrastructure. These schemes may result in increased costs to our operations that may not be able to be passed onto our customers and may have an adverse impact on prospects for growth of some businesses. To the extent such regimes (such as carbon emissions schemes or other carbon emissions regulations) become applicable to the operations of Brookfield Infrastructure (and the costs of such regulations are not able to be fully passed on to consumers), our financial performance may be impacted due to costs applied to carbon emissions and increased compliance costs.

Our operating entities are also subject to laws and regulations relating to the protection of the environment and pollution. Standards are set by these laws and regulations regarding certain aspects of environmental quality and reporting, provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to remediate and rehabilitate current and former facilities and locations where our operations are, or were, conducted. These laws and regulations may have a detrimental impact on the financial performance of our infrastructure operations and projects through increased compliance costs or otherwise. Any breach of these obligations, or even incidents relating to the environment that do not amount to a breach, could adversely affect the results of our operating entities and their reputations and expose them to claims for financial compensation or adverse regulatory consequences.

Climate change may increase the frequency and severity of severe weather conditions and may change existing weather patterns in ways that are difficult to anticipate, which could result in more frequent and severe disruptions to our business and the markets in which we operate. In addition, customers' requirements for our services may vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, customers' demand for our services could increase or decrease depending on the duration and magnitude of changing weather conditions, which could adversely affect our business, results of operations and cash flows.

Our operating entities may be exposed to higher levels of regulation than in other sectors and breaches of such regulations could expose our operating entities to claims for financial compensation and adverse regulatory consequences.

In many instances, our ownership and operation of infrastructure assets involves an ongoing commitment to a governmental agency. The nature of these commitments exposes the owners of infrastructure assets to a higher level of regulatory control than typically imposed on other businesses. For example, several of our utilities, transport and midstream operations are subject to government safety and reliability regulations that are specific to their industries. The risk that a governmental agency will repeal, amend, enact or promulgate a new law or regulation or that a governmental authority will issue a new interpretation of the law or regulations, could affect our operating entities substantially.

Sometimes commitments to governmental agencies, for example, under toll road concession arrangements, involve the posting of financial security for performance of obligations. If obligations are breached these financial securities may be called upon by the relevant agency.

There is also the risk that our operating entities do not have, might not obtain, or may lose permits necessary for their operations. Permits or special rulings may be required on taxation, financial and regulatory related issues. Even though most permits and licenses are obtained before the commencement of operations, many of these licenses and permits have to be renewed or maintained over the life of the business. The conditions and costs of these permits, licenses and consents may be changed on any renewal, or, in some cases, may not be renewed due to unforeseen circumstances or a subsequent change in regulations. In any event, the renewal or non-renewal could have a material adverse effect on our business, financial condition and results of operations.

The risk that a government will repeal, amend, enact or promulgate a new law or regulation or that a regulator or other government agency will issue a new interpretation of the law or regulations, may affect our operations or a project substantially. This may also be due to court decisions and actions of government agencies that affect these operations or a project's performance or the demand for its services. For example, a government policy decision may result in adverse financial outcomes for us through directions to spend money to improve security, safety, reliability or quality of service.

The lands used for our infrastructure assets may be subject to adverse claims or governmental or First Nations rights.

Our operations require large areas of land on which to be constructed and operated. The rights to use the land can be obtained through freehold title, leases and other rights of use. Although we believe that we have valid rights to all material easements, licenses and rights of way for our infrastructure operations, not all of our easements, licenses and rights of way are registered against the lands to which they relate and may not bind subsequent owners. Additionally, different jurisdictions have adopted different systems of land title and in some jurisdictions it may not be possible to ascertain definitively who has the legal right to enter into land tenure arrangements with the asset owner. In some jurisdictions where we have operations, it is possible to claim indigenous or aboriginal rights to land and the existence or declaration of native title may affect the existing or future activities of our utilities, transport or midstream operations and impact on their business, financial condition and results of operations.

In addition, a government, court, regulator, or indigenous or aboriginal group may make a decision or take action that affects an asset or project's performance or the demand for its services. In particular, a regulator may restrict our access to an asset, or may require us to provide third parties with access, or may affect the pricing structure so as to lower our revenues and earnings. In Australia, native title legislation provides for a series of procedures that may need to be complied with if native title is declared on relevant land. In Canada, for example, courts have recognized that First Nations peoples may possess rights at law in respect of land used or occupied by their ancestors where treaties have not been concluded to deal with these rights. In either case, the claims of a First Nations or similar group may affect the existing or future activities of our operations, impact on our business, financial condition and results of operations, or require that compensation be paid.

Some of our transactions and current operations are structured as joint ventures, partnerships and consortium arrangements, and we intend to continue to operate in this manner in the future, which may reduce Brookfield's and our influence over our operations and may subject us to additional obligations.

Some of our transactions and current operations are structured as joint ventures, partnerships and consortium arrangements. An integral part of our strategy is to participate with institutional investors in Brookfield-sponsored or co-sponsored consortiums for single asset acquisitions and as a partner in or alongside Brookfield-sponsored or co-sponsored partnerships that target acquisitions that suit our profile. These arrangements are driven by the magnitude of capital required to complete acquisitions of infrastructure assets, strategic partnering arrangements to access operating expertise, and other industry-wide trends that we believe will continue. Such arrangements involve risks not present where a third party is not involved, including the possibility that partners or co-venturers might become bankrupt or otherwise fail to fund their share of required capital contributions. Additionally, partners or co-venturers might at any time have economic or other business interests or goals different from us and Brookfield.

While our strategy is to structure these arrangements to afford our partnership certain protective rights in relation to operating and financing activities, joint ventures, partnerships and consortium investments may provide for a reduced level of influence over an acquired company because governance rights are shared with others. For example, these arrangements are structured to provide our partnership with veto rights over key operational activities and to require these arrangements to distribute available funds generated by the arrangement, subject to maintaining prudent reserves. Accordingly, decisions relating to the underlying operations and financing activities, including decisions relating to the management and operation, the investment of capital within the arrangement, and the timing and nature of any exit, will be made by a majority or supermajority vote of the investors or by separate agreements that are reached with respect to individual decisions. For example, when we participate with institutional investors in Brookfield-sponsored or co-sponsored consortiums for asset acquisitions and as a partner in or alongside Brookfield-sponsored or co-sponsored partnerships, there is often a finite term to the investment or a date after which partners are granted liquidity rights, which could lead to the investment being sold prior to the date we would otherwise choose. In addition, such operations may be subject to the risk that the company may make business, financial or management decisions with which we do not agree or the management of the company may take risks or otherwise act in a manner that does not serve our interests. Because we may have a reduced level of influence over such operations, we may not be able to realize some or all of the benefits that we believe will be created from our and Brookfield's involvement. If any of the foregoing were to occur, our business, financial condition and results of operations could suffer as a result.

In addition, because some of our transactions and current operations are structured as joint ventures, partnerships or consortium arrangements, the sale or transfer of interests in some of our operations are or may be subject to rights of first refusal or first offer, tag along rights or drag along rights and some agreements provide for buy-sell or similar arrangements. For example, some of our investments are subject to a shareholder agreement which allows for the sale of the assets without our consent. Such rights may be triggered at a time when we may not want them to be exercised and such rights may inhibit our ability to sell our interest in an entity within our desired time frame or on any other desired basis.

Some of our businesses operate in jurisdictions with less developed legal systems and could experience potential difficulties in obtaining effective legal redress and create uncertainties.

Some of our businesses operate in jurisdictions with less developed legal systems than those in more established economies. In these jurisdictions, Brookfield Infrastructure could be faced with potential difficulties in obtaining effective legal redress; a higher degree of discretion on the part of governmental authorities; a lack of judicial or administrative guidance on interpreting applicable rules and regulations; inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and relative inexperience of the judiciary and courts in such matters.

In addition, in certain jurisdictions, Brookfield Infrastructure may find that the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements could be uncertain, creating particular concerns with respect to permits, approvals and licenses required or desirable for, or agreements entered into in connection with, the Brookfield Infrastructure business in any such jurisdiction. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licenses, permits or approvals (or applications for licenses, permits or approvals) or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Action taken by national, state or provincial governments, including nationalization or the imposition of new taxes, could materially impact the financial performance or value of our assets.

Our assets are located in many different jurisdictions, each with its own government and legal system. Different levels of political risk exist in each jurisdiction and it is possible that action taken by a national, state or provincial government, including the nationalization of a business or the imposition of new taxes, could materially impact our financial performance or in extreme cases deprive Brookfield Infrastructure of one or more of its businesses without adequate compensation.

Equipment that we need, including spare parts and components required for project development, may become unavailable or difficult to procure, inhibiting our ability to maintain full availability of existing facilities and also our ability to complete development projects on scope, schedule and budget.

Equipment and spare parts may become unavailable or difficult to procure on terms consistent with those that we have budgeted for. For example, some jurisdictions in which we operate have experienced supply chain challenges resulting from bottlenecks caused by, among other things, increases in demand and challenges involved with ramping up to meet this demand.

While supply chain disruptions that occurred globally in 2021 did not materially impact our business or operations, supply chains could be further disrupted in the future by factors outside of our control. This could include (1) a reduction in the supply or availability of the commodities required to produce the parts and components that we need to maintain existing projects and develop new projects from our development pipeline, (2) lockdowns and workforce disruptions caused by the ongoing COVID-19 pandemic, (3) the potential physical effects of climate change, such as increased frequency and severity of storms, precipitation, floods and other climatic events and their impact on transportation networks and manufacturing centers, and (4) economic sanctions or embargoes, including those relating to human rights concerns in jurisdictions that produce key materials, components or parts.

Any material delays in procuring equipment or significant cost increases could adversely impact our business and financial condition.

Our business relies on the use of technology, and as a result, we may be exposed to cyber-security attacks.

Our business places significant reliance on information and other technology. This technology includes our computer systems used for information, processing, administrative and commercial operations and the operating plant and equipment used by our assets, including that on our toll roads, in our electricity transmission systems, regulated terminal operations, ports, rail networks, and by our electricity and gas distribution companies. In addition, our business also relies upon telecommunication services to interface with its widely distributed business network and customers. The information and embedded systems of key business partners and regulatory agencies are also important to our operations. Our business relies on this technology functioning as intended.

Our computer systems may be subject to cybersecurity risks or other breaches of information technology security, noting the increasing frequency and severity of these kinds of incidents. In particular, our information technology systems may be subject to cyber terrorism intended to obtain unauthorized access to our proprietary information and that of our business partners, disclose confidential data in breach of data privacy legislation, destroy data or disable, degrade or sabotage these systems, through the introduction of computer viruses, fraudulent emails, cyber-attacks and other means, and could originate from a variety of sources including our own employees or unknown third parties. Further, the operating equipment used by our assets may not continue to perform as it has in the past, and there is a risk of equipment failure due to wear and tear, latent defect, design or operator errors or early obsolescence, among other things.

A breach of our cyber security measures or the failure or malfunction of any of our computerized business systems, associated backup or data storage systems could cause us to suffer a disruption in one or more parts of our business and experience, among other things, financial loss, a loss of business opportunities, misappropriation or unauthorized release of confidential or personal information, damage to our systems and those with whom we do business, violation of privacy and other laws, litigation, regulatory penalties and remediation and restoration costs as well as increased costs to maintain our systems. For example, the European General Data Protection Regulation, which came into effect in May 2018, includes stringent operational requirements for entities processing personal information and significant penalties for non-compliance.

A breach of our cyber/data security measures, the failure of any such computerized system or of the operating equipment used by our assets for a significant time period could have a material adverse effect on our business prospects, financial condition, results of operations and cash flow and it may not be possible to recover losses suffered from such incidents under our insurance policies. Although we are continuing to develop defenses to such attacks, we can provide no assurance they will be successful in preventing or ameliorating damage from such an attack on us and, as the manner in which cyber-attacks are undertaken has become more sophisticated, there is a risk that the occurrence of cyber-attack may remain undetected for an extended period.

Many of our operations depend on relevant contractual arrangements.

Many of our operations rely on revenue from customers under contracts. There is a risk that customers will default under these contracts. We cannot provide assurance that one or more customers will not default on their obligations to us or that such a default or defaults will not have a material adverse effect on our operations, financial position, future results of operations, or future cash flows. Furthermore, the bankruptcy of one or more of our customers, or some other similar proceeding or liquidity constraint, might make it unlikely that we would be able to collect all or a significant portion of amounts owed by the distressed entity or entities. In addition, such events might force such customers to reduce or curtail their future use of our products and services, which could have a material adverse effect on our business, financial condition and results of operations. For example, we have a single customer which represented a majority of contractual and regulated revenues of our Brazilian regulated transmission operation during 2021. As this accounts for a majority of its cash flow, our Brazilian regulated transmission operation could be materially adversely affected by any material change in the financial condition of that customer. Similarly, our Australian rail operation is party to several commercial track access agreements to provide access to our rail network for the haulage of commodities. The largest of these contracts currently accounts for a significant portion of forecast Adjusted EBITDA within the rail business and an event of default under this contract could have a materially adverse effect on that business.

We endeavor to minimize risk wherever possible by structuring our contracts in a way that minimizes volume risk (e.g. minimum guaranteed volumes and ‘take-or-pay’ arrangements), however it is possible that the take-or-pay arrangements may not be fully effective. In addition, the contract terms are finite and in some cases the contracts contain termination or suspension rights for the benefit of the customer.

Certain of our assets with revenues contracted under contracts will be subject to re-contracting risk in the future. We cannot provide assurance that we will be able to re-negotiate these contracts once their terms expire, or that even if we are able to do so, that we will be able to obtain the same prices or terms we currently receive. If we are unable to renegotiate these contracts, or unable to receive prices at least equal to the current prices we receive, our business, financial condition, results of operation and prospects could be adversely affected.

We rely on tolling and revenue collection systems.

Revenues at some of our assets depend on reliable and efficient tolling, metering or other revenue collection systems. There is a risk that, if one or more of our businesses are not able to operate and maintain these tolling, metering or other revenue collection systems in the manner expected, or if the cost of operation and maintenance is greater than expected, our assets, business, financial condition, and risks of operations could be materially adversely affected. Users of our facilities who do not pay tolls or other charges may be subject to either direct legal action from the relevant business, or in some cases may be referred to the state for enforcement action. We bear the ultimate risk if enforcement actions against defaulting customers are not successful or if enforcement actions are more costly or take more time than expected.

Risks Relating to Our Relationship with Brookfield

Brookfield exercises substantial influence over our partnership and we are highly dependent on the Service Provider.

Brookfield is the sole shareholder of our General Partner. As a result of its ownership of our General Partner, Brookfield is able to control the appointment and removal of our General Partner's directors and, accordingly, exercise substantial influence over our partnership and over the Holding LP, for which our partnership is the managing general partner. In addition, the Service Provider, which includes wholly-owned subsidiaries of Brookfield, provides management and administration services to us pursuant to our Master Services Agreement. Our partnership and the Holding LP generally do not have any employees and depend on the management and administration services provided by the Service Provider. Brookfield personnel and support staff that provide services to us are not required to have as their primary responsibility the management and administration of our partnership or the Holding LP or to act exclusively for either of us. Any failure to effectively manage our current operations or to implement our strategy could have a material adverse effect on our business, financial condition and results of operations. For further information on our governance and management arrangements see Item 6.A "Directors and Senior Management", Item 6.C "Board Practices" and Item 7.B "Related Party Transactions—Conflicts of Interest and Fiduciary Duties".

Brookfield has no obligation to source acquisition opportunities for us and we may not have access to all infrastructure acquisitions that Brookfield identifies.

Our ability to grow depends on Brookfield's ability to identify and present us with acquisition opportunities. Brookfield established our partnership to own and operate certain infrastructure assets on a global basis. However, Brookfield has no obligation to source acquisition opportunities for us. In addition, Brookfield has not agreed to commit to us any minimum level of dedicated resources for the pursuit of infrastructure-related acquisitions. There are a number of factors which could materially and adversely impact the extent to which suitable acquisition opportunities are made available from Brookfield, for example:

- there is no accepted industry standard for what constitutes an infrastructure asset. For example, Brookfield may consider certain assets that have both real-estate related characteristics and infrastructure related characteristics to be real estate and not infrastructure;
- it is an integral part of Brookfield's (and our) strategy to pursue the acquisition of infrastructure assets through consortium arrangements with institutional investors, strategic partners and/or financial sponsors and to form partnerships (including private funds, joint ventures and similar arrangements) to pursue such acquisitions on a specialized or global basis. Although Brookfield has agreed with us that it will not enter any such arrangements that are suitable for us without giving us an opportunity to participate in them, there is no minimum level of participation to which we will be entitled;
- the same professionals within Brookfield's organization that are involved in sourcing and executing acquisitions that are suitable for us are responsible for sourcing and executing opportunities for the vehicles, consortiums and partnerships referred to above, as well as having other responsibilities within Brookfield's broader asset management business. Limits on the availability of such individuals will likewise result in a limitation on the availability of acquisition opportunities for us;
- Brookfield will only recommend acquisition opportunities that it believes are suitable and appropriate for us. Our focus is on assets where we believe that our operations-oriented approach can be deployed to create value. Accordingly, opportunities where Brookfield cannot play an active role in influencing the underlying assets may not be consistent with our acquisition strategy and, therefore, may not be suitable for us, even though they may be attractive from a purely financial perspective. Legal, regulatory, tax and other commercial considerations will likewise be an important consideration in determining whether an opportunity is suitable and/or appropriate for us and will limit our ability to participate in certain acquisitions; and
- in addition to structural limitations, the question of whether a particular acquisition is suitable and/or appropriate is highly subjective and is dependent on a number of portfolio construction and management factors including our liquidity position at the relevant time, the expected risk return profile of the opportunity, its fit with the balance of our investments and related operations, other opportunities that we may be pursuing or otherwise considering at the relevant time, our interest in preserving capital in order to secure other opportunities and/or to meet other obligations, and other factors. If Brookfield determines that an opportunity is not suitable or appropriate for us, it may still pursue such opportunity on its own behalf, or on behalf of a Brookfield-sponsored vehicle, partnership or consortium.

In making determinations about acquisition opportunities and investments, consortium arrangements or partnerships, Brookfield may be influenced by factors that result in a misalignment or conflict of interest and may take the interests of others into account, as well as our own interests. See Item 7.B “Related Party Transactions—Conflicts of Interest and Fiduciary Duties.”

Among others, we may pursue acquisition opportunities indirectly through investments in Brookfield-sponsored vehicles, consortiums and partnerships or directly (including by investing alongside such vehicles, consortiums and partnerships). Any references in this Item 3.D “Key Information - Risk Factors” to our acquisitions, investments, assets, expenses, portfolio companies or other terms should be understood to mean such items held, incurred or undertaken directly by us or indirectly by us through our investment in such Brookfield-sponsored vehicles, consortiums and partnerships.

The departure of some or all of Brookfield’s professionals could prevent us from achieving our objectives.

We depend on the diligence, skill and business contacts of Brookfield’s professionals and the information and opportunities they generate during the normal course of their activities. Our future success will depend on the continued service of these individuals, who are not obligated to remain employed with Brookfield. Brookfield has experienced departures of key professionals in the past and may do so in the future, and we cannot predict the impact that any such departures will have on our ability to achieve our objectives. The departure of a significant number of Brookfield’s professionals for any reason, or the failure to appoint qualified or effective successors in the event of such departures, could have a material adverse effect on our ability to achieve our objectives. Our Limited Partnership Agreement and our Master Services Agreement do not require Brookfield to maintain the employment of any of its professionals or to cause any particular professionals to provide services to us or on our behalf.

The role and ownership of Brookfield may change and the control of our General Partner may be transferred to a third party without unitholder or preferred unitholder consent.

Our arrangements with Brookfield do not require Brookfield to maintain any ownership level in our partnership, in the Holding LP or in BIPC, and Brookfield may sell the units or Redeemable Partnership Units that it holds in our partnership or the Holding LP, respectively, or its BIPC exchangeable shares. Our General Partner may also transfer its general partnership interest in our partnership to a third party, including in a merger or consolidation or in a transfer of all or substantially all of its assets, without the consent of our unitholders or preferred unitholders. In addition, Brookfield may sell or transfer all or part of its interests in the Service Provider or in our General Partner, in each case, without the approval of our unitholders, which could result in changes to the management of our partnership and its current growth strategy. If a new owner were to acquire ownership of our General Partner and to appoint new directors or officers of its own choosing, it would be able to exercise substantial influence over our partnership’s policies and procedures and exercise substantial influence over our management and the types of acquisitions that we make. Such changes could result in our partnership’s capital being used to make acquisitions in which Brookfield has no involvement or to make acquisitions that are substantially different from those targeted by our current growth strategy. Additionally, we cannot predict with any certainty the effect that changes in the ownership of Brookfield would have on the trading price of our units, our preferred units or the BIPC exchangeable shares or our ability to raise capital or make investments in the future, because such matters would depend to a large extent on the identity of the new owner and the new owner’s intentions with regard to our group. As a result, our business, financial condition and results of operations may suffer.

Brookfield’s ownership position in our partnership and the Holding LP entitles it to a significant percentage of our distributions, and Brookfield may increase its ownership relative to other unitholders.

As of December 31, 2021, Brookfield beneficially owns, directly or indirectly, 137,982,130 of our units, assuming exchange of 129,057,292 Redeemable Partnership Units of the Holding LP that are redeemable for cash or exchangeable for our units in accordance with the Redemption-Exchange Mechanism and exchange of 8,675,193 BIPC exchangeable shares beneficially owned by Brookfield. See Item 10.B “Memorandum and Articles of Association—Description of the Holding LP’s Limited Partnership Agreement—Redemption-Exchange Mechanism” and Item 10.B “Memorandum and Articles of Association—BIPC”. In addition, Brookfield owns 0.37% of the Holding LP through Special General Partner Units, which entitle Brookfield to receive distributions in proportion to its special general partnership interest, plus additional incentive distributions, as described in Item 7.B “Related Party Transactions—Special General Partner Distributions” and “—Incentive Distributions.” Accordingly, Brookfield’s ownership position of Redeemable Partnership Units and Special General Partner Units allows Brookfield to receive a substantial percentage of our distributions. See Item 10.B “Memorandum and Articles of Association.”

Brookfield may increase its ownership position in our partnership and the Holding LP. Under the distribution reinvestment plan of the Holding LP, Brookfield can reinvest distributions on its Redeemable Partnership Units for additional Redeemable Partnership Units. In addition, Brookfield may also elect to reinvest incentive distributions from its Special General Partner Units in exchange for additional Redeemable Partnership Units. Brookfield has advised us that it may from time to time reinvest these distributions for such additional Redeemable Partnership Units, which would increase its beneficial ownership percentage of our units and increase its share of distributions relative to public unitholders. To date, Brookfield has not elected to reinvest any of the distributions from its Redeemable Partnership Units or its Special General Partner Units for additional Redeemable Partnership Units, but it may elect to do so in the future.

Brookfield may also purchase additional units of our partnership or BIPC exchangeable shares in the open market or pursuant to private placements. Brookfield historically has purchased additional Redeemable Partnership Units in private placements concurrent with public offerings of our units. Most recently, it purchased 7,104,300 Redeemable Partnership Units in connection with our November 2021 offering. See Item 5.B “Liquidity and Capital Resources—Partnership Capital.”

Any of these events may result in Brookfield increasing its ownership of our units relative to other unitholders, which could reduce the amount of cash available for distribution to public unitholders.

Our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any fiduciary duties to act in the best interests of our unitholders or preferred unitholders.

Our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any duty (statutory or otherwise) to act in the best interests of the Service Recipients, nor do they impose other duties that are fiduciary in nature. As a result, our General Partner, a wholly-owned subsidiary of Brookfield Asset Management, in its capacity as our General Partner, has sole authority to enforce the terms of such agreements and to consent to any waiver, modification or amendment of their provisions, subject to approval by a majority of our independent directors in accordance with our conflicts protocol. See Item 7.B “Related Party Transactions—Conflicts of Interest and Fiduciary Duties”.

In addition, the Bermuda Limited Partnership Act of 1883 (“Bermuda Limited Partnership Act”), under which our partnership and the Holding LP were established, does not impose statutory fiduciary duties on a general partner of a limited partnership in the same manner that certain corporate statutes, such as the *Canada Business Corporations Act*, impose fiduciary duties on directors of a corporation. In general, under applicable Bermudian legislation, a general partner has a duty to: (i) act at all times in good faith; and (ii) subject to any express provisions of the partnership agreement to the contrary, act in the interests of the limited partnership. Applicable Bermuda legislation also provides that a general partner has certain limited duties to its limited partners, such as the duty to render accounts, account for private profits and not compete with the partnership in business. In addition, Bermudian common law recognizes that a general partner owes a duty of utmost good faith to its limited partners. These duties are, in most respects, similar to duties imposed on a general partner of a limited partnership under U.S. and Canadian law. However, to the extent that our General Partner owes any such fiduciary duties to our partnership, our preferred unitholders and unitholders, these duties have been modified pursuant to our Limited Partnership Agreement as a matter of contract law, with the exception of the duty of our General Partner to act in good faith, which cannot be modified. We have been advised by Bermudian counsel that such modifications are not prohibited under Bermudian law, subject to typical qualifications as to enforceability of contractual provisions, such as the application of general equitable principles. This is similar to Delaware law which expressly permits modifications to the fiduciary duties owed to partners, other than an implied contractual covenant of good faith and fair dealing.

Our Limited Partnership Agreement contains various provisions that modify the fiduciary duties that might otherwise be owed to our partnership, our preferred unitholders and unitholders, including when conflicts of interest arise. Specifically, our Limited Partnership Agreement states that no breach of our Limited Partnership Agreement or a breach of any duty, including fiduciary duties, may be found for any matter that has been approved by a majority of the independent directors of our General Partner. In addition, when resolving conflicts of interest, our Limited Partnership Agreement does not impose any limitations on the discretion of the independent directors or the factors which they may consider in resolving any such conflicts. The independent directors of our General Partner can, subject to acting in accordance with their own fiduciary duties in their capacity as a director of the General Partner, therefore take into account the interests of third parties, including Brookfield, and, where applicable, any Brookfield managed vehicle, consortium or partnership, when resolving conflicts of interest and may owe fiduciary duties to such third parties, or to such Brookfield managed vehicles, consortiums or partnerships. Additionally, any fiduciary duty that is imposed under any applicable law or agreement is modified, waived or limited to the extent required to permit our General Partner to undertake any affirmative conduct or to make any decisions, so long as such action is reasonably believed to be in, or not inconsistent with, the best interests of our partnership.

In addition, our Limited Partnership Agreement provides that our General Partner and its affiliates do not have any obligation under our Limited Partnership Agreement, or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to our partnership, the Holding LP, any Holding Entity or any other holding entity established by us. Our Limited Partnership Agreement also allows affiliates of our General Partner to engage in activities that may compete with us or our activities. Additionally, any failure by our General Partner to consent to any merger, consolidation or combination will not result in a breach of our Limited Partnership Agreement or any other provision of law. Our Limited Partnership Agreement prohibits our limited partners from advancing claims that otherwise might raise issues as to compliance with fiduciary duties or applicable law. These modifications to the fiduciary duties are detrimental to our unitholders and preferred unitholders because they restrict the remedies available for actions that might otherwise constitute a breach of fiduciary duty and permit conflicts of interest to be resolved in a manner that may not be or is not in the best interests of our partnership or the best interests of our unitholders and preferred unitholders. See Item 7.B “Related Party Transactions—Conflicts of Interest and Fiduciary Duties”.

Our organizational and ownership structure, as well as our contractual arrangements with Brookfield, may create significant conflicts of interest that may be resolved in a manner that is not in the best interests of our partnership or the best interests of our unitholders and preferred unitholders.

Our organizational and ownership structure involves a number of relationships that may give rise to conflicts of interest between our partnership, our unitholders and our preferred unitholders, on one hand, and Brookfield and BIPC, on the other hand. For example, while the BIPC board generally mirrors the board of the General Partner, BIPC’s board of directors includes an additional non-overlapping board member to assist BIPC with, among other things, resolving any conflicts of interest that may arise from its relationship with our partnership. Mr. John Fees currently serves as the non-overlapping member of BIPC’s board of directors. In certain instances, the interests of Brookfield or BIPC may differ from the interests of our partnership, our preferred unitholders and our unitholders, including with respect to the types of acquisitions made, the timing and amount of distributions by our partnership, the reinvestment of returns generated by our operations, the use of leverage when making acquisitions and the appointment of outside advisors and service providers. Further, Brookfield may make decisions, including with respect to tax or other reporting positions, from time to time that may be more beneficial to one type of investor or beneficiary than another, or to Brookfield rather than to our partnership, our unitholders and our preferred unitholders.

In addition, the Service Provider, an affiliate of Brookfield, provides management services to us pursuant to our Master Services Agreement. Pursuant to our Master Services Agreement, on a quarterly basis, we pay a base management fee to the Service Provider equal to 0.3125% (1.25% annually) of the market value of our partnership. BIPC reimburses us for its proportionate share of such fee. BIPC's proportionate share of the base management fee is calculated based on the weighted average units and BIPC exchangeable shares outstanding after retroactively adjusting for the special distribution. For purposes of calculating the base management fee, the market value of our partnership is equal to the aggregate value of all our outstanding units (assuming full conversion of Brookfield's limited partnership interests in Brookfield Infrastructure into units), preferred units and securities of the other Service Recipients (including the BIPC exchangeable shares and the Exchangeable units) 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. Infrastructure Special LP will also receive incentive distributions based on the amount by which quarterly distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed specified target levels as set forth in the Holding LP's limited partnership agreement. For a further explanation of the base management fee and incentive distributions, see Item 6.A "Directors and Senior Management—Management Fee" and Item 7.B "Related Party Transactions—Incentive Distributions". This relationship may give rise to conflicts of interest between us, our unitholders and preferred unitholders, on the one hand, and Brookfield, on the other, as Brookfield's interests may differ from the interests of Brookfield Infrastructure, our unitholders and preferred unitholders.

Our General Partner, the sole shareholder of which is Brookfield, has sole authority to determine whether we will make distributions and the amount of distributions on our units and timing of these distributions. The arrangements we have with Brookfield may create an incentive for Brookfield to take actions which would have the effect of increasing distributions and fees payable to it, which may be to the detriment of us, our unitholders and preferred unitholders. For example, because the base management fee is calculated based on the market value of our partnership, it may create an incentive for Brookfield to increase or maintain the market value of our partnership over the near-term when other actions may be more favorable to us or our unitholders and preferred unitholders. Similarly, Brookfield may take actions to increase distributions on our units in order to ensure Brookfield is paid incentive distributions in the near term when other investments or actions may be more favorable to us or our unitholders and preferred unitholders. Also, through Brookfield's ownership of our units, the Redeemable Partnership Units and BIPC exchangeable shares, it has an effective economic interest in our partnership of approximately 27.2%, on a fully-exchanged basis (assuming the exchange of all issued and outstanding Redeemable Partnership Units, Exchangeable units and BIPC exchangeable shares) and therefore may be incentivized to increase distributions payable to our unitholders and thereby to Brookfield.

Brookfield and Oaktree operate their respective investment businesses largely independently, and do not expect to coordinate or consult on investment decisions, which may give rise to conflicts of interest and make it more difficult to mitigate certain conflicts of interest.

Brookfield and Oaktree operate their respective investment businesses largely independently pursuant to an information barrier, and Brookfield does not expect to coordinate or consult with Oaktree with respect to investment activities and/or decisions. In addition, neither Brookfield nor Oaktree is expected to be subject to any internal approvals over its investment activities and decisions by any person who would have knowledge and/or decision-making control of the investment decisions of the other. As a result, it is expected that our partnership and the operating entities, as well as Brookfield, Brookfield Accounts that we are invested in and their portfolio companies, will engage in activities and have business relationships that give rise to conflicts (and potential conflicts) of interests between them, on the one hand, and Oaktree, Oaktree Accounts and their portfolio companies, on the other hand. These conflicts (and potential conflicts) of interests may include: (i) competing from time to time for the same investment opportunities, (ii) the pursuit by Oaktree Accounts of investment opportunities suitable for our partnership and Brookfield Accounts that we are invested in, without making such opportunities available to us or those Brookfield Accounts, and (iii) the formation or establishment of new Oaktree Accounts that could compete or otherwise conduct their affairs without regard as to whether or not they adversely impact our partnership and/or Brookfield Accounts that we are invested in. Investment teams managing the activities of our partnership and/or Brookfield Accounts that we are invested in are not expected to be aware of, and will not have the ability to manage, such conflicts.

Our partnership and/or Brookfield Accounts that we are invested in could be adversely impacted by Oaktree's activities. Competition from Oaktree Accounts for investment opportunities could also, under certain circumstances, adversely impact the purchase price of our (direct and/or indirect) investments. As a result of different investment objectives, views and/or interests in investments, Oaktree will manage certain Oaktree Accounts in a way that is different than from the interests of our partnership and/or Brookfield Accounts that we are invested in, which could adversely impact our (direct and/or indirect) investments. For more information, see Item 7.B., "Related Party Transactions - Conflicts of Interest and Fiduciary Duties".

Brookfield and Oaktree are likely to be deemed to be affiliates for purposes of certain laws and regulations, which may result in, among other things, earlier public disclosure of investments by our partnership and/or Brookfield Accounts that we are invested in.

Brookfield and Oaktree are likely to be deemed to be affiliates for purposes of certain laws and regulations, notwithstanding their operational independence and/or information barrier, and it is anticipated that, from time to time, our partnership and/or Brookfield Accounts that we are invested in and Oaktree Accounts may each have significant positions in one or more of the same issuers. As such, Brookfield and Oaktree will likely need to aggregate certain investment holdings, including holdings of our partnership, Brookfield Accounts that we are invested in and Oaktree Accounts for certain securities law purposes and other regulatory purposes. Consequently, Oaktree's activities could result in earlier public disclosure of investments by our partnership and/or Brookfield Accounts that we are invested in, restrictions on transactions by our partnership and/or Brookfield Accounts that we are invested in (including the ability to make or dispose of certain investments at certain times), adverse effects on the prices of investments made by our partnership and/or Brookfield Accounts that we are invested in, potential short-swing profit disgorgement, penalties and/or regulatory remedies, among others. For more information, see Item 7.B., "Related Party Transactions - Conflicts of Interest and Fiduciary Duties".

Breaches of the information barrier and related internal controls by Brookfield and/or Oaktree could result in significant adverse consequences to Brookfield and Oaktree and/or Brookfield Accounts that we are invested in, amongst others.

Although information barriers were implemented to address the potential conflicts of interests and regulatory, legal and contractual requirements of our partnership, Brookfield and Oaktree may decide, at any time and without notice to our partnership or our unitholders, to remove or modify the information barrier between Brookfield and Oaktree. In addition, there may be breaches (including inadvertent breaches) of the information barriers and related internal controls by Brookfield and/or Oaktree.

To the extent that the information barrier is removed or is otherwise ineffective and Brookfield has the ability to access analysis, model and/or information developed by Oaktree and its personnel, Brookfield will not be under any obligation or other duty to access such information or effect transactions for our partnership and/or Brookfield Accounts that we are invested in, in accordance with such analysis and models, and in fact may be restricted by securities laws from doing so. In such circumstances, Brookfield may make investment decisions for our partnership and/or Brookfield Accounts that we are invested in that differ from those it would have made if Brookfield had pursued such information, which may be disadvantageous to our partnership and/or Brookfield Accounts that we are invested in.

The breach or failure of our information barriers could result in our partnership obtaining material non-public information, which may restrict our partnership from acquiring or disposing investments and ultimately impact the returns generated for our business. In addition, any such breach or failure could also result in potential regulatory investigations and claims for securities laws violations in connection with our direct and/or indirect investment activities. Any inadvertent trading on material non-public information, or perception of trading on material non-public information, could have a significant adverse effect on Brookfield's reputation, result in the imposition of regulatory or financial sanctions, and negatively impact Brookfield's ability to provide investment management services to its clients, all of which could result in negative financial impact to the investment activities of our partnership and/or Brookfield Accounts that we are invested in. For more information, see Item 7.B., "Related Party Transactions-Conflicts of Interest and Fiduciary Duties".

Our arrangements with Brookfield were negotiated in the context of an affiliated relationship and may contain terms that are less favorable than those which otherwise might have been obtained from unrelated parties.

The terms of most of our arrangements with Brookfield were effectively determined by Brookfield in the context of the spin-off. While our General Partner's independent directors are aware of the terms of these arrangements and have approved the arrangements on our behalf, they did not negotiate the terms. These terms, including terms relating to compensation, contractual or fiduciary duties, conflicts of interest and Brookfield's ability to engage in outside activities, including activities that compete with us, our activities and limitations on liability and indemnification, may be less favorable than otherwise might have resulted if the negotiations had involved unrelated parties. Under our Limited Partnership Agreement, persons who acquire our units or preferred units and their transferees will be deemed to have agreed that none of those arrangements constitutes a breach of any duty that may be owed to them under our Limited Partnership Agreement or any duty stated or implied by law or equity. See Item 10.B "Memorandum and Articles of Association—Description of our Units, Preferred Units, and our Limited Partnership Agreement".

Our General Partner may be unable or unwilling to terminate the Master Services Agreement.

The Master Services Agreement provides that the Service Recipients may terminate the agreement only if: (i) the Service Provider defaults in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm to us and the default continues unremedied for a period of 30 days after written notice of the breach is given to the Service Provider; (ii) the Service Provider engages in any act of fraud, misappropriation of funds or embezzlement against any Service Recipient that results in material harm to us; (iii) the Service Provider is grossly negligent in the performance of its duties under the agreement and such negligence results in material harm to the Service Recipients; or (iv) upon the happening of certain events relating to the bankruptcy or insolvency of the Service Provider. Our General Partner cannot terminate the agreement for any other reason, including if the Service Provider or Brookfield experiences a change of control, and there is no fixed term to the agreement. In addition, because our General Partner is an affiliate of Brookfield, it may be unwilling to terminate the Master Services Agreement, even in the case of a default. If the Service Provider's performance does not meet the expectations of investors, and our General Partner is unable or unwilling to terminate the Master Services Agreement, the market price of our units or preferred units could suffer. Furthermore, the termination of the Master Services Agreement would terminate our partnership's rights under the Relationship Agreement and our Licensing Agreements. See Item 7.B "Related Party Transactions—Relationship Agreement" and Item 7.B "Related Party Transactions—Licensing Agreements".

The liability of the Service Provider is limited under our arrangements with it and we have agreed to indemnify the Service Provider against claims that it may face in connection with such arrangements, which may lead it to assume greater risks when making decisions relating to us than it otherwise would if acting solely for its own account.

Under the Master Services Agreement, the Service Provider has not assumed any responsibility other than to provide or arrange for the provision of the services described in the Master Services Agreement in good faith and will not be responsible for any action that our General Partner takes in following or declining to follow its advice or recommendations. In addition, under our Limited Partnership Agreement, the liability of our General Partner and its affiliates, including the Service Provider, is limited to the fullest extent permitted by law to conduct involving bad faith, fraud or willful misconduct or, in the case of a criminal matter, action that was known to have been unlawful. The liability of the Service Provider under the Master Services Agreement is similarly limited, except that the Service Provider is also liable for liabilities arising from gross negligence. In addition, our partnership has agreed to indemnify the Service Provider to the fullest extent permitted by law from and against any claims, liabilities, losses, damages, costs or expenses incurred by an indemnified person or threatened in connection with our operations, investments and activities or in respect of or arising from the Master Services Agreement or the services provided by the Service Provider, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the conduct in respect of which such persons have liability as described above. These protections may result in the Service Provider tolerating greater risks when making decisions than otherwise would be the case, including when determining whether to use leverage in connection with acquisitions. The indemnification arrangements to which the Service Provider is a party may also give rise to legal claims for indemnification that are adverse to our partnership, our unitholders and preferred unitholders. See Item 6.A "Directors and Senior Management—Our Master Services Agreement—Indemnification and Limitations on Liability".

Risks Relating to Our Partnership Structure

Brookfield Infrastructure and our operating entities use leverage and such indebtedness may result in Brookfield Infrastructure or our operating entities being subject to certain covenants which restrict our ability to engage in certain types of activities or to make distributions to equity.

The Holding LP and many of our Holding Entities and operating entities have entered into credit facilities or have incurred other forms of debt, including for the purposes of acquisitions and investments as well as for general corporate purposes. The total quantum of exposure to debt within Brookfield Infrastructure is significant, and we may become more highly leveraged in the future. Some facilities are fully drawn, while some have amounts of principal which are undrawn.

Highly leveraged assets are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. A leveraged company's income and net assets also tend to increase or decrease at a greater rate than would otherwise be the case if money had not been borrowed. As a result, the risk of loss associated with a leveraged company, all other things being equal, is generally greater than for companies with comparatively less debt. In addition, the use of indebtedness in connection with an acquisition may give rise to negative tax consequences to certain investors. Leverage may also result in a requirement for short-term liquidity, which may force the sale of assets at times of low demand and/or prices for such assets. This may mean that we are unable to realize fair value for the assets in a sale.

Our credit facilities also contain covenants applicable to the relevant borrower and events of default. Covenants can relate to matters including limitations on financial indebtedness, dividends, investments, or minimum amounts for interest coverage, Adjusted EBITDA, cash flow or net worth. If an event of default occurs, or minimum covenant requirements are not satisfied, this can result in a requirement to immediately repay any drawn amounts or the imposition of other restrictions including a prohibition on the payment of distributions to equity.

Our credit facilities or other debt or debt-like instruments may or may not be rated. Should such debt or debt-like instruments be rated, a credit downgrade may have an adverse impact on the cost of such debt.

We may acquire distressed companies and these acquisitions may subject us to increased risks, including the incurrence of additional legal or other expenses.

As part of our acquisition strategy, we may acquire distressed companies. This could involve acquisitions of securities of companies in event-driven special situations, such as acquisitions, tender offers, bankruptcies, recapitalizations, spinoffs, corporate and financial restructurings, litigation or other liability impairments, turnarounds, management changes, consolidating industries and other catalyst-oriented situations. Acquisitions of this type involve substantial financial and business risks that can result in substantial or total losses. Among the problems involved in assessing and making acquisitions in troubled issuers is the fact that it frequently may be difficult to obtain information as to the condition of such issuer. If, during the diligence process, we fail to identify issues specific to a company or the environment in which Brookfield Infrastructure operates, we may be forced to later write down or write off assets, restructure our operations, or incur impairment or other charges that may result in other reporting losses.

As a consequence of Brookfield Infrastructure's role as an acquirer of distressed companies, we may be subject to increased risk of incurring additional legal, indemnification or other expenses, even if we are not named in any action. In distressed situations, litigation often follows when disgruntled shareholders, creditors and other parties seek to recover losses from poorly performing investments. The enhanced litigation risk for distressed companies is further elevated by the potential that Brookfield or Brookfield Infrastructure may have controlling or influential positions in these companies.

Our partnership is a holding entity and currently we rely on the Holding LP and, indirectly, the Holding Entities and our operating entities to provide us with the funds necessary to pay distributions and meet our financial obligations.

Our partnership is a holding entity and its sole material asset is its managing general partnership interest and preferred limited partnership interest in the Holding LP, which owns all of the common shares of the Holding Entities and indirectly owns the class B shares and the class C shares, through which we hold all of our interests in the operating entities. Our partnership has no independent means of generating revenue. As a result, we depend on distributions and other payments from the Holding LP and, indirectly, the Holding Entities and our operating entities to provide us with the funds necessary to pay distributions on our units and preferred units and to meet our financial obligations. The Holding LP, the Holding Entities and our operating entities are legally distinct from us and some of them are or may become restricted in their ability to pay dividends and distributions or otherwise make funds available to us pursuant to local law, regulatory requirements and their contractual agreements, including agreements governing their financing arrangements, such as the Holding LP's credit facilities and other indebtedness incurred by the Holding Entities and operating entities. Any other entities through which we may conduct operations in the future will also be legally distinct from us and may be similarly restricted in their ability to pay dividends and distributions or otherwise make funds available to us under certain conditions. The Holding LP, the Holding Entities and our operating entities will generally be required to service their debt obligations before making distributions to us or their parent entities, as applicable, thereby reducing the amount of our cash flow available to pay distributions, fund working capital and satisfy other needs.

Our partnership anticipates that the only distributions that it will receive in respect of our partnership's managing general partnership interest in the Holding LP will consist of amounts that are intended to assist our partnership in making distributions to our unitholders in accordance with our partnership's distribution policy and to allow our partnership to pay expenses as they become due. Distributions received in respect of our partnership's preferred limited partnership interest in the Holding LP will consist of amounts that are intended to assist our partnership in making distributions to our preferred unitholders in accordance with the terms of our preferred units. The declaration and payment of cash distributions by our partnership is at the discretion of our General Partner. Our partnership is not required to make such distributions and neither our partnership nor our General Partner can assure you that our partnership will make such distributions as intended.

While we plan to review our partnership's distributions to our unitholders periodically, there is no guarantee that we will be able to increase, or even maintain the level of distributions that are paid. Historically, as a result of this review, we decided to increase distributions in each of the last ten years. However, such historical increases in distribution payments may not be reflective of any future increases in distribution payments which will be subject to review by the board of directors of our General Partner taking into account prevailing circumstances at the relevant time. Immediately following completion of the special distribution, and as a result of the issuance by BIPC of exchangeable shares to holders of units, our partnership's regular quarterly distribution per unit was reduced such that the aggregate distribution received by a holder of units and BIPC exchangeable shares, when taken together, remained approximately the same as it would have been had the special distribution never been made. See Item 4.A "History and Development of Brookfield Infrastructure — Overview". Although we intend to make distributions on our units in accordance with our distribution policy, our partnership is not required to pay distributions on our units and neither our partnership nor our General Partner can assure you that our partnership will be able to increase or even maintain the level of distributions on our units that are made in the future.

Future sales or issuances of our units, preferred units or securities exchangeable into our units (including BIPC exchangeable shares), or the perception of such sales or issuances, could depress the trading price of our units and/or preferred units.

The sale or issuance of our units, preferred units, BIPC exchangeable shares or other securities exchangeable into our units, or the exchange of Exchangeable units, or the perception of such sales, issuances or exchanges, could depress the trading price of our units or preferred units and impair our ability to raise capital through the sale of additional units or preferred units. For example, in November 2021, we issued 9,476,900 units and 2,140,000 BIPC exchangeable shares in a public offering in the United States and Canada, together with an additional 7,104,300 Redeemable Partnership Units to Brookfield in a concurrent private placement. In addition, we have also issued securities as consideration for acquisitions. For example, in connection with the acquisition of IPL, in the third and fourth quarters of 2021 BIPC issued a total of 25,990,103 BIPC exchangeable shares and BIPC Exchange LP issued a total of 4,075,217 BIPC Exchangeable LP Units. We are also required to issue additional units upon exchange of BIPC exchangeable shares. There are 73,542,625 BIPC exchangeable shares outstanding as of March 7, 2022, each of which may be exchanged for our units in accordance with their terms. We cannot predict the effect that future sales, issuances or exchanges of our units, preferred units or securities exchangeable into our units, or the perception of such sales, issuances or exchanges, would have on the market price of our units or preferred units.

Our partnership is not, and does not intend to become, regulated as an investment company under the Investment Company Act (and similar legislation in other jurisdictions) and if our partnership was deemed an “investment company” under the Investment Company Act, applicable restrictions could make it impractical for us to operate as contemplated.

The Investment Company Act (and similar legislation in other jurisdictions) provide certain protections to investors and impose certain restrictions on companies that are required to be regulated as investment companies. Among other things, such rules limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities and impose certain governance requirements. Our partnership has not been and does not intend to become regulated as an investment company and our partnership intends to conduct its activities so it will not be deemed to be an investment company under the Investment Company Act (and similar legislation in other jurisdictions). In order to ensure that we are not deemed to be an investment company, we may be required to materially restrict or limit the scope of our operations or plans. We will be limited in the types of acquisitions that we may make, and we may need to modify our organizational structure or dispose of assets of which we would not otherwise dispose. Moreover, if anything were to happen which causes our partnership to be deemed an investment company under the Investment Company Act, it would be impractical for us to operate as contemplated. Agreements and arrangements between and among us and Brookfield would be impaired, the type and amount of acquisitions that we would be able to make as a principal would be limited and our business, financial condition and results of operations would be materially adversely affected. Accordingly, we would be required to take extraordinary steps to address the situation, such as the amendment or termination of the Master Services Agreement, the restructuring of our partnership and the Holding Entities, the amendment of our Limited Partnership Agreement or the termination of our partnership, any of which could materially adversely affect the value of our units and preferred units. In addition, if our partnership were deemed to be an investment company under the Investment Company Act, it would be taxable as a corporation for U.S. federal income tax purposes, and such treatment could materially adversely affect the value of our units and preferred units.

Our partnership is an “SEC foreign issuer” under Canadian securities regulations and is exempt from certain requirements of Canadian securities laws and a “foreign private issuer” under U.S. securities laws and as a result is subject to disclosure obligations different from requirements applicable to U.S. domestic registrants listed on the New York Stock Exchange (“NYSE”).

Although our partnership is a reporting issuer in Canada, it is an “SEC foreign issuer” and is exempt from certain Canadian securities laws relating to disclosure obligations and proxy solicitation, subject to certain conditions. Therefore, there may be instances where publicly available information in Canada about our partnership is either different or presented in a different manner than would be the case if we were a typical Canadian reporting issuer.

Although our partnership is subject to the periodic reporting requirement of the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (“Exchange Act”), the periodic disclosure required of foreign private issuers under the Exchange Act is different from periodic disclosure required of U.S. domestic registrants. Therefore, there may be instances where publicly available information about our partnership is either different or presented in a different manner than what is typically published by or about other public limited partnerships in the United States that are U.S. domestic issuers. As a foreign private issuer, our partnership is exempt from certain other sections of the Exchange Act to which U.S. domestic issuers are subject, including the requirement to provide our unitholders with information statements or proxy statements that comply with the Exchange Act. In addition, insiders and large unitholders of our partnership are not obligated to file reports under Section 16 of the Exchange Act, and certain corporate governance rules imposed by the NYSE are inapplicable to our partnership as it is a foreign private issuer.

We may be subject to the risks commonly associated with a separation of economic interest from control or the incurrence of debt at multiple levels within an organizational structure.

Our ownership and organizational structure is similar to structures whereby one company controls another company which in turn holds controlling interests in other companies; thereby, the company at the top of the chain may control the company at the bottom of the chain even if its effective equity position in the bottom company is less than a controlling interest. Brookfield controls the sole shareholder of our General Partner and, as a result of such ownership of our General Partner, Brookfield is able to control the appointment and removal of our General Partner's directors and, accordingly, exercises substantial influence over us. In turn, we often have a majority controlling interest or a significant influence in our investments. Even though Brookfield currently has an effective economic interest in our partnership of approximately 27.2%, on a fully-exchanged basis, as a result of ownership of our units, the Redeemable Partnership Units and BIPC exchangeable shares, over time Brookfield may reduce this economic interest while still maintaining its controlling interest, and, therefore, Brookfield may use its control rights in a manner that conflicts with the economic interests of our other unitholders and preferred unitholders. For example, despite the fact that we have conflicts protocols in place, which addresses the requirement for independent approval and other requirements for transactions in which there is greater potential for a conflict of interest to arise, including transactions with affiliates of Brookfield, as well as between BIPC and Brookfield, because Brookfield will be able to exert substantial influence over us, and, in turn, over our investments, there is a greater risk of transfer of the assets of our investments at non-arm's length values to Brookfield and its affiliates. In addition, debt incurred at multiple levels within the chain of control could exacerbate the separation of economic interest from controlling interest at such levels, thereby creating an incentive to leverage us and our investments. Any such increase in debt would also make us more sensitive to declines in revenues, increases in expenses and interest rates, and adverse market conditions. The servicing of any such debt would also reduce the amount of funds available to pay distributions to us and ultimately to our unitholders and preferred unitholders and holders of BIPC exchangeable shares.

Our failure to maintain effective internal controls could have a material adverse effect on our business in the future and the price of our units and preferred units.

As a public partnership, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and stock exchange rules promulgated in response to the Sarbanes-Oxley Act. A number of our current operating subsidiaries are and potential future acquisitions will be private companies and their systems of internal controls over financial reporting may be less developed as compared to public company requirements. Any failure to maintain adequate internal controls over financial reporting or to implement required, new or improved controls, or difficulties encountered in their implementation, could cause material weaknesses or significant deficiencies in our internal controls over financial reporting and could result in errors or misstatements in our consolidated financial statements that could be material. If we or our independent registered public accounting firm were to conclude that our internal controls over financial reporting were not effective, investors could lose confidence in our reported financial information and the price of our units and preferred units could decline. Our failure to achieve and maintain effective internal controls could have a material adverse effect on our business, our ability to access capital markets and investors' perception of us. In addition, material weaknesses in our internal controls could require significant expense and management time to remediate.

Risks Relating to Our Units and Preferred Units

Our unitholders and preferred unitholders do not have a right to vote on partnership matters or to take part in the management of our partnership.

Under our Limited Partnership Agreement, our unitholders and preferred unitholders are not entitled to vote on matters relating to our partnership, such as acquisitions, dispositions or financing, or to participate in the management or control of our partnership. In particular, our unitholders and preferred unitholders do not have the right to remove our General Partner, to cause our General Partner to withdraw from our partnership, to cause a new general partner to be admitted to our partnership, to appoint new directors to our General Partner's board of directors, to remove existing directors from our General Partner's board of directors or to prevent a change of control of our General Partner. In addition, except for certain fundamental matters and as prescribed by applicable laws, our unitholders' and preferred unitholders' consent rights apply only with respect to certain amendments to our Limited Partnership Agreement. As a result, unlike holders of common stock of a corporation, our unitholders are not able to influence the direction of our partnership, including its policies and procedures, or to cause a change in its management, even if they are unsatisfied with the performance of our partnership. Consequently, our unitholders may be deprived of an opportunity to receive a premium for their units in the future through a sale of our partnership and the trading price of our units may be adversely affected by the absence or a reduction of a takeover premium in the trading price. Unitholders and preferred unitholders only have a right to vote under limited circumstances as described in Item 10.B "Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership Agreement."

The market price of our units and preferred units (and securities exchangeable into units, such as the BIPC exchangeable shares) may be volatile.

The market price of our units and preferred units (and securities exchangeable into units, such as the BIPC exchangeable shares) may be highly volatile and could be subject to wide fluctuations. Some of the factors that could negatively affect the price of our units and preferred units and securities exchangeable into units include: general market and economic conditions, including disruptions, downgrades, credit events and perceived problems in the credit markets; actual or anticipated variations in our quarterly operating results or distributions on our units; actual or anticipated variations or trends in market interest rates; market prices of other securities; our strategic actions and changes in our investments or asset composition; write-downs or perceived credit or liquidity issues affecting our assets; market perception of our partnership, our business and our assets; changes in stock market analyst recommendations or earnings estimates regarding our units or the securities of other issuers that are comparable to our partnership or are in the industries that our operating entities serve; our level of indebtedness and/or adverse market reaction to any indebtedness we incur in the future; our ability to raise capital on favorable terms or at all; sales of our units, preferred units or securities exchangeable for our units (including BIPC exchangeable shares); loss of any major funding source; the termination of our Master Services Agreement or additions or departures of our or Brookfield's key personnel; changes in market valuations of similar infrastructure companies; speculation in the press or investment community regarding us or Brookfield; and changes in U.S. tax laws that make it impractical or impossible for our partnership to continue to be taxable as a partnership for U.S. federal income tax purposes. Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies or partnerships. Any broad market fluctuations may adversely affect the trading price of our units and preferred units (and securities exchangeable into units, such as the BIPC exchangeable shares).

We may need additional funds in the future and we may issue additional units, preferred units or securities exchangeable into our units (including BIPC exchangeable shares) in lieu of incurring indebtedness which may dilute existing holders of our units or we may issue securities that have rights and privileges that are more favorable than the rights and privileges accorded to our unitholders and preferred unitholders.

Under our Limited Partnership Agreement subject to the terms of any preferred units then outstanding, we may issue additional partnership securities, including units, preferred units, securities exchangeable into units (including BIPC exchangeable shares) and options, rights, warrants and appreciation rights relating to partnership securities for any purpose and for such consideration and on such terms and conditions as our General Partner may determine. Subject to the terms of any preferred units outstanding, our General Partner's board of directors will be able to determine the class, designations, preferences, rights, powers and duties of any additional partnership securities, including any rights to share in our profits, losses and distributions, any rights to receive partnership assets upon our dissolution or liquidation and any redemption, conversion and exchange rights. Subject to the terms of any preferred units outstanding, our General Partner may use such authority to issue additional units or preferred units, which could dilute holders of our units, or to issue securities with rights and privileges that are more favorable than those of our units or preferred units. Subject to the terms of any preferred units then outstanding, holders of units and preferred units will not have any pre-emptive right or any right to consent to or otherwise approve the issuance of any such securities or the terms on which any such securities may be issued. As of March 7, 2022, there are 73,542,625 BIPC exchangeable shares outstanding, each of which may be exchanged for our units in accordance with their terms.

Non-U.S. unitholders will be subject to foreign currency risk associated with Brookfield Infrastructure's distributions.

A significant number of our unitholders will reside in countries where the U.S. dollar is not the functional currency. Our distributions are denominated in U.S. dollars but may be settled in the local currency of the unitholder receiving the distribution. For each non-U.S. unitholder, the value received in the local currency from the distribution will be determined based on the exchange rate between the U.S. dollar and the applicable local currency at the time of payment. As such, if the U.S. dollar depreciates significantly against the local currency of the non-U.S. unitholder, the value received by such unitholder in its local currency will be adversely affected.

U.S. investors in our units and preferred units may find it difficult or impossible to enforce service of process and enforcement of judgments against us and directors and officers of our General Partner and the Service Provider.

We were established under the laws of Bermuda, and most of our subsidiaries are organized in jurisdictions outside of the United States. In addition, our directors and senior management identified in this annual report on Form 20-F are located outside of the United States. Certain of the directors and officers of our General Partner and the Service Provider reside outside of the United States. A substantial portion of our assets are, and the assets of the directors and officers of our General Partner and the Service Provider identified in this annual report on Form 20-F may be, located outside of the United States. It may not be possible for investors to effect service of process within the United States upon the directors and officers of our General Partner and the Service Provider. It may also not be possible to enforce against us or the directors and officers of our General Partner and the Service Provider judgments obtained in U.S. courts predicated upon the civil liability provisions of applicable securities law in the United States.

Canadian investors in our units and preferred units may find it difficult or impossible to enforce service of process and enforcement of judgments against us and the directors and officers of our General Partner and the Service Provider.

We were established under the laws of Bermuda, and most of our subsidiaries are organized in jurisdictions outside of Canada. Certain of the directors and officers of our General Partner and the Service Provider reside outside of Canada. A substantial portion of our assets are, and the assets of the directors and officers of our General Partner and the Service Provider and the experts identified in this annual report on Form 20-F may be, located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors and officers of our General Partner and the Service Provider. It may also not be possible to enforce against us, the experts identified in this annual report on Form 20-F, or the directors and officers of our General Partner and the Service Provider judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

We may not be able to continue paying comparable or growing cash distributions to our unitholders in the future.

The amount of cash we can distribute to our unitholders depends upon the amount of cash we receive from the Holding LP and, indirectly, the Holding Entities and the operating entities. The amount of cash the Holding LP, the Holding Entities and the operating entities generate will fluctuate from quarter to quarter and will depend upon, among other things: the weather in the jurisdictions in which they operate; the level of their operating costs; and prevailing economic conditions. In addition, the actual amount of cash we will have available for distribution will also depend on other factors, such as: the level of costs related to litigation and regulatory compliance matters; the cost of acquisitions, if any; our debt service requirements; fluctuations in our working capital needs; our ability to borrow under our credit facilities; our ability to access capital markets; restrictions on distributions contained in our debt agreements; and the amount, if any, of cash reserves established by our General Partner in its discretion for the proper conduct of our business. As a result of all these factors, we cannot guarantee that we will have sufficient available cash to pay a specific level of cash distributions to our unitholders. Furthermore, unitholders should be aware that the amount of cash we have available for distribution depends primarily upon the cash flow of the Holding LP, the Holding Entities and the operating entities, and is not solely a function of profitability, which is affected by non-cash items. As a result, we may declare and/or pay cash distributions on our units during periods when we record net losses. Following completion of the special distribution, as a result of the issuance by BIPC of exchangeable shares to holders of units, our partnership's regular quarterly distribution per unit was reduced such that the aggregate distribution received by a holder of units and BIPC exchangeable shares, when taken together, remained approximately the same as it would have been had the special distribution never been made. See Item 4.A "History and Development of Brookfield Infrastructure-Overview".

Risks Related to Taxation

General

Changes in tax law and practice may have a material adverse effect on the operations of our partnership, the Holding Entities, and the operating entities and, as a consequence, the value of our assets and the net amount of distributions payable to our unitholders.

Our structure, including the structure of the Holding Entities and the operating entities, is based on prevailing taxation law and practice in the local jurisdictions in which we operate. Any change in tax legislation (including in relation to taxation rates) and practice in these jurisdictions could adversely affect these entities, as well as the net amount of distributions payable to our unitholders. Taxes and other constraints that would apply to our operating entities in such jurisdictions may not apply to local institutions or other parties, and such parties may therefore have a significantly lower effective cost of capital and a corresponding competitive advantage in pursuing such acquisitions.

Our partnership's ability to make distributions depends on it receiving sufficient cash distributions from its underlying operations, and we cannot assure our unitholders that our partnership will be able to make cash distributions to them in amounts that are sufficient to fund their tax liabilities.

Our Holding Entities and operating entities may be subject to local taxes in each of the relevant territories and jurisdictions in which they operate, including taxes on income, profits or gains and withholding taxes. As a result, our partnership's cash available for distribution is indirectly reduced by such taxes, and the post-tax return to our unitholders is similarly reduced by such taxes. We intend for future acquisitions to be assessed on a case-by-case basis and, where possible and commercially viable, structured so as to minimize any adverse tax consequences to our unitholders as a result of making such acquisitions.

In general, a unitholder that is subject to income tax in Canada or the United States must include in income its allocable share of our partnership's items of income, gain, loss and deduction (including, so long as it is treated as a partnership for tax purposes, our partnership's allocable share of those items of the Holding LP) for each of our partnership's fiscal years ending with or within such unitholder's tax year. See Item 10.E "Taxation—Certain Material Canadian Federal Income Tax Considerations" and "Taxation—Certain Material U.S. Federal Income Tax Considerations". However, the cash distributed to a unitholder may not be sufficient to pay the full amount of such unitholder's tax liability in respect of its investment in our partnership, because each unitholder's tax liability depends on such unitholder's particular tax situation and the tax treatment of the underlying activities or assets of our partnership. If our partnership is unable to distribute cash in amounts that are sufficient to fund our unitholders' tax liabilities, each of our unitholders will still be required to pay income taxes on its share of our partnership's taxable income.

As a result of holding our units, our unitholders may be subject to U.S. federal, state, local or non-U.S. taxes and return filing obligations in jurisdictions in which they are not resident for tax purposes or otherwise not subject to tax.

Our unitholders may be subject to U.S. federal, state, local and non-U.S. taxes, including unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which our partnership entities do business or own property now or in the future, even if our unitholders do not reside in any of those jurisdictions. Our unitholders may be required to file income tax returns and pay income taxes in some or all of these jurisdictions. Further, our unitholders may be subject to penalties for failure to comply with these requirements. Although our partnership will attempt, to the extent reasonably practicable, to structure our partnership operations and investments so as to minimize income tax filing obligations by our unitholders in such jurisdictions, there may be circumstances in which our partnership is unable to do so. It is the responsibility of each unitholder to file all U.S. federal, state, local, and non-U.S. tax returns that may be required of such unitholder.

Our unitholders may be exposed to transfer pricing risks.

To the extent that our partnership, the Holding LP, the Holding Entities or the operating entities enter into transactions or arrangements with parties with whom they do not deal at arm's length, the relevant tax authorities may seek to adjust the quantum or nature of the amounts included or deducted from taxable income by such entities if they consider that the terms and conditions of such transactions or arrangements differ from those that would have been made between persons dealing at arm's length. This could result in more tax (and penalties and interest) being paid by such entities, and therefore the return to investors could be reduced. For Canadian tax purposes, a transfer pricing adjustment may in certain circumstances result in additional income being allocated to a unitholder with no corresponding cash distribution or in a dividend being deemed to be paid by a Canadian-resident to a non-arm's length non-resident, which is subject to Canadian withholding tax.

Our General Partner believes that the base management fee and any other amount that is paid to the Service Provider will be commensurate with the value of the services being provided by the Service Provider and comparable to the fees or other amounts that would be agreed to in an arm's length arrangement. However, no assurance can be given in this regard.

If the relevant tax authority were to assert that an adjustment should be made under the transfer pricing rules to an amount that is relevant to the computation of the income of the Holding LP or our partnership, such assertion could result in adjustments to amounts of income (or loss) allocated to our unitholders by our partnership for tax purposes. In addition, we might also be liable for transfer pricing penalties in respect of transfer pricing adjustments unless reasonable efforts were made to determine, and use, arm's length transfer prices. Generally, reasonable efforts in this regard are only considered to be made if contemporaneous documentation has been prepared in respect of such transactions or arrangements that support the transfer pricing methodology.

For Canadian tax purposes, the general tax risks described above are equally relevant to preferred unitholders in respect of their preferred units.

The U.S. Internal Revenue Service (“IRS”) or Canada Revenue Agency (“CRA”) may not agree with certain assumptions and conventions that our partnership uses in order to comply with applicable U.S. and Canadian federal income tax laws or that our partnership uses to report income, gain, loss, deduction, and credit to our unitholders.

Our partnership will apply certain assumptions and conventions in order to comply with applicable tax laws and to report income, gain, deduction, loss, and credit to a unitholder in a manner that reflects such unitholder’s beneficial ownership of partnership items, taking into account variation in ownership interests during each taxable year because of trading activity. However, these assumptions and conventions may not be in compliance with all aspects of the applicable tax requirements. A successful IRS or CRA challenge to such assumptions or conventions could adversely affect the amount of tax benefits available to our unitholders and could require that items of income, gain, deduction, loss, or credit, including interest deductions, be adjusted, reallocated or disallowed in a manner that adversely affects our unitholders. See Item 10.E “Taxation—Certain Material Canadian Federal Income Tax Considerations” and “Taxation—Certain Material U.S. Federal Income Tax Considerations”.

United States

If our partnership or the Holding LP were to be treated as a corporation for U.S. federal income tax purposes, the value of our units might be adversely affected.

The value of our units to unitholders will depend in part on the treatment of our partnership and the Holding LP as partnerships for U.S. federal income tax purposes. However, in order for our partnership to be treated as a partnership for U.S. federal income tax purposes, under present law, 90% or more of our partnership’s gross income for every taxable year must consist of qualifying income, as defined in Section 7704 of the U.S. Internal Revenue Code of 1986, as amended (“U.S. Internal Revenue Code”), and our partnership must not be required to register, if it were a U.S. corporation, as an investment company under the Investment Company Act and related rules. Although our General Partner intends to manage our partnership’s affairs so that our partnership will not need to be registered as an investment company if it were a U.S. corporation and so that it will meet the 90% test described above in each taxable year, our partnership may not meet these requirements, or current law may change so as to cause, in either event, our partnership to be treated as a corporation for U.S. federal income tax purposes. If our partnership (or the Holding LP) were treated as a corporation for U.S. federal income tax purposes, adverse U.S. federal income tax consequences could result for our unitholders and our partnership (or the Holding LP, as applicable), as described in greater detail in Item 10.E “Taxation—Certain Material U.S. Federal Income Tax Considerations—Partnership Status of Our Partnership and the Holding LP”.

We may be subject to U.S. backup withholding tax or other U.S. withholding taxes if any unitholder fails to comply with U.S. tax reporting rules or if the IRS or other applicable state or local taxing authority does not accept our withholding methodology, and such excess withholding tax cost will be an expense borne by our partnership and, therefore, by all of our unitholders on a pro rata basis.

We may become subject to U.S. “backup” withholding tax or other U.S. withholding taxes with respect to any unitholder who fails to timely provide our partnership (or the applicable clearing agent or other intermediary) with an IRS Form W-9 or IRS Form W-8, as the case may be, or if the withholding methodology we use is not accepted by the IRS or other applicable state or local taxing authority. See Item 10.E “Taxation—Certain Material U.S. Federal Income Tax Considerations—Administrative Matters—Withholding and Backup Withholding”. To the extent that any unitholder fails to timely provide the applicable form (or such form is not properly completed), or should the IRS or other applicable state or local taxing authority not accept our withholding methodology, our partnership might treat such U.S. backup withholding taxes or other U.S. withholding taxes as an expense, which would be borne indirectly by all of our unitholders on a pro rata basis. As a result, our unitholders that fully comply with their U.S. tax reporting obligations may bear a share of such burden created by other unitholders that do not comply with the U.S. tax reporting rules.

Tax-exempt organizations may face certain adverse U.S. tax consequences from owning our units.

Our General Partner intends to use commercially reasonable efforts to structure the activities of our partnership and the Holding LP, to avoid generating income connected with the conduct of a trade or business (which income generally would constitute “unrelated business taxable income” (“UBTI”) to the extent allocated to a tax-exempt organization). However, neither our partnership nor the Holding LP is prohibited from incurring indebtedness, and no assurance can be provided that neither our partnership nor the Holding LP will generate UBTI attributable to debt-financed property in the future. In particular, UBTI includes income attributable to debt-financed property, and neither our partnership nor the Holding LP is prohibited from financing the acquisition of property with debt. The potential for income to be characterized as UBTI could make our units an unsuitable investment for a tax-exempt organization. Each tax-exempt organization should consult its own tax adviser to determine the U.S. federal income tax consequences of an investment in our units.

If our partnership were engaged in a U.S. trade or business, non-U.S. persons would face certain adverse U.S. tax consequences from owning our units.

Our General Partner intends to use commercially reasonable efforts to structure the activities of our partnership and the Holding LP to avoid generating income treated as effectively connected with a U.S. trade or business, including effectively connected income attributable to the sale of a “United States real property interest”, as defined in the U.S. Internal Revenue Code. If our partnership were deemed to be engaged in a U.S. trade or business, or to realize gain from the sale or other disposition of a U.S. real property interest, Non-U.S. Holders (as defined in Item 10.E “Taxation—Certain Material U.S. Federal Income Tax Considerations”) generally would be required to file U.S. federal income tax returns and could be subject to U.S. federal withholding tax at the highest marginal U.S. federal income tax rates applicable to ordinary income. If, contrary to expectation, our partnership were engaged in a U.S. trade or business, then gain or loss from the sale of our units by a Non-U.S. Holder would be treated as effectively connected with such trade or business to the extent that such Non-U.S. Holder would have had effectively connected gain or loss had our partnership sold all of its assets at their fair market value as of the date of such sale. In such case, any such effectively connected gain generally would be taxable at the regular graduated U.S. federal income tax rates, and the amount realized from such sale generally would be subject to a 10% U.S. federal withholding tax. Under Treasury Regulations and IRS guidance, the 10% U.S. federal withholding tax generally does not apply to transfers of interests in publicly traded partnerships before January 1, 2023. See Item 10.E “Taxation—Certain Material U.S. Federal Income Tax Considerations—Consequences to Non-U.S. Holders”.

To meet U.S. federal income tax and other objectives, our partnership and the Holding LP may invest through U.S. and non-U.S. Holding Entities that are treated as corporations for U.S. federal income tax purposes, and such Holding Entities may be subject to corporate income tax.

To meet U.S. federal income tax and other objectives, our partnership and the Holding LP may invest through U.S. and non-U.S. Holding Entities that are treated as corporations for U.S. federal income tax purposes, and such Holding Entities may be subject to corporate income tax. Consequently, items of income, gain, loss, deduction, or credit realized in the first instance by the operating entities will not flow, for U.S. federal income tax purposes, directly to the Holding LP, our partnership, or our unitholders, and any such income or gain may be subject to a corporate income tax, in the United States or other jurisdictions, at the level of the Holding Entity. Any such additional taxes may adversely affect our partnership’s ability to maximize its cash flow.

Our unitholders taxable in the United States may be viewed as holding an indirect interest in an entity classified as a “passive foreign investment company” or “controlled foreign corporation” for U.S. federal income tax purposes.

U.S. Holders may face adverse U.S. tax consequences arising from the ownership of an indirect interest in a “passive foreign investment company” (“PFIC”) or “controlled foreign corporation” (“CFC”). An investment in a PFIC may produce taxable income prior to the receipt of cash relating to such income, and U.S. Holders will be required to take such income into account in determining their gross income subject to tax. With respect to gain realized upon the sale of and excess distributions from a PFIC for which an election for current inclusions is not made, such income would be taxable at ordinary income rates and subject to an additional tax equivalent to an interest charge on the deferral of income inclusions from the PFIC. In addition, all or a portion of any gain realized upon the sale of an investment in a CFC may be taxable at ordinary income rates. See Item 10.E “Taxation—Certain Material U.S. Federal Income Tax Considerations—Consequences to U.S. Holders—Passive Foreign Investment Companies” and “Taxation—Certain Material U.S. Federal Income Tax Considerations—Consequences to U.S. Holders—Controlled Foreign Corporations”. Each U.S. Holder should consult its own tax adviser regarding the implications of the PFIC and CFC rules for an investment in our units.

Tax gain or loss from the disposition of our units could be more or less than expected.

Upon the sale of our units, a U.S. Holder generally will recognize gain or loss for U.S. federal income tax purposes equal to the difference between the amount realized and such holder’s adjusted tax basis in such units. Prior distributions to a U.S. Holder in excess of the total net taxable income allocated to such holder will have decreased such unitholder’s tax basis in our units. Therefore, such excess distributions will increase a U.S. Holder’s taxable gain or decrease such unitholder’s taxable loss when our units are sold, and may result in a taxable gain even if the sale price is less than the original cost. A portion of the amount realized, whether or not representing gain, could be ordinary income to such U.S. Holder.

Our partnership structure involves complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. The tax characterization of our partnership structure is also subject to potential legislative, judicial, or administrative change and differing interpretations, possibly on a retroactive basis.

The U.S. federal income tax treatment of our unitholders depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. Unitholders should be aware that the U.S. federal income tax rules, particularly those applicable to partnerships, are constantly under review by the Congressional tax-writing committees and other persons involved in the legislative process, the IRS, the Treasury Department and the courts, frequently resulting in changes which could adversely affect the value of our units or cause our partnership to change the way it conducts its activities. For example, changes to the U.S. federal tax laws and interpretations thereof could make it more difficult or impossible for our partnership to be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, change the character or treatment of portions of our partnership’s income, reduce the net amount of distributions available to our unitholders, or otherwise affect the tax considerations of owning our units. In addition, our partnership’s organizational documents and agreements permit our General Partner to modify our Limited Partnership Agreement, without the consent of our unitholders, to address such changes. These modifications could have a material adverse impact on our unitholders. See Item 10.E “—Taxation—Certain Material U.S. Federal Income Tax Considerations—Administrative Matters—New Legislation or Administrative or Judicial Action”.

Our partnership’s delivery of required tax information for a taxable year may be subject to delay, which could require a unitholder who is a U.S. taxpayer to request an extension of the due date for such unitholder’s income tax return.

Our partnership has agreed to use commercially reasonable efforts to provide U.S. tax information (including IRS Schedule K-1 information needed to determine a unitholder’s allocable share of our partnership’s income, gain, losses, and deductions) no later than 90 days after the close of each calendar year. However, providing this U.S. tax information to our unitholders will be subject to delay in the event of, among other reasons, the late receipt of any necessary tax information from lower-tier entities. It is therefore possible that, in any taxable year, a unitholder will need to apply for an extension of time to file such unitholder’s tax returns. In addition, unitholders that do not ordinarily have U.S. federal tax filing requirements will not receive a Schedule K-1 and related information unless such unitholders request it within 60 days after the close of each calendar year. See Item 10.E “Taxation—Certain Material U.S. Federal Income Tax Considerations—Administrative Matters—Information Returns and Audit Procedures”.

If the IRS makes an audit adjustment to our income tax returns, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from us, in which case cash available for distribution to our unitholders might be substantially reduced.

If the IRS makes an audit adjustment to our income tax returns, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from our partnership instead of unitholders (as under prior law). We may be permitted to elect to have our General Partner and our unitholders take such audit adjustment into account in accordance with their interests in us during the taxable year under audit. However, there can be no assurance that we will choose to make such election or that it will be available in all circumstances. If we do not make the election, and we pay taxes, penalties, or interest as a result of an audit adjustment, then cash available for distribution to our unitholders might be substantially reduced. As a result, our current unitholders might bear some or all of the cost of the tax liability resulting from such audit adjustment, even if our current unitholders did not own our units during the taxable year under audit. The foregoing considerations also apply with respect to our partnership’s interest in the Holding LP.

Under the Foreign Account Tax Compliance (“FATCA”) provisions of the Hiring Incentives to Restore Employment Act of 2010, certain payments made or received by our partnership may be subject to a 30% federal withholding tax, unless certain requirements are met.

Under FATCA, a 30% withholding tax may apply to certain payments of U.S.-source income made to our partnership, the Holding LP, the Holding Entities, or the operating entities, or by our partnership to a unitholder, unless certain requirements are met, as described in greater detail in Item 10.E “Taxation—Certain Material U.S. Federal Income Tax Considerations—Administrative Matters—Foreign Account Tax Compliance”. To ensure compliance with FATCA, information regarding certain unitholders’ ownership of our units may be reported to the IRS or to a non-U.S. governmental authority. Unitholders should consult their own tax advisers regarding the consequences under FATCA of an investment in our units.

Canada

For purposes of the following Canadian tax risks, references to our “units” are to the limited partnership units in our partnership, including the preferred units, and references to our “unitholders” are to the holders of our units and preferred units.

If the subsidiaries that are corporations and that are not resident or deemed to be resident in Canada for purposes of the Income Tax Act (Canada) (together with the regulations thereunder, “Tax Act”) (“Non-Resident Subsidiaries”) and that are “controlled foreign affiliates” (as defined in the Tax Act and referred to herein as “CFAs”) in which the Holding LP directly invests earned income that is “foreign accrual property income” (as defined in the Tax Act and referred to herein as “FAPI”), our unitholders may be required to include amounts allocated from our partnership in computing their income for Canadian federal income tax purposes even though there may be no corresponding cash distribution.

Any Non-Resident Subsidiaries in which the Holding LP directly invests are expected to be CFAs of the Holding LP. If any CFA of the Holding LP or any direct or indirect subsidiary thereof that is itself a CFA of the Holding LP (an “Indirect CFA”) earns income that is characterized as FAPI in a particular taxation year of the CFA or Indirect CFA, the FAPI allocable to the Holding LP must be included in computing the income of the Holding LP for Canadian federal income tax purposes for the fiscal period of the Holding LP in which the taxation year of that CFA or Indirect CFA ends, whether or not the Holding LP actually receives a distribution of that FAPI. Our partnership will include its share of such FAPI of the Holding LP in computing its income for Canadian federal income tax purposes and our unitholders will be required to include their proportionate share of such FAPI allocated from our partnership in computing their income for Canadian federal income tax purposes. As a result, our unitholders may be required to include amounts in their income for Canadian federal income tax purposes even though they have not and may not receive an actual cash distribution of such amounts. The Tax Act contains anti-avoidance rules to address certain foreign tax credit generator transactions (the “Foreign Tax Credit Generator Rules”). Under the Foreign Tax Credit Generator Rules, the “foreign accrual tax” (as defined in the Tax Act) applicable to a particular amount of FAPI included in the Holding LP’s income in respect of a particular “foreign affiliate” (as defined in the Tax Act) of the Holding LP may be limited in certain specified circumstances. See Item 10.E “Taxation—Certain Material Canadian Federal Income Tax Considerations”.

Unitholders may be required to include imputed amounts in their income for Canadian federal income tax purposes in accordance with section 94.1 of the Tax Act.

Section 94.1 of the Tax Act contains rules relating to interests in entities that are not resident or deemed to be resident in Canada for purposes of the Tax Act or not situated in Canada (and certain exempt foreign trusts as defined in subsection 94(1) of the Tax Act), other than a CFA of the taxpayer (the “Non-Resident Entities”), that could in certain circumstances cause income to be imputed to unitholders for Canadian federal income tax purposes, either directly or by way of allocation of such income imputed to our partnership or to the Holding LP. See Item 10.E “Taxation—Certain Material Canadian Federal Income Tax Considerations”.

Unitholders’ foreign tax credits for Canadian federal income tax purposes will be limited if the Foreign Tax Credit Generator Rules apply in respect of the foreign “business-income tax” or “non-business-income tax” (each as defined in the Tax Act) paid by our partnership or the Holding LP to a foreign country.

Under the Foreign Tax Credit Generator Rules, the foreign “business-income tax” or “non-business-income tax” for Canadian federal income tax purposes for any taxation year may be limited in certain circumstances. If the Foreign Tax Credit Generator Rules apply, the allocation to a unitholder of foreign “business-income tax” or “non-business-income tax” paid by our partnership or the Holding LP, and therefore, such unitholder’s foreign tax credits for Canadian federal income tax purposes, will be limited. See Item 10.E “Taxation—Certain Material Canadian Federal Income Tax Considerations”.

Unitholders who are not and are not deemed to be resident in Canada for purposes of the Tax Act and who do not use or hold, and are not deemed to use or hold, their units of our partnership in connection with a business carried on in Canada (“non-Canadian limited partners”), may be subject to Canadian federal income tax with respect to any Canadian source business income earned by our partnership or the Holding LP if our partnership or the Holding LP were considered to carry on business in Canada.

If our partnership or the Holding LP were considered to carry on business in Canada for purposes of the Tax Act, non-Canadian limited partners would be subject to Canadian federal income tax on their proportionate share of any Canadian source business income earned or considered to be earned by our partnership, subject to the potential application of the safe harbor rule in section 115.2 of the Tax Act and any relief that may be provided by any relevant income tax treaty or convention.

Our General Partner intends to manage the affairs of our partnership and the Holding LP, to the extent possible, so that they do not carry on business in Canada and are not considered or deemed to carry on business in Canada for purposes of the Tax Act. Nevertheless, because the determination of whether our partnership or the Holding LP is carrying on business and, if so, whether that business is carried on in Canada, is a question of fact that is dependent upon the surrounding circumstances, the CRA might contend successfully that either or both of our partnership and the Holding LP carries on business in Canada for purposes of the Tax Act.

If our partnership or the Holding LP is considered to carry on business in Canada or is deemed to carry on business in Canada for the purposes of the Tax Act, non-Canadian limited partners that are corporations would be required to file a Canadian federal income tax return for each taxation year in which they are a non-Canadian limited partner regardless of whether relief from Canadian taxation is available under an applicable income tax treaty or convention. Non-Canadian limited partners who are individuals would only be required to file a Canadian federal income tax return for any taxation year in which they are allocated income from our partnership from carrying on business in Canada that is not exempt from Canadian taxation under the terms of an applicable income tax treaty or convention.

Non-Canadian limited partners may be subject to Canadian federal income tax on capital gains realized by our partnership or the Holding LP on dispositions of “taxable Canadian property” (as defined in the Tax Act).

A non-Canadian limited partner will be subject to Canadian federal income tax on its proportionate share of capital gains realized by our partnership or the Holding LP on the disposition of “taxable Canadian property” other than “treaty-protected property” (as defined in the Tax Act). “Taxable Canadian property” includes, but is not limited to, property that is used or held in a business carried on in Canada and shares of corporations that are not listed on a “designated stock exchange” (as defined in the Tax Act) if more than 50% of the fair market value of the shares is derived from certain Canadian properties during the 60-month period immediately preceding the particular time. Property of our partnership and the Holding LP generally will be “treaty-protected property” to a non-Canadian limited partner if the gain from the disposition of the property would, because of an applicable income tax treaty or convention, be exempt from tax under the Tax Act. Our General Partner does not expect our partnership or the Holding LP to realize capital gains or losses from dispositions of “taxable Canadian property”. However, no assurance can be given in this regard. Non-Canadian limited partners will be required to file a Canadian federal income tax return in respect of a disposition of “taxable Canadian property” by our partnership or the Holding LP unless the disposition is an “excluded disposition” for the purposes of section 150 of the Tax Act. However, non-Canadian limited partners that are corporations will still be required to file a Canadian federal income tax return in respect of a disposition of “taxable Canadian property” that is an “excluded disposition” for the purposes of section 150 of the Tax Act if tax would otherwise be payable under Part I of the Tax Act by the non-Canadian limited partners in respect of the disposition but is not because of an applicable income tax treaty or convention (otherwise than in respect of a disposition of “taxable Canadian property” that is “treaty-protected property” of the corporation). In general, an “excluded disposition” is a disposition of property by a taxpayer in a taxation year where (a) the taxpayer is a non-resident of Canada at the time of the disposition; (b) no tax is payable by the taxpayer under Part I of the Tax Act for the taxation year; (c) the taxpayer is not liable to pay any amounts under the Tax Act in respect of any previous taxation year (other than certain amounts for which the CRA holds adequate security); and (d) each “taxable Canadian property” disposed of by the taxpayer in the taxation year is either (i) “excluded property” (as defined in subsection 116(6) of the Tax Act) or (ii) property in respect of the disposition of which a certificate under subsection 116(2), (4) or (5.2) of the Tax Act has been issued by the CRA. Non-Canadian limited partners should consult their own tax advisors with respect to the requirements to file a Canadian federal income tax return in respect of a disposition of “taxable Canadian property” by our partnership or the Holding LP.

Non-Canadian limited partners may be subject to Canadian federal income tax on capital gains realized on the disposition of our units if our units are considered “taxable Canadian property”.

Any capital gain arising from the disposition or deemed disposition of our units by a non-Canadian limited partner will be subject to taxation in Canada, if, at the time of the disposition or deemed disposition, our units are “taxable Canadian property” of the non-Canadian limited partner, unless our units are “treaty-protected property” to such non-Canadian limited partner. In general, our units will not constitute “taxable Canadian property” of any non-Canadian limited partner at the time of disposition or deemed disposition, unless (a) at any time during the 60-month period immediately preceding the disposition or deemed disposition, more than 50% of the fair market value of our units was derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves “taxable Canadian property”), from one or any combination of (i) real or immovable property situated in Canada; (ii) “Canadian resource properties” (as defined in the Tax Act); (iii) “timber resource properties” (as defined in the Tax Act); and (iv) options in respect of, or interests in, or for civil law rights in, such property, whether or not such property exists, or (b) our units are otherwise deemed to be “taxable Canadian property”. Since our partnership’s assets will consist principally of units of the Holding LP, our units would generally be “taxable Canadian property” at a particular time if the units of the Holding LP held by our partnership derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves “taxable Canadian property”) more than 50% of their fair market value from properties described in (i) to (iv) above, at any time in the 60-month period preceding the particular time. Our General Partner does not expect our units to be “taxable Canadian property” of any non-Canadian limited partner at any time but no assurance can be given in this regard. See Item 10.E “Taxation—Certain Material Canadian Federal Income Tax Considerations”. Even if our units constitute “taxable Canadian property”, our units will be “treaty-protected property” if the gain on the disposition of our units is exempt from tax under the Tax Act under the terms of an applicable income tax treaty or convention. If our units constitute “taxable Canadian property”, non-Canadian limited partners will be required to file a Canadian federal income tax return in respect of a disposition of our units unless the disposition is an “excluded disposition” (as discussed above). If our units constitute “taxable Canadian property”, non-Canadian limited partners should consult their own tax advisors with respect to the requirement to file a Canadian federal income tax return in respect of a disposition of our units.

Non-Canadian limited partners may be subject to Canadian federal income tax reporting and withholding tax requirements on the disposition of “taxable Canadian property”.

Non-Canadian limited partners who dispose of “taxable Canadian property”, other than “excluded property” and certain other property described in subsection 116(5.2) of the Tax Act, (or who are considered to have disposed of such property on the disposition of such property by our partnership or the Holding LP), are obligated to comply with the procedures set out in section 116 of the Tax Act and obtain a certificate pursuant to the Tax Act. In order to obtain such certificate, the non-Canadian limited partner is required to report certain particulars relating to the transaction to CRA not later than 10 days after the disposition occurs. Our General Partner does not expect our units to be “taxable Canadian property” of any non-Canadian limited partner and does not expect our partnership or the Holding LP to dispose of property that is “taxable Canadian property” but no assurance can be given in these regards.

Payments of dividends or interest (other than interest not subject to Canadian federal withholding tax) by residents of Canada to the Holding LP will be subject to Canadian federal withholding tax and we may be unable to apply a reduced rate taking into account the residency or entitlement to relief under an applicable income tax treaty or convention of our unitholders.

Our partnership and the Holding LP will each be deemed to be a non-resident person in respect of certain amounts paid or credited or deemed to be paid or credited to them by a person resident or deemed to be resident in Canada, including dividends or interest. Dividends or interest (other than interest not subject to Canadian federal withholding tax) paid or deemed to be paid by a person resident or deemed to be resident in Canada to the Holding LP will be subject to withholding tax under Part XIII of the Tax Act at the rate of 25%. However, the CRA's administrative practice in similar circumstances is to permit the rate of Canadian federal withholding tax applicable to such payments to be computed by looking through the partnership and taking into account the residency of the partners (including partners who are resident in Canada) and any reduced rates of Canadian federal withholding tax that any non-Canadian limited partners may be entitled to under an applicable income tax treaty or convention, provided that the residency status and entitlement to treaty benefits can be established. In determining the rate of Canadian federal withholding tax applicable to amounts paid by the Holding Entities to the Holding LP, our General Partner expects the Holding Entities to look-through the Holding LP and our partnership to the residency of the partners of our partnership (including partners who are resident in Canada) and to take into account any reduced rates of Canadian federal withholding tax that non-Canadian limited partners may be entitled to under an applicable income tax treaty or convention in order to determine the appropriate amount of Canadian federal withholding tax to withhold from dividends or interest paid to the Holding LP. However, there can be no assurance that the CRA will apply its administrative practice in this context. If the CRA's administrative practice is not applied and the Holding Entities withhold Canadian federal withholding tax from applicable payments on a look-through basis, the Holding Entities may be liable for additional amounts of Canadian federal withholding tax plus any associated interest and penalties. Under the Canada-United States Tax Convention (1980) (the "Treaty"), a Canadian-resident payer is required in certain circumstances to look-through fiscally transparent partnerships, such as our partnership, and the Holding LP to the residency and Treaty entitlements of their partners and take into account the reduced rates of Canadian federal withholding tax that such partners may be entitled to under the Treaty. Under our Limited Partnership Agreement, the amount of any taxes withheld or paid by our partnership, the Holding LP or the Holding Entities in respect of our units may be treated either as a distribution to our unitholders or as a general expense of our partnership, as determined by our General Partner in its sole discretion. However, our General Partner's current intention is to treat all such amounts as a distribution to our unitholders.

While our General Partner expects the Holding Entities to look-through our partnership and the Holding LP in determining the rate of Canadian federal withholding tax applicable to amounts paid or deemed to be paid by the Holding Entities to the Holding LP, we may be unable to accurately or timely determine the residency of our unitholders for purposes of establishing the extent to which Canadian federal withholding taxes apply or whether reduced rates of withholding tax apply to some or all of our unitholders. In such a case, the Holding Entities will withhold Canadian federal withholding tax from all payments made to the Holding LP that are subject to Canadian federal withholding tax at the rate of 25%. Canadian-resident unitholders will be entitled to claim a credit for such taxes against their Canadian federal income tax liability but non-Canadian limited partners will need to take certain steps to receive a refund or credit in respect of any such Canadian federal withholding taxes withheld equal to the difference between the withholding tax at a rate of 25% and the withholding tax at the reduced rate they are entitled to under an applicable income tax treaty or convention. See Item 10.E "Taxation—Certain Material Canadian Federal Income Tax Considerations" for further detail. Unitholders should consult their own tax advisors concerning all aspects of Canadian federal withholding taxes.

Our units may or may not continue to be “qualified investments” under the Tax Act for registered plans.

Provided that our units are listed on a “designated stock exchange” (which currently includes the NYSE and the TSX, our units will be “qualified investments” under the Tax Act for a trust governed by a registered retirement savings plan (“RRSP”), deferred profit sharing plan, registered retirement income fund (“RRIF”), registered education savings plan (“RESP”), registered disability savings plan (“RDSP”), and a tax-free savings account (“TFSA”). However, there can be no assurance that our units will continue to be listed on a “designated stock exchange”. There can also be no assurance that tax laws relating to “qualified investments” will not be changed. Taxes may be imposed in respect of the acquisition or holding of non-qualified investments by such registered plans and certain other taxpayers and with respect to the acquisition or holding of “prohibited investments” (as defined in the Tax Act) by an RRSP, RRIF, TFSA, RDSP or RESP.

Notwithstanding the foregoing, an annuitant under an RRSP or RRIF, a holder of a TFSA or RDSP or a subscriber of an RESP, as the case may be, will be subject to a penalty tax if our units held in an RRSP, RRIF, TFSA, RDSP or RESP are “prohibited investments” for the RRSP, RRIF, TFSA, RDSP or RESP as the case may be. Generally, our units will not be a “prohibited investment” for a trust governed by an RRSP, RRIF, TFSA, RDSP or RESP, provided that the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP or the subscriber of the RESP, as the case may be, deals at arm’s length with our partnership for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in our partnership. Unitholders who hold our units in an RRSP, RRIF, TFSA, RDSP or RESP should consult with their own tax advisors regarding the application of the foregoing prohibited investment rules having regard to their particular circumstances.

The Canadian federal income tax consequences to our unitholders could be materially different in certain respects from those described in this Form 20-F if our partnership or the Holding LP is a “SIFT partnership” (as defined in the Tax Act).

Under the rules in the Tax Act applicable to a “SIFT partnership” (the “SIFT Rules”), certain income and gains earned by a “SIFT partnership” will be subject to income tax at the partnership level at a rate similar to a corporation, and allocations of such income and gains to its partners will be taxed as a dividend from a “taxable Canadian corporation” (as defined in the Tax Act). In particular, a “SIFT partnership” will be required to pay a tax on the total of its income from businesses carried on in Canada, income from “non-portfolio properties” (as defined in the Tax Act) other than taxable dividends, and taxable capital gains from dispositions of “non-portfolio properties”. “Non-portfolio properties” include, among other things, equity interests or debt of corporations, trusts or partnerships that are resident in Canada, and of non-resident persons or partnerships the principal source of income of which is one or any combination of sources in Canada (other than a “portfolio investment entity”, as defined in the Tax Act), that are held by the “SIFT partnership” and have a fair market value that is greater than 10% of the equity value of such entity, or that have, together with debt or equity that the “SIFT partnership” holds of entities affiliated (within the meaning of the Tax Act) with such entity, an aggregate fair market value that is greater than 50% of the equity value of the “SIFT partnership”. The tax rate that is applied to the above mentioned sources of income and gains is set at a rate equal to the “net corporate income tax rate”, plus the “provincial SIFT tax rate” (each as defined in the Tax Act).

A partnership will be a “SIFT partnership” throughout a taxation year if at any time in the taxation year (i) it is a “Canadian resident partnership” (as defined in the Tax Act), (ii) “investments” (as defined in the Tax Act) in the partnership are listed or traded on a stock exchange or other public market, and (iii) it holds one or more “non-portfolio properties”. For these purposes, a partnership will be a “Canadian resident partnership” at a particular time if (a) it is a “Canadian partnership” (as defined in the Tax Act) at that time, (b) it would, if it were a corporation, be resident in Canada (including, for greater certainty, a partnership that has its central management and control located in Canada), or (c) it was formed under the laws of a province. A “Canadian partnership” for these purposes is a partnership all of whose members are resident in Canada or are partnerships that are “Canadian partnerships”.

Under the SIFT Rules, our partnership and the Holding LP could each be a “SIFT partnership” if it is a “Canadian resident partnership”. However, the Holding LP would not be a “SIFT partnership” if our partnership is a “SIFT partnership” regardless of whether the Holding LP is a “Canadian resident partnership” on the basis that the Holding LP would be an “excluded subsidiary entity” (as defined in the Tax Act). Our partnership and the Holding LP will be a “Canadian resident partnership” if the central management and control of these partnerships is located in Canada. This determination is a question of fact and is expected to depend on where our General Partner is located and exercises central management and control of the respective partnerships. Our General Partner will take appropriate steps so that the central management and control of these entities is not located in Canada such that the SIFT Rules should not apply to our partnership or the Holding LP at any relevant time. However, no assurance can be given in this regard. If our partnership or the Holding LP is a “SIFT partnership”, the Canadian federal income tax consequences to our unitholders could be materially different in certain respects from those described in Item 10.E. “Taxation—Certain Material Canadian Federal Income Tax Considerations”. In addition, there can be no assurance that the SIFT Rules will not be revised or amended in the future such that the SIFT Rules will apply.

General Risks

All of our operating entities are subject to general economic and political conditions and risks relating to the markets in which we operate.

Many industries, including the industries in which we operate, are impacted by political and economic conditions, and in particular, adverse events in financial markets, which may have a profound effect on global or local economies. Some key impacts of general financial market turmoil include contraction in credit markets resulting in a widening of credit spreads, devaluations and enhanced volatility in global equity, commodity and foreign exchange markets and a general lack of market liquidity. A slowdown in the financial markets or other key measures of the global economy or the local economies of the regions in which we operate, including, but not limited to, new home construction, employment rates, business conditions, inflation, fuel and energy costs, commodity prices, lack of available credit, the state of the financial markets, interest rates and tax rates may adversely affect our growth and profitability.

The demand for services provided by our operating entities are, in part, dependent upon and correlated to general economic conditions and economic growth of the regions applicable to the relevant asset. Poor economic conditions or lower economic growth in a region or regions may, either directly or indirectly, reduce demand for the services provided by an asset.

For example, a credit/liquidity crisis, such as the global crisis experienced in 2008/2009, could materially impact the cost and availability of financing and overall liquidity; the volatility of commodity output prices and currency exchange markets could materially impact revenues, profits and cash flow; volatile energy, commodity input and consumables prices and currency exchange rates could materially impact production costs; poor local or regional economic conditions could materially impact the level of traffic on our toll roads or volume of commodities transported on our rail network and/or shipped through our ports; our U.K. regulated distribution business earns connection revenues that would be negatively impacted by an economic recession and a reduction of housing starts in the U.K.; and the devaluation and volatility of global stock markets could materially impact the valuation of our units and preferred units.

In addition, we may be affected by political uncertainties in various jurisdictions, which may have global repercussions, including in markets where we currently operate or intend to expand into in the future.

Risks Associated with the COVID-19 Pandemic

The rapid spread of the COVID-19 virus, including subsequent mutations, and actions taken globally in response to COVID-19, have generally disrupted business activities in the jurisdictions in which we operate and elsewhere. Governments around the world implemented stringent measures to control the spread of the virus, including quarantines, social distancing protocols, "shelter in place" and "stay at home" orders, travel restrictions, business curtailments, school closures and other measures, that restricted economic and social activity. Governments and central banks around the world have also enacted fiscal and monetary stimulus measures to mitigate the economically harmful impact of these COVID-19 response measures. Our group's business relies, to a certain extent, on free movement of goods, services, and capital around the world, all of which were restricted as a result of COVID-19. At the outset of the pandemic, we implemented a response plan designed to maintain our operations despite the outbreak of the virus, including extra safety precautions with respect to our personnel and contingency plans with respect to our facilities.

Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how COVID-19, including any responses to it, will impact the global economy and our business or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are uncertain, evolving and difficult to predict, including, but not limited to, new information which may emerge concerning, additional variants of COVID-19 that may be able to circumvent the protections afforded by existing vaccines and/or may be more transmissible (like the Omicron variant) or result in more severe sickness (like the Delta variant), additional actions which may be taken to contain COVID-19 or treat its impact, such as re-imposing previously lifted measures or putting in place additional restrictions, and the availability, pace of distribution and social acceptance of effective vaccines and of government efforts to slow the spread of COVID-19.

We may experience direct or indirect impacts from the pandemic, including delays in development or construction activities, reduced volumes within our transport segment and contract counterparties failing to meet their obligations. The direct or indirect impacts of the pandemic going forward may also be different from those we currently face. For example, changing workforce patterns and tightening labor market conditions resulting from the pandemic could make it more difficult for us and the Service Provider to secure and retain talented professionals in our core markets. Similarly, supply chain constraints related to the pandemic and economic inflation resulting from government support for economies could result in higher costs for goods and services and adversely impact our business. Any such developments could have an adverse effect on our assets, liabilities, business, financial condition, results of operations and cash flows.

We are subject to foreign currency risk and our risk management activities may adversely affect the performance of our operations.

A significant portion of our current operations are in countries where the U.S. dollar is not the functional currency. These operations pay distributions in currencies other than the U.S. dollar, which we must convert to U.S. dollars prior to making distributions, and certain of our operations have revenues denominated in currencies different from our expense structure, thus exposing us to currency risk. Fluctuations in currency exchange rates could reduce the value of cash flows generated by our operating entities or could make it more expensive for our customers to purchase our services and consequently reduce the demand for our services. In addition, a significant depreciation in the value of such foreign currencies may have a material adverse effect on our business, financial condition and results of operations.

When managing our exposure to such market risks, we may use forward contracts, options, swaps, caps, collars and floors or pursue other strategies or use other forms of derivative instruments. The success of any hedging or other derivative transactions that we enter into generally will depend on our ability to structure contracts that appropriately offset our risk position. As a result, while we may enter into such transactions in order to reduce our exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the derivative transaction had not been executed. Such transactions may also limit the opportunity for gain if the value of a hedged position increases.

General economic and business conditions that impact the debt or equity markets could impact our ability to access credit markets.

General economic and business conditions that impact the debt or equity markets could impact the availability of credit to, and cost of credit for, Brookfield Infrastructure. We have revolving credit facilities and other short-term borrowings. The amount of interest charged on these will fluctuate based on changes in short-term interest rates. Any economic event that affects interest rates or the ability to refinance borrowings could materially adversely impact our financial condition. Movements in interest rates could also affect the discount rates used to value our assets, which in turn could cause their valuations calculated under IFRS to be reduced resulting in a material reduction in our equity value.

In addition, some of our operations either currently have a credit rating or may have a credit rating in the future. A credit rating downgrade may result in an increase in the cost of debt for the relevant businesses and reduced access to debt markets.

Some assets in our portfolio have a requirement for significant capital expenditure. For other assets, cash, cash equivalents and short-term investments combined with cash flow generated from operations are believed to be sufficient for it to make the foreseeable required level of capital investment. However, no assurance can be given that additional capital investments will not be required in these businesses. If we are unable to generate enough cash to finance necessary capital expenditures through operating cash flow, then we may be required to issue additional equity or incur additional indebtedness. The issue of additional equity would be dilutive to existing unitholders at the time. Any additional indebtedness would increase our leverage and debt payment obligations, and may negatively impact our business, financial condition and results of operations.

Our business relies on continued access to capital to fund new investments and capital projects. While we aim to prudently manage our capital requirements and ensure access to capital is always available, it is possible we may overcommit ourselves or misjudge the requirement for capital or the availability of liquidity. Such a misjudgment may require capital to be raised quickly and the inability to do so could result in negative financial consequences or in extreme cases bankruptcy.

All of our operating entities are subject to changes in government policy and legislation.

Our financial condition and results of operations could also be affected by changes in economic or other government policies or other political or economic developments in each country or region, as well as regulatory changes or administrative or market practices over which we have no control such as: the regulatory environment related to our business operations, concession agreements and periodic regulatory resets; interest rates; benchmark interest rate reforms, including changes to the administration of the London Inter-bank Offered Rate (“LIBOR”); currency fluctuations; exchange controls and restrictions; inflation; tariffs; liquidity of domestic financial and capital markets; policies relating to climate change or policies relating to tax; and other political, social, economic, and environmental and occupational health and safety developments that may occur in or affect the countries in which our operating entities are located or conduct business or the countries in which the customers of our operating entities are located or conduct business or both.

In addition, operating costs can be influenced by a wide range of factors, many of which may not be under the control of the owner/operator, including the need to comply with the directives of central and local government authorities. For example, in the case of our utility, transport and midstream operations, we cannot predict the impact of future economic conditions, energy conservation measures, alternative fuel requirements, or governmental regulation all of which could reduce the demand for or availability of commodities our transport and midstream operations rely upon, most notably coal and natural gas. It is difficult to predict government policies and what form of laws and regulations will be adopted or how they will be construed by the relevant courts, or to the extent which any changes may adversely affect us. For example, in Europe the withdrawal of the United Kingdom from the European Union and military tensions and conflict in Eastern Europe could contribute to further global economic uncertainty and could significantly disrupt the free movement of goods, services, and people, as well as potential higher costs of conducting business in Europe and have a material adverse effect on our business, financial condition and results of operations.

The Financial Conduct Authority (the “FCA”) in the United Kingdom ceased compelling banks to submit rates for the calculation of LIBOR in 2021. In response, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee which identified the Secured Overnight Financing Rate (“SOFR”) as its preferred alternative to USD-LIBOR in derivatives and other financial contracts. In November 2020, the ICE Benchmark Administration Limited, the benchmark administrator for USD LIBOR rates, proposed extending the publication of certain commonly-used USD LIBOR settings until June 30, 2023 and the FCA issued a statement supporting such proposal. It is not possible to predict the effect of these changes, including when LIBOR will cease to be available or when there will be sufficient liquidity in the SOFR markets.

Our group has outstanding debt and derivatives with variable rates that are indexed to LIBOR. The discontinuance of, or changes to, benchmark interest rates may require adjustments to agreements to which we and other market participants are parties, as well as to related systems and processes. In the transition from the use of LIBOR to SOFR or other alternatives, uncertainty exists as to the extent and manner of future changes may result in interest rates and/or payments that are higher than or lower than or that do not otherwise correlate over time with the interest rates and/or payments that would have been made on our obligations if LIBOR was available in its current form. Use of alternative interest rates or other LIBOR reforms could result in increased volatility or a tightening of credit markets which could adversely affect our ability to obtain cost-effective financing. In addition, the transition of our existing LIBOR financing agreements to alternative benchmarks may result in unanticipated changes to the overall interest rate paid on our liabilities.

We may be exposed to natural disasters, weather events, uninsurable losses and force majeure events.

Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including but not limited to acts of God, fires, floods, earthquakes, wars, epidemics and labor strikes. The assets of our infrastructure businesses are exposed to unplanned interruptions caused by significant catastrophic events such as cyclones, landslides, explosions, terrorist attacks, war, floods, earthquakes, fires, major plant breakdowns, pipeline or electricity line ruptures, accidents, extreme weather events or other disasters. Operational disruption, as well as supply disruption, could adversely affect the cash flow available from these assets. In addition, the cost of repairing or replacing damaged assets could be considerable and could give rise to third-party claims. In some cases, project agreements can be terminated if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable time period. Repeated or prolonged interruption may result in a permanent loss of customers, substantial litigation, damage, or penalties for regulatory or contractual non-compliance. Moreover, any loss from such events may not be recoverable in whole or in part under relevant insurance policies. Business interruption insurance is not always available, or available on reasonable economic terms to protect the business from these risks.

Given the nature of the assets operated by our operating entities, we may be more exposed to risks in the insurance market that lead to limitations on coverage and/or increases in premium. For example, many components of our South American toll roads are not insured or not fully insured against losses from earthquakes and our North American gas transmission operation, our Australian distribution operations and our European regulated distribution operations self-insure the majority of their line and pipe assets. Therefore, the occurrence of a major or uninsurable event could have a material adverse effect on financial performance. Even if such insurance were available, the cost may be prohibitive. The ability of the operating entities to obtain the required insurance coverage at a competitive price may have an impact on the returns generated by them and accordingly the returns we receive.

For example, our regulated energy distribution businesses generate revenue based on the volume transmitted through their systems. Weather that deviates materially from normal conditions could impact these businesses. A number of our businesses may be adversely impacted by extreme weather. Our Australian rail operation transports grain on its system, for which it is contracted on a volume basis. A drought could have a material negative impact on revenue from grain transportation.

Performance of our operating entities may be harmed by future labor disruptions and economically unfavorable collective bargaining agreements.

Several of our current operations or other business operations have workforces that are unionized or that in the future may become unionized and, as a result, are required to negotiate the wages, benefits and other terms with many of their employees collectively. If an operating entity were unable to negotiate acceptable contracts with any of its unions as existing agreements expire, it could experience a significant disruption of its operations, higher ongoing labor costs and restrictions on its ability to maximize the efficiency of its operations, which could have a material adverse effect on its business, financial condition and results of operations.

In addition, in some jurisdictions where we have operations, labor forces have a legal right to strike, which may have an impact on our operations, either directly or indirectly, for example if a critical upstream or downstream counterparty was itself subject to a labor disruption which impacted our ability to operate.

Our operations are exposed to occupational health and safety and accident risks.

Infrastructure projects and operational assets are highly exposed to the risk of accidents that may give rise to personal injury, loss of life, disruption to service and economic loss. Some of the tasks undertaken by employees and contractors are inherently dangerous and have the potential to result in serious injury or death.

Our operating entities are subject to laws and regulations governing health and safety matters, protecting both members of the public and their employees and contractors. Occupational health and safety legislation and regulations differ in each jurisdiction. Any breach of these obligations, or serious accidents involving our employees, contractors or members of the public could expose them to adverse regulatory consequences, including the forfeit or suspension of operating licenses, potential litigation, claims for material financial compensation, reputational damage, fines or other legislative sanction, all of which have the potential to impact the results of our operating entities and our ability to make distributions. Furthermore, where we do not control a business, we have a limited ability to influence health and safety practices and outcomes.

Many of our operations are subject to economic regulation and may be exposed to adverse regulatory decisions.

Due to the essential nature of some of the services provided by our assets and the fact that some of these services are provided on a monopoly or near monopoly basis, many of our operations are subject to forms of economic regulation. This regulation can involve different forms of price control and can involve ongoing commitments to economic regulators and other governmental agencies. The terms upon which access to our facilities is provided, including price, can be determined or amended by a regulator periodically. Future terms to apply, including access charges that our operations are entitled to charge, cannot be determined with any certainty, as we do not have discretion as to the amount that can be charged. New legislation, regulatory determinations or changes in regulatory approaches may result in regulation of previously unregulated businesses or material changes to the revenue or profitability of our operations. In addition, a decision by a government or regulator to regulate non-regulated assets may significantly and negatively change the economics of these businesses and the value or financial performance of Brookfield Infrastructure. For example, a 2010 regulatory action taken by the Federal Energy Regulatory Commission (“FERC”) saw a significant reduction in annual cash flow expectations of our North American gas transmission operations. A similar periodic regulatory reset resulting in a decline in annual cash flows occurred at our Australian export terminal in 2016.

Our infrastructure business is at risk of becoming involved in disputes and possible litigation.

Our infrastructure business is at risk of becoming involved in disputes and possible litigation, the extent of which cannot be ascertained. Any material or costly dispute or litigation could adversely affect the value of the assets or future financial performance of Brookfield Infrastructure. In addition, as a result of the actions of the Holding Entities or the operating entities, Brookfield Infrastructure could be subject to various legal proceedings concerning disputes of a commercial nature, or to claims in the event of bodily injury or material damage. The final outcome of any proceeding could have a negative impact on the business, financial condition or results of operations of Brookfield Infrastructure during a given quarter or financial year.

Our ability to finance our operations is subject to various risks relating to the state of the capital markets.

Our financing strategy involves both the issuance of partnership level equity, the issuance of corporate debt and the issuance of BIPC exchangeable shares. For example, in November 2021, we issued 9,476,900 units and 2,140,000 BIPC exchangeable shares in a public offering in the United States and Canada, together with an additional 7,104,300 Redeemable Partnership Units to Brookfield in a concurrent private placement, with aggregate gross proceeds from these offerings totaling approximately \$1.09 billion. In January 2021, we issued 8,000,000 Class A Preferred Limited Partnership Units at \$25.00 per unit, with gross proceeds from this offering totaling approximately \$200 million. In May 2021, we issued (through a finance subsidiary) \$250 million of fixed rate subordinated notes due 2081. In January 2022, we issued (through a subsidiary) \$300 million of fixed rate perpetual subordinated notes.

We have corporate debt and limited recourse project level debt, the majority of which is non-recourse that will need to be replaced from time to time. Our financings may contain conditions that limit our ability to repay indebtedness prior to maturity without incurring penalties, which may limit our capital markets flexibility. As such, a number of risks arise with respect to refinancing our existing indebtedness, including, among other factors, dependence on continued operating performance of our assets, future electricity market prices, future capital markets conditions, the level of future interest rates and investors' assessment of our credit risk at such time. In addition, certain of our financings are, and future financings may be exposed to floating interest rate risks, and if interest rates increase, an increased proportion of our cash flow may be required to service indebtedness.

Future acquisitions, development and construction of new facilities and other capital expenditures, including those arising from our committed backlog of organic growth projects, will be financed out of cash generated from our operations, borrowings and possible future sales of equity. Further, we may look to finance transactions through our capital recycling program, resulting in the disposition of certain of our assets. As a large portion of our capital is invested in physical assets and securities, relying on capital recycling as a means of financing could be difficult, as such assets can be hard to sell, especially if market conditions are poor. A lack of liquidity could limit our ability to vary our portfolio or assets promptly in response to changing economic or investment conditions. Additionally, if financial or operating difficulties of other owners result in distress sales, such sales could depress asset values in the markets in which we operate.

In addition to the above, our ability to obtain financing to finance our growth is dependent on, among other factors, the overall state of the capital markets, continued operating performance of our assets, future electricity market prices, the level of future interest rates and investors' assessment of our credit risk, and perceived environmental and social governance risk, at such time, and investor appetite for investments in infrastructure assets in general and in our securities in particular. To the extent that external sources of capital become limited or unavailable or available on onerous terms, our ability to fund acquisitions and make necessary capital investments to construct new or maintain existing facilities will be impaired, and as a result, our business, financial condition, results of operations and prospects may be materially adversely affected.

Changes in our credit ratings may have an adverse effect on our financial position and ability to raise capital.

We cannot assure you that any credit rating assigned to us or any of our subsidiaries' debt securities will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such ratings may have an adverse effect on our financial position and ability to raise capital.

We may suffer a significant loss resulting from fraud, bribery, corruption other illegal acts, inadequate or failed internal processes or systems, or from external events.

We may suffer a significant loss resulting from fraud, bribery, corruption, other illegal acts by our employees or those of Brookfield (including those in parts of the Brookfield group that do not engage or interact with Brookfield Infrastructure), inadequate or failed internal processes or systems, or from external events, such as security threats affecting our ability to operate. Both Brookfield and our partnership operate in different markets and rely on our employees to follow our policies and processes as well as applicable laws in their activities. Risk of illegal acts or failed systems is managed through our infrastructure, controls, systems and people, complemented by a focus on enterprise-wide management of specific operational risks such as fraud, bribery and corruption, as well as personnel and systems risks. Specific programs, policies, standards and methodologies have been developed to support the management of these risks. However, these cannot guarantee that such conduct does not occur and if it does, it can result in direct or indirect financial loss, reputational impact or regulatory consequences.

New regulatory initiatives related to ESG could adversely impact our business.

While we believe that regulatory initiatives and market trends towards an increased focus on ESG are generally beneficial to our partnership, any such regulatory initiatives also have the potential to adversely impact us. For example, regulatory initiatives seeking to reorient investment toward sustainability by regulating green financial products could have the effect of increasing disclosure requirements around ESG and prescribing approaches to ESG policies that are inconsistent with our current practices.

If regulators disagree with the ESG disclosures that we make, we may face regulatory enforcement action, and our business or reputation could be adversely affected. There is also a risk that a significant reorientation in the market following the implementation of any such measures could be adverse to our business if we are perceived to be presenting a product or business as having green or sustainable characteristics where this is not, in fact, the case (i.e., “greenwashing”). Additionally, compliance with any new regulations or laws generally increases our regulatory burden and could make compliance more difficult and expensive thereby adversely impacting our financial position.

We may not be able to identify and assess all potential human rights impacts of our business activities.

While we pride ourselves on our commitment to ethical business practices and the controls, policies and practices that we have in place with respect to such practices, we may not be able to identify and assess all potential human rights impacts of our investment activities, operations and supply chain. Any potential human rights abuses that occur and are in any way associated with our business, whether through third-party business relationships or otherwise, could have an adverse impact on our reputation, as well as present legal, and financial risks.

ITEM 4. INFORMATION ON THE COMPANY

4.A HISTORY AND DEVELOPMENT OF BROOKFIELD INFRASTRUCTURE

Overview

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 Infrastructure has appointed the Service Provider to provide certain management, administrative and advisory services for a fee under the Master Services Agreement. Brookfield's economic interest in our partnership is approximately 27.2% on a fully-exchanged basis.

Our mission is to own and operate a globally diversified portfolio of high quality infrastructure assets that will generate sustainable and growing distributions over the long-term for our unitholders. To accomplish this objective, we will seek to leverage our operating segments to acquire infrastructure assets and actively manage them to extract additional value following our initial investment. As the businesses mature and cash flows have been de-risked, we seek to recycle capital and re-invest in assets that are expected to generate higher returns. An integral part of our strategy is to participate along with institutional investors in Brookfield-sponsored infrastructure funds that target acquisitions that suit our profile. We focus on investments in which Brookfield has sufficient influence or control to deploy an operations-oriented approach.

We target a total return of 12% to 15% per annum on the infrastructure assets that we own, measured over the long-term. We intend to generate this return from the in-place cash flows of our operations as well as growth through investments in upgrades and expansions of our asset base, as well as acquisitions. We determine our distributions to unitholders based primarily on an assessment of our operating performance. FFO is used to assess our operating performance and can be used on a per unit basis as a proxy for future distribution growth over the long-term. See Item 5 "Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Condition and Results of Operations" for more detail.

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

On March 31, 2020, our partnership completed the previously announced creation of BIPC, with a special distribution of BIPC exchangeable shares. Each of our unitholders of record on March 20, 2020 received one BIPC exchangeable share for every nine units held. As a result of the special distribution, our partnership's regular quarterly distribution per unit was reduced such that the aggregate distribution received by a holder of units and BIPC exchangeable shares, when taken together, remained approximately the same as it would have been had the special distribution never occurred. Therefore, the annual distribution in 2020 was \$1.94 per unit.

On February 1, 2022, the board of directors of our General Partner approved a 6% increase in our quarterly distribution to \$0.54 per unit (or \$2.16 per unit annualized) with an identical increase approved by the board of directors of BIPC to holders of BIPC exchangeable shares. Distributions have grown at a compound annual growth rate of 9% over the last 10 years. We target a 5% to 9% annual distribution increase in light of the growth that we foresee in our operations.

Please refer to Item 3.D “Risk Factors—Risks Relating to Our Partnership Structure—We may not be able to continue paying comparable or growing cash distributions to our unitholders in the future.”.

The U.S. Securities and Exchange Commission (the “SEC”) maintains an Internet site that contains reports, proxy and information statements, and other information relating to Brookfield Infrastructure. The site is located at <http://www.sec.gov>. Similar information can also be found at <https://bip.brookfield.com>. The information on our website is not part of this annual report on Form 20-F.

History and Development of our Business

Our partnership, Brookfield Infrastructure Partners L.P., is a Bermuda exempted limited partnership that was established on May 21, 2007 under the provisions of the Bermuda Exempted Partnership Act of 1992 (“Bermuda Exempted Partnerships Act”) and the Bermuda Limited Partnership Act. Our registered office is 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda and our telephone number at this address is +1-441-294-3309. Our partnership was spun-off from Brookfield on January 31, 2008.

The following table outlines the formative events in the history and development of our business. Descriptions reflect the facts and circumstances of each event using information available at the time of reporting. Descriptions related to events prior to the current fiscal year may not be reflective of our partnership’s current operations:

Date	Segment	Event
May 2007	Corporate:	Prior to the spin-off, Brookfield acquired the following: (i) a 100% interest in our North American electricity transmission operations in 1982; (ii) a 50% interest in our Canadian freehold timberlands in May 2005; (iii) a 28% interest in our Chilean electricity transmission operation in June 2006; (iv) 7%-18% interests in TBE, a group of five related transmission investments in Brazil in 2006; and (v) a 100% interest in our U.S. freehold timberlands in April 2007.
May 2007	Utilities:	Our Chilean electricity transmission operation was acquired by Brookfield on June 30, 2006 by a consortium of buyers led by Brookfield. As part of the stock purchase agreement between the parties, the buyers agreed to pay a purchase price adjustment of \$160 million that was determined on April 4, 2008 following the final resolution of the 2006 transmission rate proceeding. In conjunction with our funding of this purchase price adjustment, our ownership in our Chilean electricity transmission operation increased to approximately 18% from approximately 11% at the time of the spin-off.
May 2007	Utilities & Timber:	In conjunction with the spin-off, Brookfield contributed to us the following interests in our utilities and timber operations: (i) a 100% interest in our North American electricity transmission operations; (ii) a 38% interest in our Canadian freehold timberlands; (iii) an 11% interest in our Chilean electricity transmission operation; (iv) 7%-18% interests in TBE; and (v) a 30% interest in our U.S. freehold timberlands.
January 2008	Corporate:	On January 31, 2008, our partnership was spun off from Brookfield and our units began trading on the NYSE under the symbol “BIP”.
November 2008	Timber:	On November 4, 2008, we invested \$103 million into our U.S. freehold timberlands. The proceeds were used to partially fund the add-on acquisition of a 67,661 acre tree farm in Washington for \$163 million and repay an outstanding bridge loan whose principal amount was approximately \$250 million.

Date	Segment	Event
January 2009	Utilities:	In January 2009, Brookfield and its partner Isolux, through their joint venture company, Wind Energy Texas Transmission LLC (“WETT”), were awarded the right to build \$500 million of transmission lines in Texas to facilitate the delivery of wind power to population centers as part of the Texas Competitive Renewable Energy Zones program. In the third quarter of 2009, Brookfield contributed its interest in WETT to a Brookfield sponsored infrastructure fund in which we own an interest. Upon finalization of the route selection and determination of the number of substations that comprise our system, this investment opportunity increased to approximately \$750 million.
June 2009	Utilities:	On June 30, 2009, we completed the sale of our interest in our Brazilian transmission operations for after-tax proceeds of \$275 million, including proceeds from foreign exchange currency hedges. The sale resulted in the recognition of an approximately \$68 million after-tax gain over book value.
September 2009	Corporate:	On September 10, 2009, our partnership’s units commenced trading on the TSX under the symbol “BIP.UN”.
November 2009	Corporate:	On November 20, 2009, we invested \$941 million to acquire an interest in Prime, and direct interests in two assets from Prime (collectively, the “BBI Transaction”). In total, our investment in Prime was part of a comprehensive recapitalization in which Prime raised over \$1.6 billion from our partnership, Brookfield and other investors to repay debt. The first direct investment was in a U.K. port operation, which is one of the largest in the U.K. The second investment was an economic interest in an Australian terminal operation, one of the largest coal export terminals in the world. Our interests in North American gas transmission operations, Australian regulated distribution operations, U.K. regulated distribution operations, European energy distribution operations, Australian energy distribution operations, Australian rail operations, European port operations and an additional interest in the Australian terminal operations were held through Prime.
November 2009	Corporate:	Our participation in the BBI Transaction was financed in part by a public offering of 40.7 million units at a price of C\$15.55 per unit that closed in November 2009. The net proceeds of the public offering, inclusive of the exercise of the underwriters’ over-allotment option, were approximately C\$601 million. We funded the balance of the \$940 million investment in the BBI Transaction through the issuance of Redeemable Partnership Units and general partner units of the Holding LP to Brookfield at a price of approximately \$13.71 per unit, representing the price of our units issued under the public offering net of underwriting commissions payable by our partnership.
September 2010	Corporate:	On September 20, 2010, Brookfield closed a \$2.7 billion infrastructure fund. Brookfield manages the fund and has committed to the fund’s total capital commitments, with Brookfield Infrastructure participating in the fund to the extent target acquisitions suit Brookfield Infrastructure’s profile.
December 2010	Corporate:	On December 8, 2010, Brookfield Infrastructure increased its ownership of Prime from 40% to 100% through a Merger Transaction whereby Prime security holders received 0.24 of our units per Prime security held and a special distribution of A\$0.20 per Prime security. Pursuant to the merger, approximately 50.7 million units were issued, including 0.9 million Redeemable Partnership Units to Brookfield.

Date	Segment	Event
October 2011	Corporate:	On October 26, 2011, Brookfield Infrastructure issued approximately 19.4 million units at \$24.75 per unit in public offerings in the United States and Canada. Brookfield acquired approximately 8.3 million Redeemable Partnership Units at the offering price net of commissions to maintain its interest assuming exchange of the Redeemable Partnership Units. Net proceeds from this equity offering totaled approximately \$657 million. The proceeds were used to fund an equity investment in our Australian rail operation, including the pay down of our corporate credit facility, which had been primarily drawn to fund the investment in our rail expansion program, and a \$160 million investment in Chilean toll road assets.
December 2011	Transport:	On December 15, 2011 we invested approximately \$160 million to purchase an ownership stake in two related Chilean toll road assets comprised of a 33 kilometer toll road and tunnel that form part of a key ring road in the transportation network of Santiago, Chile. The toll road and tunnel are long-life assets that have concessions with expirations in 2033 and 2037, respectively.
January 2012	Utilities:	On January 27, 2012, we purchased an ownership interest in a Colombian regulated distribution utility. This utility serves a predominantly residential load in Boyacá, a region of 1.3 million inhabitants located 150 kilometers north of Bogotá.
April 2012	Midstream:	On April 27, 2012, we purchased an ownership interest in a natural gas storage facility in northeastern Alberta for \$16 million.
August 2012	Corporate:	In August 2012, Brookfield Infrastructure issued approximately 11.1 million units at an offering price of \$33.25 per unit in public offerings in the United States and Canada. Brookfield acquired approximately 4.4 million Redeemable Partnership Units at the offering price net of commissions to maintain its interest assuming exchange of the Redeemable Partnership Units. Net proceeds from this equity offering totaled \$497 million. The net proceeds were used by Brookfield Infrastructure to partially fund several strategic initiatives further described below.
October 2012	Utilities:	On October 1, 2012, Brookfield Infrastructure acquired Brookfield's interest in its Chilean transmission system for \$235 million. Following this transaction, Brookfield Infrastructure's ownership interest was 28%.
October 2012	Transport:	On October 1, 2012, we closed the acquisition of an additional interest in our Chilean toll road for \$170 million, increasing our ownership to 51%.
October 2012	Corporate:	On October 10, 2012, Brookfield Infrastructure issued C\$400 million of five-year corporate bonds in the Canadian market with a 3.5% interest rate, which was swapped into U.S. dollars at an effective interest rate of 2.7%. Proceeds were used primarily to refinance holding company debt.
October 2012	Utilities:	On October 31, 2012, we invested approximately \$75 million in a district energy system that serves commercial customers in downtown Toronto, which we acquired in partnership with institutional investors.
November 2012	Utilities:	On November 13, 2012, we completed the merger of our existing U.K. regulated distribution business with a U.K. regulated distribution business that we acquired in the third quarter of 2012. In conjunction with the merger, we invested \$525 million of equity to recapitalize the combined business. On November 30, 2012, Brookfield Infrastructure closed the sale of a 20% interest in the combined business to an institutional investor for proceeds of approximately \$235 million.

Date	Segment	Event
December 2012	Transport:	On December 4, 2012, Brookfield Infrastructure purchased a controlling interest in a Brazilian toll road platform, along with Abertis Infraestructuras and institutional partners. As required by law, Brookfield Infrastructure and its partners made a tender offer to acquire the interests of the minority holders of the Brazilian toll roads, which resulted in Brookfield Infrastructure acquiring an additional interest in the Brazilian toll road business in September 2013.
December 2012	Corporate:	In December, 2012, Brookfield Infrastructure closed an upsizing of its corporate credit facilities, increasing commitments to \$855.6 million from \$700 million. Following a second close in January 2013, commitments increased to \$900 million. The incremental \$200 million of commitments have substantially the same terms as the previous facilities.
December 2012	Timber:	On December 31, 2012, Brookfield Infrastructure completed its sale of a 12.5% interest of its Canadian timberlands for \$85 million, and retained a 25% interest in this business.
May 2013	Corporate:	In May 2013, Brookfield Infrastructure issued approximately 6.6 million units at an offering price of \$37.75 per unit in public offerings in the United States and Canada. Brookfield acquired approximately 2.6 million Redeemable Partnership Units at the offering price net of commissions in order to maintain its interest assuming exchange of the Redeemable Partnership Units. Net proceeds from this equity offering totaled approximately \$330 million. The proceeds were used for the repayment of amounts outstanding under revolving credit facilities, investment opportunities, working capital and other general corporate purposes.
June 2013	Timber:	On June 7, 2013, Brookfield Infrastructure completed the sale of its remaining 25% interest in its Canadian timberlands for proceeds of approximately \$170 million.
July 2013	Timber:	On July 23, 2013, Brookfield Infrastructure completed the sale of its interest in its U.S. Pacific Northwest timberlands for approximately \$790 million. The buyer agreed to assume debt attributable to Brookfield Infrastructure of approximately \$320 million resulting in net proceeds from the transaction of approximately \$470 million.
August 2013	Corporate:	In August 2013, Brookfield Infrastructure closed an upsizing of its corporate credit facilities, increasing commitments to \$1.4 billion. The incremental \$545 million of commitments have substantially the same terms as the previous facilities.
September 2013	Transport:	On September 6, 2013, Brookfield Infrastructure invested approximately \$490 million in its Brazilian toll road platform, increasing its ownership to approximately 31%.
October 2013	Corporate:	On October 30, 2013, Brookfield closed a \$7 billion infrastructure fund. Brookfield manages the fund and has committed to the fund's total capital commitments, with Brookfield Infrastructure participating in the fund to the extent target acquisitions suit Brookfield Infrastructure's profile.
November 2013	Utilities:	On November 29, 2013, Brookfield Infrastructure announced that it completed the sale of its 42% interest in its Asia Pacific regulated distribution business for approximately \$415 million.
December 2013	Utilities:	On December 2, 2013, Brookfield Infrastructure invested approximately \$40 million in a district energy system that serves commercial customers in New Orleans and Houston, which we acquired in partnership with institutional investors. Brookfield Infrastructure owns an approximate 40% interest in the business.

Date	Segment	Event
March 2014	Transport:	On March 26, 2014, Brookfield Infrastructure acquired alongside institutional investors an approximate 50% equity stake in Mitsui O.S.K. Lines, Ltd. container terminals in Los Angeles and Oakland, of which Brookfield Infrastructure invested 40% for a total investment of approximately \$125 million.
March 2014	Corporate:	On March 28, 2014, Brookfield Infrastructure effected a restructuring pursuant to which the Holding LP's limited partnership agreement was amended to make our partnership the managing general partner of the Holding LP and to make the Infrastructure Special LP, the former general partner of the Holding LP, a special limited partner of the Holding LP. This change was made in order to simplify the Holding LP's governance structure and to more clearly delineate our partnership's governance rights in respect of the Holding LP. As a result, the voting agreement between Brookfield Infrastructure and Brookfield, which required Brookfield to exercise certain of its voting rights in respect of the Holding LP's former general partner as directed by Brookfield Infrastructure, was terminated and related changes were made to our Limited Partnership Agreement and the Master Services Agreement. Because Brookfield is a party to these agreements, all of the amendments were approved by a special committee of independent directors of the General Partner and the former general partner of the Holding LP. The economic interests of Brookfield Infrastructure were not affected by these changes.
August 2014	Utilities:	On August 7, 2014, Brookfield Infrastructure invested alongside institutional investors to acquire two district energy businesses serving Chicago and Las Vegas, and on November 21, 2014, Brookfield Infrastructure invested alongside institutional investors to acquire a district energy business serving Seattle. Brookfield Infrastructure invested approximately \$50 million in aggregate for the three businesses and it owns an approximate 40% interest in each business.
August 2014	Transport:	On August 19, 2014, Brookfield Infrastructure invested approximately \$370 million, alongside institutional investors to acquire an approximately 11% interest in VLI, one of Brazil's largest rail and port logistics businesses.
August 2014	Corporate:	In August 2014, Brookfield Infrastructure closed an extension of its corporate credit facilities to June 30, 2019 and decreased the annual interest rate spread applicable on LIBOR and the unused commitment fee to 120 basis points and 18 basis points, respectively.
December 2014	Midstream:	On December 3, 2014, Brookfield Infrastructure acquired alongside institutional investors a 50% interest in Tres Palacios Gas Storage in Texas for approximately \$100 million, of which Brookfield Infrastructure invested approximately \$40 million.
December 2014	Midstream:	On December 31, 2014, Brookfield Infrastructure acquired alongside institutional investors a 100% stake in Lodi Gas Storage in California for approximately \$105 million, of which Brookfield Infrastructure invested approximately \$40 million.
March 2015	Corporate:	On March 11, 2015, Brookfield Infrastructure issued C\$450 million of seven-year corporate bonds in the Canadian market with a 3.5% interest rate, which was swapped into \$360 million on a matched maturity basis at an effective rate of 3.9%. Proceeds were used for general corporate purposes, including to fund new investments that were previously announced and repay amounts outstanding under credit facilities.

Date	Segment	Event
March 2015	Corporate:	On March 12, 2015, our Limited Partnership Agreement was amended to permit the authorization and issuance of preferred units, authorize and create the Class A Preferred Units and to make certain consequential changes resulting from such authorization and creation.
March 2015	Corporate:	On March 12, 2015, our partnership issued 5 million Series 1 Preferred Units at an offering price of C\$25.00 per Series 1 Preferred Unit in a public offering in Canada. Our Partnership acquired 5 million Holding LP Series 1 Preferred Units at the offering price. Holders of the Series 1 Preferred Units and Holding LP Series 1 Preferred Units were entitled to receive a cumulative quarterly fixed distribution at a rate of 4.50% annually for the initial period ending June 30, 2020; thereafter the annual fixed distribution rate for each 5-year fixed rate period will be the sum of the Government of Canada bond yield plus 3.56%. Proceeds were used for general corporate purposes, including to fund new investments that were previously announced and repay amounts outstanding under credit facilities. Net proceeds from this offering totaled approximately \$95 million.
March 2015	Data:	On March 31, 2015, Brookfield Infrastructure, through a Brookfield sponsored fund, acquired a 21% interest in TDF, a European telecommunications infrastructure operation, for approximately \$415 million.
April 2015	Corporate:	In April 2015, Brookfield Infrastructure issued approximately 13.4 million units at an offering price of \$45.00 per unit in public offerings in the United States and Canada. Brookfield acquired approximately 8.1 million Redeemable Partnership Units at the offering price net of commissions in order to maintain its interest in our partnership. Net proceeds from this equity offering totaled approximately \$926 million. The proceeds were used for the repayment of amounts outstanding under revolving credit facilities, investment opportunities, working capital and other general corporate purposes.
June 2015	Corporate:	On June 12, 2015, Brookfield Infrastructure amended its corporate credit facilities to, among other things, effect an extension of those corporate credit facilities to June 30, 2020.
June 2015	Midstream:	In June 2015, Brookfield Infrastructure, along with institutional partners, signed definitive agreements to acquire all of the outstanding common units of Rockpoint Gas Storage Partners LLC (“Rockpoint”). The total equity investment for all parties was \$175 million of which Brookfield Infrastructure agreed to invest approximately \$70 million for an effective 40% ownership stake.
August 2015	Utilities:	On August 21, 2015, Brookfield Infrastructure completed the sale of its 23% interest in its New England electricity transmission operation for gross proceeds of approximately \$65 million and net proceeds of approximately \$28 million.
October 2015	Corporate:	On October 30, 2015, Brookfield Infrastructure issued two tranches of corporate bonds in the Canadian market: C\$125 million of three-year bonds with a 3.0% interest rate and C\$375 million of five-year bonds with an interest rate of 3.5%. The three-year and five-year bonds were swapped into a combined \$378 million bond on a matched maturity basis at an effective rate of 3.8%. The proceeds were used for investment opportunities, working capital and other general corporate purposes.

Date	Segment	Event
November 2015	Transport:	On November 5, 2015, an Australian subsidiary of our partnership acquired 188 million shares in Asciano Limited representing a 14.9% interest. Concurrently, the subsidiary entered into arrangements to acquire an indirect economic interest of an additional 4.3%, for a total direct and indirect interest of 19.3%. Total consideration paid for the interest in Asciano Limited was approximately \$1.2 billion, with Brookfield Infrastructure's share of that investment being approximately \$900 million.
December 2015	Corporate:	On December 8, 2015 our partnership issued 5 million Series 3 Preferred Units at an offering price of C\$25.00 per Series 3 Preferred Unit in a public offering in Canada. Our Partnership acquired 5 million Holding LP Series 3 Preferred Units at the offering price. Holders of the Series 3 Preferred Units and Holding LP Series 3 Preferred Units were entitled to receive a cumulative quarterly fixed distribution at a rate of 5.50% annually for the initial period ending December 31, 2020; thereafter the annual fixed distribution rate for each 5-year period will equal the greater of (i) the sum of the Government of Canada bond yield plus 4.53% and (ii) 5.50%. Proceeds were used for investment opportunities, working capital and other general corporate purposes. Net proceeds from this offering totaled approximately \$90 million.
December 2015	Midstream:	On December 10, 2015, Kinder Morgan, Inc and Brookfield Infrastructure jointly acquired, from Myria Holdings, Inc., the 53% equity interest in Natural Gas Pipeline Company of America LLC not already owned by them for a total purchase price of approximately \$242 million. Brookfield Infrastructure paid approximately \$106 million and increased its ownership from 26.5% to 50%.
December 2015	Corporate:	On December 11, 2015, Brookfield Infrastructure closed an upsizing of its corporate credit facilities, increasing commitments to \$1.875 billion. The incremental \$450 million of commitments have substantially the same terms as the previous facilities.
February 2016	Transport:	On February 18, 2016, the takeover bid for Asciano Limited made by our partnership, together with institutional partners, lapsed, following the withdrawal of its recommendation by the board of directors of Asciano Limited. This change of recommendation triggered an A\$88 million payment to the Brookfield consortium.
March 2016	Transport:	On March 1, 2016, Brookfield Infrastructure expanded its toll road business through the acquisition of a 40% interest in a toll road business in India from Gammon Infrastructure Projects Limited for consideration of \$42 million through a Brookfield-sponsored infrastructure fund.
March 2016	Corporate:	On March 29, 2016, Brookfield Infrastructure closed an upsizing of its corporate credit facilities, increasing commitments to \$1.975 billion. The incremental \$100 million of commitments have substantially the same terms as the previous facilities. These corporate credit facilities continue to be available to provide short-term liquidity for investments and acquisitions as well as general corporate purposes.
April 2016	Midstream:	On April 7, 2016, Brookfield Infrastructure and its partner in its North American gas transmission operation each injected \$312 million into the business to pay down operating level debt.

Date	Segment	Event
May 2016	Transport:	In May 2016, Brookfield Infrastructure, alongside an institutional investor and a partner in the business, executed a privatization of its Brazilian toll road operation. The privatization resulted in our partnership's ownership interest increasing from 40% to 48% in exchange for cash consideration of \$73 million. Subsequent to the privatization, Brookfield Infrastructure, alongside an institutional partner, injected \$114 million into the Brazilian toll road operation for growth capital expenditure requirements.
May 2016	Midstream:	On May 26, 2016, Brookfield Infrastructure completed the sale of its 100% interest in its European midstream distribution operation to a third party for gross proceeds of approximately \$135 million and net proceeds of approximately \$127 million.
June 2016	Corporate:	On June 17, 2016, Brookfield Infrastructure amended its corporate credit facilities to, among other things, effect an extension of those corporate credit facilities to June 30, 2021.
June 2016	Transport:	On June 28, 2016, Brookfield Infrastructure acquired a 17% interest in Rutas de Lima S.A.C, through a Brookfield-sponsored infrastructure fund, for total consideration of \$127 million, comprised of \$118 million of cash and an amount payable of \$9 million.
June 2016	Utilities:	In June 2016, Brookfield Infrastructure and its partners agreed to construct approximately 2,800 kilometers of greenfield transmission lines in Brazil and establish a business with substantial scale in the country. These are long-life, 30-year concession assets that earn cash flows under a stable, availability-based regulatory framework.
July 2016	Corporate:	On July 8, 2016, Brookfield closed a \$14 billion infrastructure fund. Brookfield manages the fund and has committed \$4 billion to the fund's total capital commitments, with Brookfield Infrastructure participating in the fund to the extent target acquisitions suit Brookfield Infrastructure's investment profile.
July 2016	Midstream:	On July 19, 2016, Brookfield Infrastructure acquired a 40% interest in Rockpoint for consideration of \$227 million through a Brookfield-sponsored infrastructure fund. This consideration was comprised of \$141 million of Rockpoint senior notes currently owned by Brookfield Infrastructure, which Brookfield Infrastructure paid \$104 million to acquire, \$19 million of a working capital credit facility provided to Rockpoint by Brookfield Infrastructure prior to the acquisition date, and cash of \$67 million.
August 2016	Corporate:	On August 2, 2016, our partnership issued 10 million Series 5 Preferred Units at an offering price of C\$25.00 per Series 5 Preferred Unit in a public offering in Canada. Our partnership acquired 10 million Holding LP Series 5 Preferred Units at the offering price. Holders of the Series 5 Preferred Units and Holding LP Series 5 Preferred Units were entitled to receive a cumulative quarterly fixed distribution at a rate of 5.35% annually for the initial period ending September 30, 2021. Proceeds were used for investment opportunities, working capital and other general corporate purposes. Net proceeds from this offering totaled approximately \$186 million.
August 2016	Transport:	On August 18, 2016, Brookfield Infrastructure acquired a 27% interest in Linx Cargo Care and a 13% interest in Patrick Terminals and Logistics from Asciano Limited, through a Brookfield-sponsored infrastructure fund, along with institutional partners, for total consideration of \$145 million and \$202 million, respectively, resulting in the expansion of Brookfield Infrastructure's ports business to Australia.

Date	Segment	Event
September 2016	Corporate:	On September 14, 2016, our partnership completed a three-for-two split of our units by way of a subdivision of units, whereby unitholders received an additional one-half of a unit for each unit held, resulting in the issuance of an additional approximately 115 million units. Any fractional units otherwise issuable to registered holders as a result of the Unit Split were rounded up to the nearest whole unit. Our preferred units were not affected by the Unit Split. The Managing General Partner Units, Special Limited Partner Units and Redeemable Partnership Units of the Holding LP were concurrently split to reflect the Unit Split.
September 2016	Utilities:	On September 23, 2016, Brookfield Infrastructure, together with institutional clients of Brookfield Asset Management announced that they had reached an agreement to acquire a 90% controlling stake in Nova Transportadora do Sudeste S.A. (“NTS”) a system of natural gas transmission assets in the southeast of Brazil owned by Petrobras, for approximately \$5.3 billion.
October 2016	Utilities:	In October 2016, Brookfield Infrastructure and its partners agreed to construct an additional 1,400 kilometers of greenfield transmission lines in Brazil, bringing the total development to 4,200 kilometers. Brookfield Infrastructure will deploy approximately \$300 million during the construction period.
October 2016	Utilities:	On October 31, 2016, we completed the sale of our 100% interest in the Ontario electricity transmission operation to a third party for gross proceeds of approximately C\$370 million and net proceeds of approximately C\$220 million.
December 2016	Corporate:	On December 2, 2016, we issued 15,625,000 units at an offering price of \$32.00 per unit in public offerings in the United States and Canada. In a concurrent private placement, Brookfield acquired 8,139,000 Redeemable Partnership Units at the offering price net of commissions. Gross proceeds from this equity offering totaled approximately \$750 million (\$730 million net of issuance costs). Our partnership used the net proceeds to partially fund its investment in the NTS acquisition and to deploy our backlog of organic growth projects.
December 2016	Transport:	On December 12, 2016, Brookfield Infrastructure invested a further approximately \$124 million in its Brazilian toll road business, increasing its ownership to approximately 49%.
January 2017	Corporate:	On January 26, 2017, our partnership issued 12 million Series 7 Preferred Units at an offering price of C\$25.00 per Series 7 Preferred Unit in a public offering in Canada. Holders of the Series 7 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.00% annually for the initial period ending March 31, 2022. Net proceeds from this offering totaled approximately \$220 million.
February 2017	Corporate:	On February 22, 2017, our partnership completed a C\$300 million corporate bond issuance through a public offering in Canada. Proceeds were used to partially refinance indebtedness that matured in October 2017.
April 2017	Utilities:	On April 4, 2017, Brookfield Infrastructure acquired an effective 28% interest in NTS, a system of natural gas transmission assets in the southeast of Brazil, for \$1.6 billion. \$1.3 billion was due on closing and the balance payable on the fifth anniversary of closing.
April 2017	Corporate:	On April 17, 2017, our partnership completed a C\$400 million corporate bond issuance through a public offering in Canada. Proceeds were used for investment opportunities, working capital and other general corporate purposes and to partially refinance indebtedness that matured in October 2017.

Date	Segment	Event
May 2017	Midstream:	On May 31, 2017, Brookfield Infrastructure and its partner in its North American gas transmission operation each injected \$200 million into the business to pay down operating level debt.
September 2017	Corporate:	On September 15, 2017, our partnership issued 16,628,000 units at an offering price of \$42.10 per unit in public offerings in the United States and Canada. In a concurrent private placement, Brookfield acquired 7,423,000 Redeemable Partnership Units at the offering price net of commissions. Gross proceeds from this equity offering totaled approximately \$1 billion (\$972 million net of issuance costs). Net proceeds were used primarily to fund future investment opportunities and to deploy our backlog of organic growth projects.
October 2017	Transport:	On October 9, 2017, our partnership, alongside an institutional partner, injected approximately \$240 million in our Brazilian toll road operation, increasing our ownership interest to 44.5%.
October 2017	Corporate:	On October 10, 2017, our partnership repaid C\$400 million of medium-term notes issued in 2012.
November 2017	Corporate:	On November 17, 2017, Brookfield Infrastructure, through a Brookfield-sponsored infrastructure fund, reached agreements to acquire at least 15% of Gas Natural SDG, S.A.'s equity interest in its Colombian natural gas distribution and commercialization business Gas Natural, S.A. ESP and certain affiliates ("Gas Natural"). Brookfield Infrastructure agreed to pay approximately \$100 million for this interest.
December 2017	Corporate:	On December 22, 2017, Brookfield Infrastructure, through a Brookfield-sponsored infrastructure fund, acquired an effective 3% interest in Gas Natural, for approximately \$30 million.
January 2018	Corporate:	On January 23, 2018, our partnership issued eight million Series 9 Preferred Units at an offering price of C\$25.00 per unit in a public offering in Canada. Holders of the Series 9 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.00% annually for the initial period ending March 31, 2023. Net proceeds from this offering totaled approximately C\$194 million.
March 2018	Utilities:	On March 15, 2018, Brookfield Infrastructure completed the sale of its 27.8% interest in a Chilean electricity transmission operation to a third party for gross proceeds of approximately \$1.3 billion and net proceeds of approximately \$1.1 billion.
May 2018	Utilities:	On May 15, 2018, Brookfield Infrastructure's Brazilian regulated gas transmission business completed the issuance of approximately \$1.5 billion five-year senior notes in the local market at a rate of approximately 7.1% at the time of issuance. The proceeds of approximately \$440 million were distributed to our partnership.
June 2018	Utilities:	On June 1, 2018, Brookfield Infrastructure acquired an effective 16% interest in Gas Natural, a Colombian natural gas distribution business for \$150 million.
September 2018	Transport:	On September 7, 2018, Brookfield Infrastructure expanded its toll road operations through the acquisition of an effective 29% interest in Simhapuri Expressway Ltd, a toll road business in India, for total consideration of \$53 million. Subsequently, on November 5, 2018, Brookfield Infrastructure acquired an effective 26% interest in Rayalseema Expressway Private Limited, a second toll road business in India, for total consideration of \$5 million.

Date	Segment	Event
September 2018	Corporate:	On September 10, 2018, our partnership completed a C\$500 million corporate bond issuance through a public offering in Canada. Proceeds were used to fund an active pipeline of new investment opportunities and a growing backlog of committed organic growth capital expenditure projects.
September 2018	Corporate:	On September 12, 2018, our partnership issued 10 million Series 11 Preferred Units at an offering price of C\$25.00 per Series 11 Preferred Unit in a public offering in Canada. Holders of the Series 11 Preferred Units are entitled to receive a cumulative quarterly fixed distribution at a rate of 5.10% annually for the initial period ending December 31, 2023. Net proceeds from this offering totaled approximately C\$244 million or \$185 million.
October 2018	Midstream:	On October 1, 2018, Brookfield Infrastructure acquired an effective 29% interest in the provincially regulated portion of Enbridge Inc.'s Western Canadian natural gas gathering and processing business for \$281 million. Under Brookfield Infrastructure's ownership, the business was renamed NorthRiver Midstream Inc.
October 2018	Utilities:	On October 16, 2018, Brookfield Infrastructure acquired an effective 30% interest in Enercare Inc, a North American residential energy infrastructure business, for \$427 million. As part of the transaction, certain Enercare shareholders were given the right to elect to receive, in lieu of cash consideration, 0.5509 Exchange LP Units to be issued by Exchange LP for each share of Enercare. \$232 million of Exchange LP Units, or 5.7 million Exchange LP Units were issued by Exchange LP. The Exchange LP Units provide holders with economic terms that are substantially equivalent to those of our units and are exchangeable, on a one-for-one basis, for our units.
October 2018	Corporate:	On October 30, 2018, our partnership repaid C\$125 million of medium-term notes issued in 2015.
December 2018	Data:	On December 31, 2018, Brookfield Infrastructure acquired an effective 29% interest in AT&T's large-scale, multi-tenant data center portfolio for approximately \$165 million.
January 2019	Data:	On January 4, 2019, Brookfield Infrastructure acquired an effective 29% interest in DCI Data Centers, an Australian data storage business, for approximately \$50 million.
February 2019	Corporate:	On February 5, 2019, a wholly-owned subsidiary of our partnership issued four million Senior Preferred Shares, Series 1 ("Series 1 Shares"), at an offering price of C\$25.00 per share in a public offering in Canada. The Series 1 Shares are fully and unconditionally guaranteed by our partnership and certain of our subsidiaries. Holders of the Series 1 Shares are entitled to receive a cumulative quarterly fixed dividend at a rate of 5.85% annually for the initial period ending March 31, 2024. Net proceeds from this offering totaled approximately C\$97 million or \$73 million.
February 2019	Transport:	On February 7, 2019, Brookfield Infrastructure completed the sale of one third of its interest (approximately 17%) in its Chilean toll roads business for total consideration of approximately \$365 million. Proceeds included a \$200 million distribution from a local financing completed at the business prior to the sale of our interest. Our partnership received \$165 million.
March 2019	Utilities:	On March 22, 2019, Brookfield Infrastructure acquired an effective 24% interest in an Indian cross-country gas pipeline for total consideration of approximately \$225 million.

Date	Segment	Event
March 2019	Data:	On March 29, 2019, Brookfield Infrastructure acquired an effective 12% interest in a Brazilian data center operation, Ascenty Participacoes S.A (“Ascenty”), for approximately \$190 million. Subsequent to the initial acquisition, Brookfield Infrastructure has made additional injections into the business to fund growth capital expenditures.
April 2019	Utilities:	On April 12, 2019, Brookfield Infrastructure, through a Brookfield-sponsored infrastructure fund, acquired an additional 15% interest in Esperanza Transmissora de Energia S.A. (“Esperanza”) for approximately \$10 million. Esperanza owns and operates approximately 500 kilometers of electricity transmission lines in Brazil.
June 2019	Transport:	On June 25, 2019, Brookfield Infrastructure closed the sale of its 40% interest in its European port business for net proceeds of approximately \$135 million.
July 2019	Corporate:	On July 17, 2019, our partnership issued 13,529,750 units at an offering price of \$42.50 per unit in public offerings in the United States and Canada. In a concurrent private placement, Brookfield acquired 6,128,000 Redeemable Partnership Units at the offering price, net of commissions. Gross proceeds from this equity offering totaled approximately \$825 million (\$801 million net of issuance costs). Net proceeds were used primarily to fund an active and advanced pipeline of new investment opportunities and for general working capital purposes.
July 2019	Data:	On July 31, 2019, Brookfield Infrastructure acquired an approximate 12% interest in a New Zealand integrated data provider for approximately \$175 million.
August 2019	Utilities:	On August 8, 2019, Brookfield Infrastructure, through a Brookfield-sponsored infrastructure fund, acquired an additional 15% interest in Odoya Transmissora de Energia S.A (“Odoya”) for approximately \$10 million. Odoya owns and operates approximately 300 kilometers of electricity transmission lines in Brazil.
October 2019	Corporate:	On October 7, 2019, Brookfield Infrastructure Finance ULC issued C\$500 million aggregate principal amount of medium-term notes maturing October 9, 2029 with a coupon of 3.4% per annum. The notes are fully and unconditionally guaranteed by our partnership and certain of our subsidiaries. On November 6, 2019, a portion of the net proceeds were used to early redeem C\$375 million of medium-term notes maturing October 30, 2020.
October 2019	Utilities:	On October 7, 2019 and October 21, 2019, Brookfield Infrastructure acquired a 13% interest in Ramones II Norte and an 11% interest in Ramones II Sur, respectively (collectively, a regulated natural gas transmission business in Mexico) for approximately \$140 million.
November 2019	Utilities:	In November 2019, Brookfield Infrastructure completed the sale of its wholly-owned district energy business in Australia for total consideration of approximately \$275 million.
December 2019	Data:	On December 19, 2019, Brookfield Infrastructure acquired an effective 25% interest in Wireless Infrastructure Group Limited, a U.K. telecom towers operation, for total consideration of approximately \$140 million.

Date	Segment	Event
December 2019	Transport:	On December 30, 2019, Brookfield Infrastructure acquired an effective 9% interest of Genesee & Wyoming Inc. (“G&W”), a rail business based primarily in the United States, in a take-private transaction, for approximately \$500 million. Subsequent to year end, on February 15, 2020, Brookfield Infrastructure completed the sale of the Australian operations of G&W for no gain or loss.
December 2019	Midstream:	On December 31, 2019, Brookfield Infrastructure acquired an effective 29% interest in the federally regulated portion of Enbridge Inc.’s Western Canadian natural gas gathering and processing business for approximately \$245 million.
January 2020	Utilities:	On January 14, 2020, Brookfield Infrastructure sold its 17% interest in its Colombian regulated distribution operation for total consideration of approximately \$90 million.
February 2020	Transport:	On February 6, 2020, Brookfield Infrastructure sold a further 17% interest in its Chilean toll road business for total consideration of approximately \$170 million.
February 2020	Corporate:	On February 6, 2020, Brookfield completed the final close of a \$20 billion infrastructure fund. Brookfield manages the fund and has committed \$5 billion to the fund’s total capital commitments, with Brookfield Infrastructure participating in the fund to the extent target acquisitions suit Brookfield Infrastructure’s investment profile.
March 2020	Corporate:	On March 31, 2020, Brookfield Infrastructure completed a special distribution whereby unitholders as of March 20, 2020 received one BIPC exchangeable share for every nine units held.
April 2020	Corporate:	On April 7, 2020, Brookfield Infrastructure Finance ULC issued C\$400 million aggregate principal amount of medium-term notes. The notes are fully and unconditionally guaranteed by our partnership and certain of our subsidiaries. C\$200 million aggregate principal amount of the medium-term notes mature September 11, 2028 and have a coupon rate of 4.2% per annum. These notes were issued at a premium with an effective interest rate of 4.1% per annum. The remaining C\$200 million aggregate principal amount of medium-term notes mature on October 9, 2029 and have a coupon rate of 3.4% per annum. These notes were issued at a discount with an effective interest rate of 4.1%.
April 2020	Corporate:	On April 14, 2020, the partnership secured an incremental \$1.0 billion syndicated revolving credit facility. The facility matures on April 14, 2022. Loans under this facility accrue interest at LIBOR plus 2.1% during the period prior to April 14, 2021, and 2.2% thereafter. These corporate credit facilities are available to provide short-term liquidity for new investment opportunities and for general working capital purposes.
July 2020	Utilities:	On July 14, 2020, Brookfield Infrastructure sold its 11% interest in its Texas electricity transmission operation for total after-tax consideration of approximately \$60 million.
July 2020	Utilities:	On July 15, 2020, Brookfield Infrastructure acquired an additional 6% interest in our Colombian natural gas transmission operation for total consideration of approximately \$25 million. As a result of the transaction, Brookfield Infrastructure increased its ownership to 21%.
August 2020	Data:	On August 31, 2020, Brookfield Infrastructure acquired an effective 17% interest in an Indian telecom tower operation for total consideration of approximately \$585 million.

Date	Segment	Event
September 2020	Corporate:	On September 1, 2020, Brookfield Infrastructure Finance ULC issued C\$500 million aggregate principal amount of medium-term notes maturing September 1, 2032 with a coupon of 2.9% per annum. The notes are fully and unconditionally guaranteed by our partnership and certain of our subsidiaries. On October 6, 2020, a portion of the proceeds were used to early redeem C\$450 million of medium-term notes maturing March 11, 2022.
September 2020	Corporate:	On September 21, 2020, our partnership issued 8 million inaugural Green Series 13 Preferred Units at an offering price of \$25.00 per unit in a public offering in the United States. Holders of the Series 13 Preferred Units are entitled to receive a cumulative quarterly fixed distribution at a rate of 5.125% per annum. Net proceeds from this offering totaled approximately \$195 million and are in alignment with green bond principles as administered by the International Capital Markets Association (ICMA).
September 2020	Transport:	On September 24, 2020, Brookfield Infrastructure, through a co-controlling interest in a joint venture with Blackstone Infrastructure Partners, acquired a 6% interest in an U.S. liquefied natural gas (“LNG”) export terminal, Cheniere Energy Partners, for approximately \$425 million, inclusive of contingent consideration.
December 2020	Transport	On December 7, 2020, Brookfield Infrastructure sold 22% of its interest in its Australian export terminal for total after-tax consideration of approximately \$55 million. Our 49% retained interest was remeasured using the initial public offering price of approximately \$465 million.
January 2021	Corporate:	On January 21, 2021, our partnership issued 8 million Green Series 14 Preferred Units at an offering price of \$25.00 per unit in a public offering in the United States. Holders of the Series 14 Preferred Units are entitled to receive a cumulative quarterly fixed distribution at a rate of 5.0% per annum. Net proceeds from this offering totaled approximately \$194 million and are in alignment with green bond principles as administered by the ICMA.
February 2021	Corporate:	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. The notes are guaranteed by our partnership and certain of our subsidiaries. The proceeds of the commercial paper issuance are used for general corporate purposes.
February 2021	Utilities:	On February 26, 2021, Brookfield Infrastructure acquired an effective 11% interest in Thermondo GmbH, a European residential distribution business, for total consideration of approximately \$20 million.
February 2021	Utilities:	On February 26, 2021, Brookfield Infrastructure acquired an additional 15% interest in Jose Maria de Macedo de Eletricidade S.A. (“JMM”) for approximately \$20 million. JMM owns and operates approximately 760 kilometers of electricity transmission lines in Brazil.
March 2021	Midstream:	On March 8, 2021, Brookfield Infrastructure sold a 13% interest in our U.S. gas pipeline for net consideration of approximately \$410 million.
April 2021	Utilities:	On April 30, 2021, Brookfield Infrastructure acquired an additional 3% interest in our Brazilian natural gas transmission operation for approximately \$85 million.

Date	Segment	Event
May 2021	Utilities:	On May 12, 2021, our U.K. regulated distribution business sold its smart meters business for gross consideration of approximately \$820 million.
May 2021	Corporate:	On May 24, 2021, Brookfield Infrastructure Finance ULC issued \$250 million aggregate principal amount of fixed rate subordinated notes maturing May 24, 2081 with a coupon of 5.00% per annum. The notes are fully and unconditionally guaranteed by our partnership and are also guaranteed by certain of our subsidiaries.
June 2021	Utilities:	On June 7, 2021, Brookfield Infrastructure sold its 25% interest in our Canadian district energy operations for net consideration of approximately \$450 million.
July 2021	Utilities:	On July 16, 2021, Brookfield Infrastructure sold its 40% interest in our U.S. district energy operations for net consideration of approximately \$555 million.
July 2021	Data:	On July 14, 2021, Brookfield announced a joint venture with Digital Realty to develop and operate data centers in India. To date, Brookfield Infrastructure has invested approximately \$5 million to establish the business and begin acquiring land for future development.
August, September, October 2021	Midstream:	On August 20, 2021, Brookfield Infrastructure acquired an effective 41% interest in Inter Pipeline Ltd., a Canadian diversified midstream operation, for total consideration of approximately \$2.8 billion (the "initial IPL acquisition"). Subsequently, Brookfield Infrastructure acquired an additional 18% interest for approximately \$1.2 billion (along with the initial IPL acquisition, hereafter referred to as the "IPL acquisitions"). In connection with the IPL acquisitions, \$1.9 billion of BIPC exchangeable shares and BIPC exchangeable LP units were issued.
September 2021	Corporate:	On September 30, 2021 our partnership redeemed all of its outstanding cumulative Class A Preferred Units, Series 5, for \$206 million.
November 2021	Corporate:	On November 17, 2021, our partnership issued 9,476,900 limited partnership units and 2,140,000 BIPC exchangeable shares for gross proceeds of approximately \$690 million (approximately \$660 million net of issuance costs) in public offerings in the United States and Canada. In a concurrent private placement, Brookfield acquired 7,104,300 Redeemable Partnership Units for approximately \$400 million.
November 2021	Transport:	On November 16, 2021, Brookfield Infrastructure sold the remaining 17% stake in its Chilean toll road business for net consideration of approximately \$165 million.
December 2021	Utilities:	On December 15, 2021, Brookfield Infrastructure acquired an effective 15% interest in Boxt Limited, a U.K. residential Infrastructure operation, for total consideration of approximately \$20 million.
December 2021	Utilities:	On December 24, 2021, Brookfield Infrastructure acquired an additional 15% interest in Giovanni Sanguinetti Transmissora de Energia S.A. ("Sanguinetti") and Veredas Transmissora de Electricidade S.A. ("Veredas") for approximately \$20 million and \$15 million, respectively. Sanguinetti and Veredas own and operate approximately 430 kilometers and 440 kilometers of electricity transmission lines in Brazil, respectively.
December 2021	Transport:	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 subsidiary is expected to receive approximately \$0.3 billion. The sale is subject to customary closing conditions and is expected to close late in the first quarter of 2022.

Date	Segment	Event
January 2022	Corporate:	On January 21, 2022, BIP Bermuda Holdings I Limited issued \$300 million aggregate principal amount of perpetual subordinated notes with a coupon of 5.125% per annum. The notes are fully and unconditionally guaranteed by our partnership and are also guaranteed by certain of our subsidiaries. We intend to use the net proceeds from this offering to redeem the Series 7 Preferred Units on March 31, 2022, and any remainder for working capital purposes.
February 2022	Utilities:	On February 16, 2022, Brookfield Infrastructure acquired an approximate 10% interest in AusNet Services Ltd., an Australian regulated utility, for total consideration of approximately \$0.5 billion.

For a description of our principal capital expenditures in the last three fiscal years, see Item 5.B, “Liquidity and Capital Resources—Capital Reinvestment” and Note 31, “Contractual Commitments” in our financial statements included in this annual report on Form 20-F.

4.B BUSINESS OVERVIEW

Our Operations

We own a portfolio of infrastructure assets that are diversified by sector and by geography. We have a stable cash flow profile with approximately 90% of our Adjusted EBITDA supported by regulated or contracted revenues. In order to assist our unitholders and preferred unitholders in evaluating our performance and assessing our value, we group our businesses into operating segments based on similarities in their underlying economic drivers.

Our operating segments are summarized below:

<u>Operating Segment</u> ⁽¹⁾	<u>Asset Type</u>	<u>Primary Location</u> ⁽¹⁾
Utilities <i>Regulated or contractual businesses which earn a return on their asset base</i>	<ul style="list-style-type: none"> Regulated Transmission Commercial & Residential Distribution 	<ul style="list-style-type: none"> North & South America, Asia Pacific North & South America, Europe
Transport <i>Provide transportation for freight, commodities and passengers</i>	<ul style="list-style-type: none"> Rail Toll Roads Diversified Terminals 	<ul style="list-style-type: none"> North & South America, Asia Pacific South America & Asia Pacific North America, Europe & Asia Pacific
Midstream <i>Systems that provide transmission, gathering, processing and storage services</i>	<ul style="list-style-type: none"> Midstream 	<ul style="list-style-type: none"> North America
Data <i>Provide critical infrastructure and services to global communication companies</i>	<ul style="list-style-type: none"> Data Transmission & Distribution Data Storage 	<ul style="list-style-type: none"> Europe & Asia Pacific North & South America, Asia Pacific

(1) See Item 5 “Operating and Financial Review and Prospects—Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Item 18 “Financial Statements” for information regarding revenue by segments and geographic market.



Utilities

Overview

Our utilities segment is comprised of businesses from which we earn a return on a regulated or notionally stipulated asset base, which we refer to as the rate base, or from revenues in accordance with long-term concession agreements, private bilateral contracts approved or ratified by the regulator, or price control frameworks. These include our regulated transmission (natural gas and electricity) and commercial and residential distribution (electricity, natural gas, and water connections) operations. Our rate base increases with capital that we invest to upgrade and expand our systems. Depending on the jurisdiction, our rate base may also increase by inflation and maintenance capital expenditures and decrease by regulatory depreciation. The return that we earn is typically determined by a regulator for prescribed periods of time. Thereafter, it may be subject to customary reviews based upon established criteria. Our diversified portfolio of assets allows us to mitigate exposure to any single regulatory regime.

Due to the franchise frameworks and economies of scale of our utilities businesses, we often have significant competitive advantages in competing for projects to expand our rate base and earn incremental revenues. Accordingly, we expect this segment to produce stable revenue and margins over time that should increase with investment of additional capital and inflation. Nearly all our utilities segment's Adjusted EBITDA is supported by regulated or contractual revenues.

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

Our utilities segment is comprised of the following:

Regulated Transmission

- Approximately 61,000 kilometers of operational electricity transmission and distribution lines in Australia
- Approximately 5,300 kilometers of electricity transmission lines in Brazil, of which approximately 3,600 kilometers are operational
- Approximately 4,200 kilometers of natural gas pipelines in North America, South America, and India

Commercial and Residential Distribution

- Approximately 7.3 million connections, predominantly electricity and natural gas
- Residential infrastructure, including water heater, heating, ventilation, and air conditioner (“HVAC”) rentals, as well as other essential home services to approximately 1.9 million customers annually in Canada, United States, Germany, and U.K.
- Over 360,000 long-term contracted sub-metering services within Canada

Regulated Transmission

Our regulated electricity transmission operation in South America is comprised of approximately 3,600 kilometers of operating electricity transmission lines, with an additional 1,700 kilometers expected to be commissioned over the next two years. Our system includes approximately 3,200 kilometers of 500 kV and 400 kilometers of 230 kV transmission lines. We have already invested \$163 million into the greenfield transmission development and expect to invest a further \$130 million as the asset base is built out. These are 30-year concession assets that earn inflation indexed cash flows under an availability-based regulatory framework.

Our regulated gas transmission operation in Brazil operates over 2,000 kilometers of natural gas transportation pipelines in the states of Rio de Janeiro, Sao Paulo and Minas Gerais. The total capacity of 158 million cubic meters is fully contracted under long-term “ship-or-pay”, inflation adjusted gas transportation agreements (“GTAs”) that have an average remaining life of 8 years. These assets operate under perpetual authorizations.

Our regulated gas transmission business in Mexico operates nearly 740 kilometers of pipeline which connects low-cost supply basins in the United States to the key gas demand region of Mexico. The total capacity of 1.43 billion cubic feet (“Bcf”) is fully contracted under long-term take-or-pay agreements under an availability-based regulatory framework.

Our regulated gas transmission operation in India includes approximately 1,500 kilometers of natural gas transmission pipeline systems across the country. The system includes 11 compressor stations with over 900 megawatts (“MWs”) of installed power and 2 pipeline operation centers for remote operations. The business is contracted to generate stable cash flows through a capacity based “ship-or-pay” agreement with a high-quality counterparty.

Our Australian regulated utility is primarily comprised of approximately 7,000 kilometers of electricity transmission lines and 54,000 kilometers of electricity distribution lines across the state of Victoria. The business operates under a regulatory framework and long term unregulated contracts. The business also owns a regulated gas distribution business that comprises approximately 10% of revenues.

Strategic Position

Our regulated transmission operations occupy key positions in the markets in which we operate. In Brazil, our transmission lines in operation and under development are located in the northeast and center east including in the states of Bahia, Ceará, Rio Grande do Norte, Piauí, Paraíba, Minas Gerais, and Rio Grande do Sul. These lines will support the region's growing demand for electricity and facilitate the delivery of power from renewable generation resources to population centers in the South. Our natural gas transmission operation in Brazil provides the backbone of Brazil's southeast natural gas transportation system, supplying natural gas to a region responsible for approximately 50% of Brazil's demand, including Rio de Janeiro and Sao Paulo. In Mexico, our regulated gas transmission business transports low-cost supply from the United States to key demand regions in central Mexico.

All of our regulated transmission operations benefit from stable long-term cash flows. In Brazil, we earn inflation protected revenue streams on our transmission lines, with no volume risk, that commence upon completion of construction under 30-year concession agreements which expire between 2044 and 2049. Our Brazilian natural gas transmission operation has 100% of its capacity fully contracted under long-term "ship-or-pay", inflation adjusted GTAs that have an average remaining life of 8 years. Our North American regulated gas transmission operation is also fully contracted under long-term take-or-pay, USD-linked and inflation adjusted GTAs that have an average remaining life of 20 years.

In India, our gas transmission operations connect major domestic sources of supply in the eastern Indian state of Andhra Pradesh and LNG terminals on the west coast to key demand centers in the Northern and Western regions of India. As the only cross-country pipeline and with significant unused capacity, we believe we are well positioned to supply gas produced in eastern India, which is a region that accounts for around half of the country's estimated remaining natural gas resources, to the western part of the country.

In Australia, approximately 80% of our revenues are earned from our regulated electricity transmission and distribution networks in Victoria. The electricity transmission network supplies approximately 6 million people and the electricity distribution network supplies approximately 770,000 residential and business customers. The regulated gas distribution network is one of three in Victoria and supplies approximately 760,000 customers.

Regulatory Environment

All of our regulated transmission operations are located in regions with stable regulatory environments. In Brazil, electricity transmission is regulated by the Brazilian Electricity Regulatory Agency ("ANEEL"). Transmission lines are auctioned by ANEEL, which grants the right to construct, maintain and operate the transmission lines under a concession agreement. Concessions are awarded for a period of 30 years based on the lowest regulated revenue ("RAP") bid by the market. RAP is adjusted for inflation annually and updated every five years, over the first 15 years of the concession, to reflect changes in third-party cost of capital.

The natural gas transmission industry in Brazil is regulated by the Brazilian National Agency of Petroleum, Natural Gas, and Biofuels. Each GTA provides owners with a return on regulatory asset base and tariffs calculated on an inflation adjusted regulatory weighted average cost of capital ("WACC") fixed for the term of the agreement. These assets operated as authorizations expiring between 2039 and 2041 until the approval of new legislation in April 2021 (the "Brazil Gas Law"), which extended these finite authorizations in perpetuity. The new Brazil Gas Law also allows an 'entry-exit' model to be adopted for the gas transportation systems, which is expected to foster growth of the market and our regulated gas transmission operation in Brazil.

Our North American regulated gas transmission business is located in Mexico and is regulated by Mexico's Energy Regulatory Commission, which is responsible for approving long-term levelized take-or-pay tariffs, subject to reviews every five years. Levelized tariffs are calculated on the approved asset base, which is equal to the historic cost of the system's assets, using an inflation adjusted regulatory WACC, including a fixed return on equity, and allowance for operating costs. The tariffs are typically adjusted for the operator's actual capital structure and cost of debt during the initial tariff review following commissioning. Under this regulation, our operating revenues do not fluctuate due to variability in usage of our system. Our gas transmission operations in India are regulated by the Petroleum and Natural Gas Regulatory Board, which is also responsible for determining tariffs charged to users of the pipeline. Our revenues are protected through ship or pay contracts with a high-quality counterparty and therefore are generally subject to limited volume risks.

Our Australian regulated utility operates under a revenue cap set by the Australian Energy Regulator over a regulatory period and tariffs are adjusted annually. Our gas distribution business operates under a price cap mechanism increased at a pre-determined rate annually for each regulatory period. The regulatory period is typically five years. The tariffs are calculated as a regulatory WACC return on the regulated asset base, as well as an allowance for operating costs and taxation, regulatory depreciation and efficiency incentives.

Growth Opportunities

We believe that attractive growth opportunities exist for our transmission operations. Our electricity transmission concessions in Brazil are required for the expansion of the region's transmission system grid to connect new electricity generation resources, including wind located in the northeast and hydro in the north to satisfy growing demand. We believe that due to the geographic location of our concessions, there are opportunities to secure system reinforcements which will generate incremental RAP, as well as secure new concessions at upcoming auctions.

Our natural gas transmission operation in Brazil is strategically located in the region where the majority of Brazilian economic activity and pre-salt offshore oil production occurs. We believe this operation is well positioned to absorb increasing demand as natural gas is used as an efficient and low carbon energy solution for both home and industry, and as the new 'entry-exit' model incentivizes utilization of our transportation infrastructure by multiple new shippers. Our gas transmission operation in India is positioned to capture increasing gas demand in the country. Our business connects key demand centers in the Western portion of the country with access to the largest gas producing region of the country. We plan to utilize existing unused capacity in our pipeline to attract new customers and grow our business. Furthermore, given the new investments by the upstream sector on the east coast of India and in LNG imports, we expect the volume to be transported through the pipeline to be higher in the coming years, augmenting the stable cash flows generated by the business.

We believe our Australian regulated utility is well positioned to capture a high proportion of the Victorian unregulated electricity transmission market, and benefit from the decarbonization and renewable energy targets of Victoria's economy in light of the state's net zero carbon emissions target by 2050. In order to achieve the state's net zero targets, a significant amount of capital investment will be required to electrify the existing network that we are well positioned to participate in.

Commercial and Residential Distribution

Our distribution businesses provide heating and cooling solutions to both commercial and residential customers. Our commercial and residential distribution operations have approximately 7.3 million connections, predominately electricity and natural gas, in the U.K. and Colombia. In the U.K., our operation is the leading independent “last-mile”, multi-utility connection provider, with approximately 3.9 million connections. In South America, our natural gas distribution business primarily services the city of Bogotá, which represents approximately 60% of the total system rate base with the remaining 40% located across other cities and municipalities around the country.

Our residential infrastructure business operates an unregulated distribution business that owns and maintains a large installed base of essential HVAC assets leased under long-term contracts to both residential and commercial customers across Canada, United States, Germany, and U.K. The terms of the leases are generally tied to the useful life of the equipment, which can range between 10 years in high-use HVAC climates such as the Southern United States and over 15 years for water heaters in Canada. The business also provides other complementary services such as protection plans, plumbing, electrical and related maintenance services. With a 50-year operating history, approximately 1.3 million water heater and HVAC customers and 0.7 million service contracts, the business has a growing annuity asset base and we believe it is well established in each of its core markets.

Our sub-metering business provides meters and metering services under 10 to 20-year contracts for electricity, heating, gas and water to apartments, condominiums, townhouse complexes, mixed-use multi-residential and multi-tenant commercial buildings in the provinces of Ontario and Alberta. The business has over 360,000 contracted sub-metering services, making it the largest non-utility sub-meter provider in Canada.

Strategic Position

Our commercial and residential operations are critical to the markets in which they are located. In the U.K., our regulated distribution system is currently a market leader in terms of new gas and electricity connection sales to the new-build housing market, and total installed connections among independent utilities. We continued to expand our residential infrastructure business through new project lines and geographies with the acquisitions of the second largest residential heating installer in the U.K. and the largest independent residential heating distribution company in Germany. Our Colombian natural gas distribution business provides reliable power to approximately 3.4 million commercial and residential customers. Our U.K. and Colombian operations generate stable cash flow in the geographies in which we operate. Our U.K. operation has a diverse customer base throughout England, Scotland and Wales, which underpins its cash flow. Our U.K. customers consist primarily of large energy retailers who serve residential and commercial users. Our Colombian regulated natural gas business supplies approximately one third of Colombia’s natural gas distribution demand spanning a network of approximately 24,100 kilometers.

Our residential infrastructure operation is one of the largest home energy solutions businesses in North America. Our strategy is to meaningfully grow the business by leveraging our scale and service capabilities, particularly to drive HVAC rental asset growth in the United States. Over time, we will leverage technological investments that will provide us with significant operational and market data, allowing us to service our customers on a more proactive basis and meet additional home infrastructure needs. With a large in-place book of assets and service capabilities that are difficult to replicate, combined with our ability to enter new markets, we expect to expand our portfolio of long-term contracted revenue streams that provide predictable, stable cash flows that escalate annually with or in excess of inflation.

Our sub-metering business is the largest non-utility sub-meter provider in Canada, achieving significant economies of scale. Our business provides an integrated, critical component of an essential service and is directly tied to the underlying infrastructure of the building. Due to a proven ability to reduce energy consumption, sub-meters are required in all new multi-residential buildings in Ontario. Our business is positioned to deliver customer service and prices that provide a competitive advantage in the marketplace. We expect this to help the business expand its long-term contracted revenue stream.

Regulatory Environment

Our U.K. regulated distribution operations compete with other connection providers to secure contracts to construct, own and operate connections to the home for seven product lines which include: natural gas, electricity, fiber, water, wastewater, district heating, and cooling. Once connections are established, we charge retailers rates based on the tariff of the distribution utility with which we are interconnected. These tariffs are set on the basis of a regulated asset base. The connection rate is typically adjusted annually and provides inflation protection as it escalates at inflation minus a factor determined by the U.K. regulator. During the first 25 years after the commissioning of a connection, the gas connection rate is subject to a cap and floor that escalates by an inflation factor. Connections revenue does not vary materially with volume transported over our system.

Our South American natural gas distribution business earns a regulated return on the replacement cost of the system plus a charge to cover operating expenses. Our rates are determined during tariff reviews which commence every five years. Our annual regulated return is approximately 12% and is adjusted by an inflation factor between rate reviews. The Colombian Comisión de Regulación de Energía y Gas is in the process of issuing a rate reset which we believe will fairly remunerate our gas distribution operation.

Our sub-metering services operation is governed by sub-metering legislation in Ontario. The legislation sets out a high-level framework for individual suite sub-metering in prescribed apartment buildings and condominium complexes in Ontario, and provides the Ontario Energy Board with regulatory oversight.

The revenues within our residential infrastructure operation are not subject to rate regulation.

Growth Opportunities

We believe that our commercial and residential distribution operations will be able to grow organically in each of the regions in which we operate. Growth in our U.K. regulated distribution operation is expected to benefit from (i) the progressive build out of our large existing backlog of connections, (ii) continued strong momentum in the new-build housing sector, and (iii) the establishment of new product offerings such as water, fiber and district energy, which will increase our bundled service offering to new and existing customers. In South America, our regulated natural gas distribution business is capable of handling future growth and operates in an industry with significant barriers of entry. In the city of Bogotá, we serve 2.1 million customers and are positioned to capture future growth through higher residential consumption from growing demand for natural gas home appliances. There are further growth opportunities within our residential and commercial service companies that will benefit from a growing regulated customer base such as repair, maintenance, financing and inspection services. Finally, the unregulated market presents various opportunities to leverage the existing network, operating expertise and reputation of the business including expansion in the natural gas vehicle market driven by cleaner fuel solutions. Overall, we believe we are well positioned for future growth opportunities.

Our residential infrastructure business is focused on growing its business through organic growth opportunities, strategic acquisitions and expanding its product and service offerings. We are focused on expanding our annuity-based cash flow streams through new leases, increasing our household penetration, as well as through extending existing leases when they mature. As we continue to encourage the take-up of our water heater and HVAC lease offerings in the United States, we have added rooftop solar solutions and backup generators as a complementary asset classes to our portfolio. The home services market in the United States continues to be highly fragmented where there are significant opportunities for acquisitions in both complementary and adjacent lines of business. During the year, we completed the acquisition of two European residential infrastructure operations, being the largest independent residential heating installer in Germany and the second largest independent residential heating installer in the U.K. The businesses are performing well with significant growth in revenues achieved in the year and provide a platform to expand a familiar business model in new geographies.

Our sub-metering business has a significant backlog of approximately 50% of contracted services that will be installed and generate incremental revenue as new multi-residential buildings are constructed. While that backlog is being constructed, the business is focused on expanding offerings geographically, and in the under-penetrated commercial sub-metering market. Additionally, there are several Brookfield-managed businesses in the residential development and condominium management sectors that we believe can be leveraged to further enhance growth prospects.



Transport

Overview

Our transport segment is comprised of infrastructure assets that provide transportation, storage and handling services for merchandise goods, commodities and passengers, for which we are generally paid an access or transportation fee. Profitability is based on the volume and price achieved for the provision of access and associated services. This operating segment is comprised of businesses, such as our rail and toll road operations, which may be subject to price ceiling or other rate regulation focused on maintaining competition, as well as diversified terminal operations which are highly contracted and subject to the regulatory regimes applicable to the goods they handle. Transport businesses typically have high barriers to entry and, in many instances, have very few substitutes in their local markets. While these businesses have greater sensitivity to market prices and volume than our other operating segments, revenues are generally stable and, in many cases, are supported by contracts or customer relationships. The diversification within our transport segment mitigates the impact of fluctuations in demand from any particular sector, commodity or customer. Approximately 85% of our transport segment's Adjusted EBITDA is supported by contractual or regulated revenues.

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

Our transport segment is comprised of the following:

Rail

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

Toll Roads

- Approximately 3,800 kilometers of motorways in Brazil, Peru and India

Diversified Terminals

- 13 terminals in North America, U.K., and Australia facilitating global trade of goods, natural resources and commodities
- An approximately 30 million tonnes per annum (“mtpa”) LNG export terminal in the United States
- An 85 million tonnes per annum export facility in Australia

Rail

Our North American rail business is comprised of over 22,000 kilometers of owned and leased rail infrastructure and approximately 5,000 kilometers of additional track that we access through various contractual arrangements. This rail infrastructure provides essential transportation infrastructure services predominantly in North America. Our North American rail revenues are derived from the haulage of freight based on a per car, per container or per tonne basis. Additional revenue is earned from port terminal railroad operations and industrial switching services. The business also owns the largest rail maritime intermodal operator and the second-largest freight rail provider in the United Kingdom.

Our Australian rail network is comprised of approximately 5,500 kilometers of below rail track and related infrastructure in the southern half of Western Australia under a long-term lease with the State Government. There are approximately 28 years remaining on this lease and this rail system is a crucial transport link in the region. Our Australian rail operation's revenue is derived from access charges paid by underlying customers, either directly or via the above rail operators. Stability of revenue is underpinned by rail transport being a relatively small yet essential component of the overall value of the commodities and freight transported, as well as the strong contractual framework that exists with underlying customers or the above rail operators.

Our Brazilian rail operations are part of an integrated system comprised of transshipment terminals, rail, port terminal operations, and approximately 25,000 locomotives and wagons. They provide below and above rail services for approximately 4,800 kilometers of track. Our Brazil rail operations are subject to a regulatory framework that establishes productivity standards, volume goals and price caps. There are approximately five years (with an option to renew for 30 years) and 16 years, respectively, remaining on the two rail concession agreements with the local government. Additional revenue is earned by offering complementary services including inland transshipment terminals and port services, which for the most part, are not subject to any tariff regimes.

Strategic Position

Our North American rail operations span 43 U.S. states and four Canadian provinces and serve over 2,000 customers, with no customer comprising more than 3% of the operations' revenue. The business provides critical first and last mile rail services which connect large Class I railroad operators to their end customers. Our North American freight revenue is spread across numerous commodities, with no commodity making up more than 16% of total freight revenue.

Our Australian rail network is the only freight rail network providing access to the region's six State Government-owned ports for minerals and grain, as well as interstate intermodal terminals connecting Western Australia with national and global markets. The majority of our customers are leading commodity exporters with the top 10 customers contributing approximately 93% of the operations' revenue, through long dated track access contracts.

Our Brazilian rail operations span nine states and operate in three main corridors serving Brazil's center-north, center-east and center-southeast regions, including important agricultural and industrial regions in the country. Main sources of revenue are derived from grains, sugar, fertilizer, industrial and steel sectors and are generated from a diversified customer base.

Regulatory Environment

In the United States, our rail operations are subject to regulation by the United States Surface Transportation Board ("STB"), the Federal Railroad Administration ("FRA"), other federal agencies, and some state and local regulatory agencies.

We also own rail operations in Canada and the U.K. which are both subject to regulation by their respective regulatory agencies.

In Western Australia, the Economic Regulatory Authority (“ERA”) is the independent economic regulator responsible for, amongst other things, the gas, electricity, water and rail industries. For the rail industry, a legislated access regime exists with the ERA determining the revenue ceiling and floor boundaries by track segment for parties to negotiate within. These boundaries are established using a methodology based on a regulated rate of return on asset replacement value. Across the majority of the network, current revenue is well below the regulated ceiling with only one customer subject to reduction under this access regime. Our Western Australian rail network operates on an open access basis consistent with the rail access regime and its lease obligations.

Our Brazilian rail concessions are governed by Brazil’s transportation regulator, Agência Nacional de Transportes Terrestres (“ANTT”), which is also responsible for the tariff regime in that country. In addition, we access rail networks controlled by Vale S.A., Brazil’s largest mining company, and other major Brazilian rail players, in arrangements governed by long-term agreements. The regulatory regime requires concession holders to provide open access to all track users. Since most of our port operations are privately held, they are not subject to regulated tariffs and are able to move third party cargo with no regulatory pricing limitations.

Growth Opportunities

In North America, our strategy includes the acquisition or long-term lease of existing railroads, as well as investment in rail equipment and track infrastructure to increase capacity and grow revenues from new and existing customers. We believe that our portfolio of existing railroads provides unique opportunities to make contiguous short line railroad acquisitions, due to a higher number of touchpoints with other railroads. In each of our North American railroads, we seek to combine an entrepreneurial drive with local knowledge, excellent customer service and a safety culture that we view as critical to achieving our financial goals.

Our Australian rail operation is a critical component of the logistics chain in its region and is the backbone of freight transport in Western Australia. In many cases, it is the only mode of transportation for freight that is economically viable. As a result, we believe the business is well positioned to benefit from the economic growth in the region and the development of new agriculture or mining projects, which would require access to the rail network to facilitate export.

Our Brazilian rail business continues to execute on the R\$4 billion capital investment program to upgrade and expand our integrated network. The expansion allows our rail business to capture volume growth by attracting cargo volumes that were transported by using more expensive alternatives such as trucks. Other projects such as the purchase of locomotives and wagons, improvements to rail infrastructure including inland terminals, railway and yards are ongoing with more investments into further logistical integration to be concluded in the upcoming years.

Toll Roads

Our toll road operations are comprised of urban and interurban highways in Brazil, Peru and India. Our Brazilian operations comprise of approximately 3,200 kilometers of inter-urban toll roads, located in the Southeast and South regions of Brazil crossing or connecting the states of São Paulo, Rio de Janeiro, Minas Gerais, Espírito Santo, Parana and Santa Catarina. Our Peruvian operations consist of 96 kilometers of existing roads and the greenfield construction of 19 kilometers of new roads, which together form three segments that are key transportation arteries in Lima. Our Indian operations include approximately 515 kilometers of existing roads which form part of India's most important national highways. Our toll road portfolio operates under long-term concessions with staggered maturities and an average remaining term of approximately 13 years.

Our toll roads are expected to generate stable, growing cash flows as a result of their strategic locations, favorable long-term economic trends in the countries where we operate and inflation-linked tariffs. These markets have all experienced significant economic growth over the last 20 years, leading to increased motorization rates and trade, which have driven increases in traffic volumes. We expect these trends to continue in the long-term, resulting in significant future traffic growth.

Strategic Position

Our Brazilian toll roads are part of the inter-urban Brazilian toll road network, whose traffic is a mix of heavy industrial users and cars. Our roads are used in the transportation of goods, which represent approximately 62% of Brazilian gross domestic product ("GDP"). Our Peruvian toll roads are key arteries within Lima's road network that connect 23 districts and serve as the main access to the city from the north, south and east regions. Our Indian toll roads span the country and include some of India's most important national highways.

Our toll roads are critical infrastructure for the economies of Brazil, Peru and India, with few viable alternative routes available. Building new competing routes would be limited by environmental and physical restrictions, and difficulty to expropriate urban land.

Regulatory Environment

Our Brazilian assets are governed by Agência Reguladora de Serviços Públicos Delegados de Transporte do Estado de São Paulo and ANTT, the São Paulo State and Federal regulators, respectively. The country has a widely developed toll road program, both at the Federal and State level, which has been in place for approximately 20 years. Brazilian concession agreements provide operators with annual tariff increases indexed to inflation and additional investments not considered in the initial concession agreements are compensated with real tariff increases or an extension of the concession period.

The concession for our Peruvian toll roads was granted by the Municipalidad Metropolitana de Lima ("MML") and is supervised by MML's municipal arm, Gerencia de Promoción de la Inversión Privada, through Fondo Metropolitano de Inversiones ("Invermet"). Invermet is responsible for overseeing maintenance, conservation, and construction activities. The concession agreement includes tariff increases linked to inflation.

Our Indian assets are governed by the National Highways Authority of India, which has been operational for approximately 33 years and has the responsibility to develop, maintain and manage the national highways vested or entrusted to it by the Central Government of India. Revenues at two of the five roads are derived from annuity concession payments, while the others earn revenue from traffic linked toll road tariffs. The annuity concession payments provide stable and predictable cash flows from a government related entity while the toll road tariffs are linked to inflation which is expected to benefit from India's growing economy.

Growth Opportunities

We believe that long-term growth in the South American and Indian economies will trigger increases in traffic volumes. Coupled with tariff increases from inflation, this should drive significant future cash flow growth for our toll road businesses. In addition, Brazil and Peru are seeking to expand our respective paved road network by improving existing roads and developing new roads as opportunities for new and expiring concessions become available. These planned expansions should present opportunities for us to invest additional capital in these attractive markets, given the scale of our existing network.

Diversified Terminals

Our diversified terminal operations are located primarily in the U.K., Australia and North America. Our U.K. port operation is one of the largest operators in the country by volume and is a statutory harbor authority (“SHA”) for the Port of Tees and Hartlepool in the north of the U.K. Our U.K. port’s status as the SHA gives it the right to charge vessel and cargo owners conservancy tariffs (toll-like dues) for the use of the River Tees. At our U.K. port operation, our revenue is generated from port handling services for bulk and container volumes. In addition, approximately 40% of our EBITDA is earned from conservancy and pilotage tariffs. Furthermore, we have a freehold land base of approximately 2,400 acres that is strategically located in close proximity to our port, which generates income from long-term property leases that account for approximately 40% of our EBITDA.

Our Australian operations include gateway container terminals in Australia’s four largest container ports, a regional city port, and storage, handling and logistics operations at 55 locations throughout Australia and New Zealand. The container terminal operations handled approximately 3.5 million Twenty-Foot Equivalent Units (“TEUs”) in 2021, with the storage, handling and logistics businesses handling approximately 23.5 million tonnes of bulk and general cargo, 22.6 million tonnes of forestry products and over 320,000 vehicles.

Our Australian export terminal comprises inloading, stockyard and outloading facilities that primarily handle metallurgical coal mined in the central Bowen Basin region of Queensland, Australia. Our terminal forms an essential component in the global steel production supply chain. The export terminal operation generates revenues under a regulatory regime that provides us with take-or-pay contracts. These contracts include: (i) a capacity charge that is allocated to users based on their contracted capacity and (ii) a fixed and variable handling charge associated with operating and maintaining the terminal. The capacity charge is paid by users irrespective of their use of our terminal facility. The handling charge (both fixed and variable) is structured to be a complete pass through of the costs charged for terminal operations and maintenance. The pricing provisions under these contractual arrangements are currently under renegotiation as a result of the transition to the light-handed regulatory framework outlined below.

Our North American port operation is comprised of gateway container terminals in the ports of Los Angeles and Oakland, which operate under long-term leases with the Los Angeles and Oakland port authorities. These terminals handled approximately 1.6 million TEUs in 2021. In North America, our revenue is generated from port handling services for container volumes. A portion of our volumes are underpinned by a long-term minimum volume guarantee arrangement provided by our partner in this business, Mitsui O.S.K. Lines, Ltd.

Our U.S. LNG export terminal is located in Louisiana and is one of the largest LNG facilities in the world. The terminal includes five operational commercial liquefaction trains each capable of producing approximately 5 mtpa of LNG and a sixth train which achieved substantial completion during the first quarter of 2022 resulting in aggregate nominal production of approximately 30 mtpa of LNG. In addition, the terminal has five LNG storage tanks, two vaporizers, two marine berths (with a third under construction) and is authorized to export over 1,650 Bcf per year of domestically produced natural gas to countries around the world. Revenues are primarily generated from fixed price take-or-pay agreements with nine counterparties under contractual terms typically lasting approximately 20 years. Existing counterparties have a weighted average remaining contract length of approximately 16 years (plus extension rights) and represent approximately 85% of total production capacity.

Strategic Position

Our port operations are strategically located. In the U.K., Teesport is a large, deep-water port located in a well-developed industrial area in Northern England. The SHA status, as well as the established infrastructure which includes rail and road access, create barriers to entry for potential competitors.

Our Australian container port terminals operate under long-term leases, with over 180 hectares of land within the ports of Melbourne, Sydney, Brisbane and Fremantle, the four largest container ports by TEU in Australia. Our storage, handling and logistics business benefits from geographic diversification, with operations at 55 sites across Australia and New Zealand. It provides services and integrated logistics solutions to customers from a diverse range of industries across the region, from agriculture, aluminum, automotive, forestry, food and beverage, mining, marine, oil and gas, major retail and resources. Brookfield Infrastructure recently agreed to the sale of its interest in a freehold landlord port in Victoria, Australia.

Our Australian export terminal services the central Bowen Basin, which has high quality, low cost, prolific metallurgical coal deposits, and where there are few cost-efficient options to access export markets other than through our terminal operations. We have take-or-pay contracts with some of the world's largest mining companies that operate in the Bowen Basin. Our operation is substantially contracted through 2028 with customers having evergreen renewal options.

Our North American port operations are located in the ports of Los Angeles and Oakland, the largest and ninth largest ports in North America, respectively. These deep-water ports are in close proximity to irreplaceable, land-side infrastructure for intermodal and transloading services and are capable of handling vessels catering to both import and export markets.

Our U.K., Australian and North American port operations have a number of long-term contracts with established parties, including large multinational corporations. The majority of our revenues are derived from customers with significant investment in industrial infrastructure at or within close proximity to these ports. Our Australian port operation's main customers represent major shipping lines who utilize the multiple ports located nationally. Our North American port operations serve major international shipping lines, many of which work collaboratively as part of a global shipping alliance.

Our U.S. LNG export terminal is strategically located on the Gulf Coast allowing for convenient ingress and egress for vessels, near large gas production basins and well-connected to midstream transportation infrastructure. It is one of the largest LNG terminals in the world with competitive shipping capacity to Europe, South America and Asia. Existing customers are contracted under long-term take-or-pay agreements, globally diversified, and highly creditworthy. As a critical component of the global LNG supply chain, our terminal enables the export and distribution of a cleaner energy source which we believe is well-positioned to help displace coal and other high-carbon fossil fuels during the transition to more environmentally sustainable energy sources.

Regulatory Environment

Our U.K. port operation is unregulated, but its status as the SHA for the River Tees provides the statutory right to collect conservancy tariffs (toll-like dues) payable by ships using the river and the requirement to maintain navigability of the waterway. The port has the statutory authority to set tariffs which are determined through consultation with users of the river and indexed to inflation. Our North American and Australian port operations conduct business in an unregulated environment.

Our Australian export terminal is regulated by the Queensland Competition Authority (“QCA”). The business recently commenced the process of negotiating pricing with its customers under the light-handed regulatory framework for the current pricing period to June 30, 2026. Confidential negotiations remain ongoing, and no final agreement has yet been reached. Pricing outcomes agreed with our customers will apply actively to an effective date of July 1, 2021. If agreement with one or more customers cannot be reached, the disputes will be referred to arbitration(s).

Our U.S. LNG export terminal is regulated by the Federal Energy Regulatory Commission (“FERC”) as well as the U.S. Department of Energy under the *Natural Gas Act of 1938*. FERC provides a regulated framework for shippers and natural gas pipeline owners to reach commercial agreement with customers under a maximum rate regime, and there is no periodic rate case obligation. The U.S. Department of Energy regulates commercial export volumes and provides fixed limits to countries, whether under free trade agreements with the U.S. or not.

Growth Opportunities

Our U.K. port’s flexible, multi-purpose capacity positions it to benefit from numerous growth initiatives. The ongoing expansion of our container handling facilities, in addition to improvements to our quay and rail capacity, have driven new customer contracts for container cargo and bulk commodities and positioned our U.K. port operation to be the main entry point for container cargo destined for the northern England market. Similarly, our sizeable freehold land base, strategic location and extensive port infrastructure, has enabled us to attract new energy-related customers, which are investing significant capital to build new plant and equipment on our land. As these new investments are commissioned, our U.K. port operation will benefit from increased cargo handling revenue, property rental income and conservancy fees.

In Australia, our port operations are well positioned to capitalize on increasing demand for bulk and general commodities as well as cross-selling opportunities with existing customers. Further, over the past 38 years, our export terminal’s capacity has expanded from 15 mtpa to 85 mtpa to meet ongoing customer demand. We believe potential exists to further grow our operations. Our terminal is undergoing feasibility studies for a further expansion of the terminal which could increase capacity to over 99 mtpa, with potential for further expansion.

We believe our North American port operations are well positioned to facilitate future volume growth as a result of increased global shipping activity. Our terminal in Los Angeles is one of the most environmentally friendly, lowest cost and most automated terminals in North America. These attributes, combined with leading truck turnaround times, give our terminal a competitive advantage as it strives to increase its market share. With the container shipping industry’s increased focus on green supply chain and use of vessel emission reduction technologies, we believe we are well positioned to facilitate future volume growth.

Our U.S. LNG export terminal is progressing several organic growth opportunities that will expand our export terminal capacity. Our terminal received regulatory approval to construct and operate an additional liquefaction train which achieved substantial completion in the first quarter of 2022 and marine berth expected to be in service in 2023. The Berth 3 expansion project is expected to result in increased terminal capacity of approximately 180 marine vessels per annum. We believe these projects will further strengthen our market position and the operating capabilities of the terminal.



Midstream

Overview

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

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

Our midstream segment is comprised of the following:

- Approximately 15,000 kilometers of natural gas transmission pipelines in the United States.
- Approximately 600 Bcf of natural gas storage in the United States and Canada
- 17 natural gas and natural gas liquids processing plants, approximately 5.7 Bcf per day of gross processing capacity and approximately 3,400 kilometers of gas gathering pipelines in Canada
- Approximately 3,300 kilometers of long-haul pipelines and approximately 3,900 kilometers of gathering pipelines in Canada
- One petrochemical processing complex in Canada

Midstream

Our midstream operations include approximately 15,000 kilometers of natural gas transmission and pipeline systems in the United States, significant natural gas storage capacity in the United States and Canada, one of the largest long-haul pipeline and natural gas gathering and processing portfolios in western Canada.

Our U.S. gas pipelines comprise one of the largest natural gas transmission systems in the United States, extending from the Gulf Coast in Texas and Louisiana up to Oklahoma, Chicago, and northern Indiana. The majority of revenues are generated under long-term take-or-pay contracts and we believe we are well positioned to benefit from forecasted increases in demand for clean energy.

Our Canadian diversified midstream operation consists of seven pipeline systems, four facilities involved in the collection and processing of natural gas liquids, 19 million barrels of storage, and an integrated petrochemical facility which is currently under construction. These assets are strategically located and supported by predictable long-term cash flows with highly creditworthy counterparties.

Our natural gas storage facilities are designed to reallocate excess natural gas supply from periods of low demand to periods of high demand. Our assets are located in key North American natural gas producing and consuming regions providing access to multiple end-use markets.

Our natural gas gathering and processing operations collect raw natural gas from our customers in the field for aggregation to centralized processing facilities, and remove impurities from the raw gas stream including water, carbon dioxide and hydrogen sulfide. These activities provide our customers with pipeline quality natural gas and natural gas liquids for sale in downstream markets. Our facilities are located in one of the highest producing natural gas regions in western Canada. We serve our customers through a mix of long-term fee-for-service and take-or-pay contracts with limited direct exposure to commodity price risk.

Strategic Position

Our U.S. gas pipeline system is one of the largest and most geographically extensive natural gas transmission pipeline networks in North America. It is the largest provider of natural gas transmission to the Chicago and northern Indiana markets and has significant interconnectivity with local distribution companies, natural gas liquefaction facilities along the Gulf Coast, industrial users and gas-fired power plants. The system is also well connected to other pipelines accessing additional downstream markets, which increases demand for our transportation and storage services.

Our Canadian diversified midstream operation is a large-scale diversified infrastructure provider including transportation services, processing facilities, and an integrated petrochemical facility. We believe our long-haul and gathering pipelines are strategically positioned to support customers with transportation of petroleum products from producing sites in the Western Canadian sedimentary basin to key market hubs. Our processing facilities collect and process natural gas, natural gas liquids, offgas, and other petrochemical products. They provide critical infrastructure to support the regions they serve, are capable of processing large volumes, and benefit from an integrated design which results in high volumes of product recoveries for our customers. Our integrated petrochemical facility, which is nearing physical completion, is located in Western Canada and benefits from high volumes of propane production in the region which supplies low-cost feedstock to the complex. The complex is connected to existing rail infrastructure providing transport to end-users in Midwestern United States.

We operate or contract for more than 600 Bcf of working gas capacity at our natural gas storage facilities. Our Western Canadian natural gas gathering and processing operation has 13 operating facilities that are connected at strategic points on the North American natural gas transmission network with access to multiple end-use markets, which provide us and our customers with substantial liquidity to buy, sell and store natural gas. Our facilities are located in the United States and Canada.

Our natural gas gathering and processing facilities are ideally situated to serve the Montney shale gas basin in northeast British Columbia (“B.C.”) and northwest Alberta. This basin continues to see significant industry development and represents one of the lowest supply cost regions in North America. Our facilities have diverse connectivity to major downstream markets including the U.S. Pacific Northwest, the U.S. Midwest, B.C. and Alberta through direct connections to long-haul pipelines. These markets are projected to continue exhibiting strong annual demand growth primarily driven by new industrial gas demands, including petrochemical expansions, and previously announced LNG export projects.

Regulatory Environment

Our natural gas midstream and storage operations are subject to varied regulation that differs across our regions of operation. Our U.S. gas pipeline system, including its storage operations, and our natural gas storage investment in Texas are regulated by FERC under the *Natural Gas Act of 1938*. FERC provides a regulated framework for shippers and natural gas pipeline owners to reach commercial agreement with customers under a maximum rate regime, and there is no periodic rate case obligation. Additional physical operating regulations are imposed by the Pipeline and Hazardous Materials Safety Administration, an agency within the United States Department of Transportation.

Our Canadian pipeline operations and natural gas storage facilities are regulated by the Alberta Energy Regulator and Canadian Energy Regulator, which provide operational and environmental oversight. Our California natural gas storage facilities are subject to California Public Utilities Commission oversight and our Oklahoma facility is regulated by the Oklahoma Corporation Commission. These facilities are not subject to any economic regulation.

Our natural gas gathering and processing facilities in B.C. are regulated by the B.C. Oil and Gas Commission, the B.C. Ministry of Environment and the B.C. Utilities Commission and our facilities in Alberta are regulated by the Alberta Energy Regulator. These facilities are not subject to any economic regulation.

Growth Opportunities

During the year, our U.S. gas pipeline operation completed its third large-scale compression project to provide additional deliverability to the Gulf Coast market to support natural gas liquefaction development in the region. This project is backed by a long-term take-or-pay contract with no volume risk.

Our Canadian diversified midstream business is progressing several growth opportunities intended to enhance and complement our existing product offerings. The most notable of which is the completion of our integrated petrochemical facility which is designed to produce 525,000 tonnes of polypropylene which is used in the manufacturing of a wide range of essential products. We achieved a significant milestone during the fourth quarter with the Central Utilities Block within the facility being placed in service and producing power to the grid. We believe this is an important step towards the overall operation of the complex which is now mechanically complete and we anticipate that commissioning activities are on track to start-up mid-2022.

Our gathering and processing operations continue to advance several customer driven growth initiatives supporting further development of the Montney resource in Northeast B.C. and Northwest Alberta. These capital projects include the expansion and optimization of existing gathering and processing assets and the creation of additional natural gas liquid extraction, processing and transportation solutions. All projects are underpinned by long-term take-or-pay contracts with high quality customers. With continued development of existing take-away capacity and LNG projects in B.C., we believe our business is well positioned to serve the growing requirements of our customer base in a cost-effective manner and benefit from future opportunities to deploy capital at attractive risk-adjusted returns as a result of changing supply and demand dynamics in North America.



Data

Overview

Our data segment is comprised of critical infrastructure servicing customers in the telecommunications, fiber and data storage sectors. Our data transmission and distribution operations provide essential services and infrastructure to the media broadcasting and telecom sectors, while our data storage operations provide high-performance physical hosting and infrastructure to enterprises ranging from small workloads to hyperscale deployments, as well as cloud consulting and engineering services. The majority of these services and access to infrastructure are contracted on a medium to long-term basis (up to 30 years in both our data transmission and distribution businesses and data center operations) with inflation escalation mechanisms, leading to predictable recurring revenues and cash flows.

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

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

Our data segment is comprised of the following:

Data Transmission & Distribution

- Approximately 148,000 operational telecom towers in India
- Approximately 8,000 multi-purpose towers and active rooftop sites in France
- 10,000 kilometers of fiber backbone located in France and Brazil
- Approximately 1,600 cell sites and over 12,000 kilometers of fiber optic cable in New Zealand
- Approximately 2,100 active telecom towers, and over 70 distributed antenna systems, primarily in the U.K.

Data Storage

- 50 data centers, with approximately 1.4 million square feet of raised floors located in five continents
- Approximately 200 megawatts of critical load capacity

Data Transmission & Distribution

Our European telecommunications business is comprised of approximately 8,000 multi-purpose towers and active rooftop sites and 50,000 kilometers of fiber located in France. The business in France can be divided into three segments: (i) telecom site hosting, (ii) wholesale fiber-to-the-home (“FTTH”) networks and (iii) television and radio broadcasting. Our customers (i) pay upfront and/or recurring fees to lease space on our towers to host their equipment, (ii) lease capacity on our fiber network to deliver ultra-fast broadband solutions to customers or (iii) pay us fees for transmitting television and radio content to end users. The key objective for our telecommunications business is to actively participate in the expansion of telecom site hosting requirements of mobile network operators due to the increased demand for densification and to roll out and commercialize our fiber networks to low density population areas where we have secured tenders.

Our integrated data distribution business in New Zealand provides mobile network operation and broadband services to approximately 2.6 million connections and has approximately 1.8 million Internet of Things connections. The service offering is supported by a high-quality nationwide wireless and fiber infrastructure network which includes approximately 1,600 cell sites and over 12,000 kilometers of fiber optic cable.

Our U.K. telecom towers business is comprised of approximately 2,100 active towers and over 70 distributed antenna systems. The business can be divided into three segments: (i) telecom site hosting and services, (ii) indoor networks and (iii) fiber. Telecom site hosting is the core business which consists of renting space on our towers to mobile network operators. The indoor networks business deploys active neutral host network solutions using distributed antenna systems in shopping malls, hotels and office blocks. The fiber business has secured two projects where it is contracted to deliver fiber-connected small cell networks across the U.K.

Our India telecom towers operation is comprised of a high-quality portfolio of approximately 148,000 well-maintained telecom tower sites and equipment that form the backbone of Reliance Jio, India’s largest cellular network operator’s (“Jio”) telecom business. The towers were recently constructed and strategically located for pan-India 4G coverage. Jio is an anchor tenant under a 30-year master services agreement. We intend to construct approximately 26,000 additional towers over the next year.

Strategic Position

Our European telecommunications business is the leading independent data infrastructure operator in France. Its sites cover the entire French territory. Our coverage and location enable us to be a leader across all of the segments in which we operate. Its scale in telecommunications sites makes it the second largest independent tower operator in France and a preferred partner of mobile network operators. In television, it provides coverage to over 95% of the French population, one of Europe's largest television markets. In radio, we are the reference provider for services in France with approximately 80% and 40% market share of public and commercial radio frequencies, respectively. Our business participated in the government-led initiative to provide lower population density areas in France with access to ultra-fast broadband through the deployment of FTTH networks. These investments in FTTH networks present a unique opportunity for our business to leverage its existing asset bases and technical expertise from operating a high-speed fiber backbone. After securing four tenders, we are currently engaged in the roll out and commercialization of fiber networks to over 730,000 households and businesses across France.

Our integrated data distribution business in New Zealand is a leading mobile service provider in the country. It has an extensive integrated network, supporting approximately 98% of the population with network coverage and is the second largest fixed broadband provider with approximately 20% market share. The business has launched the first commercial 5G service offering in the country, which provides the New Zealand population with greater coverage than its competitors. This should position the business well to capitalize on the growing data needs, as well as to capitalize on the market opportunities for fixed wireless broadband.

Our U.K. telecom towers business owns critical national infrastructure that enables mobile network operators to meet their government mandated coverage obligations. The location of our sites form an integral part of the telecommunication backbone in the U.K. and we believe are well positioned to capture rural growth in data consumption. A significant investment has been made as part of the 4G rollout in the country meaning there is ample capacity today for further leasing opportunities. Additionally, our over 70 distributed antenna systems make our business the market leader in the U.K. for indoor solutions.

Our Indian telecom towers operation has exposure to the growing data consumption trend. India is one of the largest data consumers in the world, despite having only 68% of mobile subscribers in the region connected to 4G. The average traffic per smartphone has increased to 18.4GB per month in 2021, up from 16.1GB per month in 2020. The average traffic per smartphone in the India region is the second-highest globally and is projected to grow to around 50GB per month by 2027. Our anchor tenant Reliance Jio is the largest mobile network operator in India and is owned and controlled by Reliance Industries Limited, one of the largest companies in the country.

Regulatory Environment

Our European telecommunications business is unregulated with pricing determined directly with the users of our tower infrastructure. Our FTTH networks have been granted under either 25-year concessions or perpetual ownership frameworks, with the former benefiting from government subsidies. These networks are operated on a wholesale and open-access basis to help ensure commercialization by all internet service providers. Pricing is based on tariff guidelines published by the regulator which sets a price floor. In the television broadcast business, a small proportion of the sites (currently approximately 70) are considered to be non-replicable because either (i) they benefit from a strategic location, often on an elevated point or area where the construction of a second tower in practice would be very complex, (ii) the equipment attachment height is greater than 100 meters or (iii) a set of exceptional circumstances prevent the site from being replicated. On these sites the regulator considers the business to have significant market power and as a result regulates the prices that can be charged. In total, these regulated revenues account for approximately 40% of our television broadcast revenues. On the residual television sites, deemed replicable, access prices are subject to a price floor and cap established by the regulator.

Our New Zealand data distribution operation and U.K. telecom towers business both operate under relatively minimal regulatory frameworks. Contractual terms are determined directly with the users of our infrastructure. The less stringent regulatory environment enables these businesses to contract based on financial terms and solutions that best serve the needs of our customers.

Our Indian telecom towers operation is regulated by the Department of Telecommunication (“DoT”) which grants IP-I registration to domestic telecom infrastructure providers. During 2021, the Indian government has amended the extant foreign direct investment (“FDI”) policy to allow for 100% FDI in Indian telecom companies under the automatic route. We expect that this amendment will boost investment and growth in the Indian telecom sector. While our operation must uphold DoT guidelines requiring us to share our tower capacity with eligible telecom operators and service providers, we have flexibility to negotiate contractual terms bilaterally at competitive rates.

Growth Opportunities

We see growth opportunities in the European telecommunications business as mobile network operators are expected to increase the coverage and capacity of their networks to support four main trends: (i) growing wireless data usage, (ii) next evolution of wireless standards, (iii) increased mobile network operator competition through network quality and reliability, and (iv) minimum spectrum license coverage obligations. We believe that the size and scope of our portfolio position us to take advantage of these favorable trends through construction and acquisition of additional assets. With regards to fiber, our existing tenders will be rolled out over two years. We will continue to pursue, on a selective and measured basis, potential partnerships with large service providers to build out and operate segments of their network to achieve attractive risk-adjusted returns.

We believe our acquisition of the integrated data distribution business in New Zealand has the opportunity for cost-led margin improvement, greater utilization of the infrastructure network assets and modest growth in average revenue per user.

We believe our U.K. telecom towers business is uniquely positioned to capture the expected growth in the U.K. market following the U.K. government’s 95% 4G coverage target by 2025. A significant portion of our towers are in rural areas and we consider them to be prime candidates for future colocation as there are limited sites in such areas. Furthermore, we believe that our indoor networks business has significant growth potential driven by (i) increased data demand, (ii) higher frequency 5G spectrum and (iii) limited deployment today as we estimate that only 30% of the addressable indoor market has a system in place.

Our Indian telecom towers operation has committed arrangements to construct an additional 26,000 towers over the next year which are supported by our anchor tenant Reliance Jio. Due to the locations of our towers and competitive rates, we offer attractive leasing capacity to other mobile network operators (“MNOs”) as well. We believe our strategic relationship with Reliance Jio and pan India presence of our towers will enable us to bring in more colocations from other leading MNOs of the country.

Data Storage

Our data storage operations provide colocation services and cloud hosting capacity, offering customers secure and reliable space and power within our portfolio of data centers for their essential information technology infrastructure needs. In nearly all cases, our customers pay an upfront installation fee and recurring monthly fees for services. As a result, we are able to earn a stable, recurring revenue stream and an attractive return on capital. Our data center portfolio is comprised of 50 data centers, with approximately 1.4 million square feet of raised floors, and 200 MWs of critical load capacity.

Strategic Position

Our North American data storage business is one of the largest colocation providers in the United States with operations in most major cities. Our facilities provide best-in-class connectivity options, with pre-built access to the AT&T global network, one of the strongest in the world, and access to over 300 carrier connection points across the globe.

Our Asia Pacific data storage business is an owner and operator of two data center facilities in Australia. The data centers have a combined utilization of 91% and a weighted average remaining contract life of 9 years, servicing a range of customers from small retailers to Australian and global investment grade companies. The business recently commenced construction in New Zealand with the first facility now fully leased. Construction has also commenced on a third facility in Australia. Furthermore, we have identified various sites in Seoul, South Korea. We believe the business is well positioned to capture growth opportunities associated with increasing demand for data storage across the region.

Our South American data storage business is based in Brazil and is one of the leading data center infrastructure companies in Latin America. All of our South American data centers are connected by a wide-ranging and dedicated fiber-optic network, which is designed to ensure high capacity connections between our sites and the main cloud providers worldwide.

In India, we have entered into a partnership with Digital Realty for the development of a high quality hyperscale India focused data center platform. We believe India is a high growth data market with data center capacity expected to increase five times from 460MW in 2020 to approximately 2.5GW by 2030, with demand increasing by 4.7 times in the same period. We are targeting development of DCs with 300MW of capacity in the next 5-7 years.

Regulatory Environment

Our data storage operations in North America, Asia Pacific and South America conduct business in an unregulated environment. The fact that our businesses are not regulated enables them to contract based on financial terms and solutions that best serve the needs of our customers.

Growth Opportunities

We see both in-market expansions and acquisitions as growth opportunities for our data storage businesses. In-market expansions are expected to be driven by favorable long-term trends in data communications and transmission, which should lead to growing demand for our services. We believe that our size and presence in key markets positions us well to benefit from these trends through selective expansion projects. In addition, the data center market remains highly fragmented, which we believe will result in opportunities to further expand our presence through strategic acquisitions. We recently committed to an investment in a data center construction project in the Netherlands with a planned capacity of approximately 100MW. The project is expected to be the most sustainable data center in Amsterdam; using exclusively renewable power and recycling the waste heat produced by operations.

General Operating Matters

Acquisition Strategy

Over the past few years, we have established operating segments with scale in the utilities, transport, midstream and data sectors. As we look to grow our businesses, we primarily target acquisitions that utilize existing operating segments to acquire high quality assets that we can actively manage to achieve a total return of 12% to 15% per annum, and extend our operations into new geographies in which Brookfield has a presence. We intend to utilize our existing liquidity and capital recycling program to fund acquisitions and prudently access capital markets if capital deployment exceeds our expectations. As we grow our asset base, we expect to primarily target acquisitions in the following infrastructure sectors:

- Utilities: electricity, gas and water distribution, commercial and residential energy infrastructure; and transmission operations;
- Transport: railroads, container terminals and facilities, toll roads and airports;
- Midstream: pipelines and gathering, processing and storage operations;
- Data: integrated or stand-alone data operations, telecommunication towers, fiber networks and data centers.

An integral part of our acquisition strategy is to participate along with institutional investors and Brookfield-sponsored private funds that target acquisitions that suit our profile. We will focus on consortiums and partnerships where Brookfield has sufficient influence or control to deploy our operations-oriented approach. Brookfield has a strong track record of leading such transactions.

Brookfield has agreed that it will not sponsor transactions that are suitable for us in the infrastructure sector unless we are given an opportunity to participate. See Item 7.B “Related Party Transactions—Relationship Agreement”. Since Brookfield has large, well-established operations in real estate, timberlands, and renewable power that are separate from us, Brookfield will not be obligated to provide us with any opportunities in these sectors.

Capital Recycling Strategy

One of the key sources of capital in our partnership's overall funding plan are proceeds from the disposition of mature assets. We believe that the re-investment of proceeds from the sale of mature, de-risked businesses into higher yielding investment strategies is one of the best ways to enhance returns for unitholders. Capital recycling also provides an alternative form of funding, that supplements capital raises in the public debt and equity markets. Our partnership has established a strong track record of recycling capital through the full or partial divestment of 19 businesses since inception. These sales have generated approximately \$7 billion of total proceeds which represents a significant premium to our partnership's previously recorded carrying value.

Intellectual Property

Our partnership and the Holding LP have each entered into a Licensing Agreement with Brookfield pursuant to which Brookfield has granted a non-exclusive, royalty-free license to use the name "Brookfield" and the Brookfield logo. Other than under this limited license, we do not have a legal right to the "Brookfield" name and the Brookfield logo in the United States and Canada. Brookfield may terminate the Licensing Agreement immediately upon termination of our Master Services Agreement and it may be terminated in the circumstances described under Item 7.B "Related Party Transactions - Licensing Agreement".

Governmental, Legal and Arbitration Proceedings

Our partnership may be named as a party in various claims and legal proceedings which arise in the ordinary course of business. Our partnership has not been in the previous 12 months and is not currently subject to any material governmental, legal or arbitration proceedings which may have or have had a significant impact on our partnership's financial position or profitability nor is our partnership aware of such proceedings that are pending or threatened.

Employees

Our General Partner does not employ any of the individuals who carry out the management and activities of our business, other than employees of our operating subsidiaries. Instead, members of Brookfield's senior management and other individuals from Brookfield Asset Management's global affiliates are drawn upon to fulfill the Service Provider's obligations to provide us with management services under our Master Services Agreement. For a discussion of the individuals from Brookfield's management team that are involved in Brookfield Infrastructure, see Item 6.A "Directors and Senior Management". Our operating subsidiaries currently employ approximately 44,000 individuals globally.

Environmental, Social and Governance ("ESG") Management

As described under Item 4.A "History and Development of Brookfield Infrastructure" and Item 4.C "Organizational Structure - Brookfield and the Service Provider," Brookfield's economic interest in our partnership is approximately 27.2% on a fully-exchanged basis, and affiliates of Brookfield Asset Management provide services to us under the Master Services Agreement.

Grounded in Brookfield Infrastructure's history as owners and operators of real assets, strong ESG management has always been a fundamental part of our asset management approach. We believe that having a robust ESG strategy is crucial for us to create productive, profitable businesses over the long-term, creating value for our unitholders. We understand that well-run businesses are those that have a solid moral authority from all stakeholders to execute their business plans.

ESG management is fully integrated into the full asset life cycle from initial due diligence through the investment management process. We understand that good governance is essential to sustainable business operations. ESG is guided by Brookfield's ESG Steering Committee, which comprises senior executives at Brookfield and each of its major business operations. The ESG Steering Committee's mandate is to set the ESG strategy, oversee and coordinate ESG initiatives, share best practices across businesses and encourage improvements in ESG performance.

2021 Highlights

In 2021, Brookfield and our partnership made progress on a number of initiatives as part of our continued effort to strengthen ESG practices.

Brookfield Infrastructure published its inaugural ESG Report, which can be accessed on the *Responsibility* section of our website. Highlights from our inaugural Brookfield Infrastructure ESG report include:

- A focus on our health and safety governance, ESG affiliations, and our contribution to the decarbonization of the global economy
- Information on quantitative metrics, including our scope 1 and 2 greenhouse gas emissions and metrics related to ethnic and gender diversity
- A standardized GRI index

Going forward, we will look to update the report on an annual basis. We believe our report exemplifies the continued progress we are making in elevating our ESG initiatives, as well as the related commitment to transparency.

Climate change mitigation and adaptation continues to be a key area of focus and we have made progress in a number of areas:

- We continue to make progress on our alignment with the Task Force on Climate-related Financial Disclosures ("TCFD") and we recently completed a climate risk management review to better understand our physical and transition risk and opportunities profile across our businesses. We are leveraging those results to identify improvement opportunities in our approach to climate change mitigation and adaptation and continue to integrate these considerations into our business and investment strategies. In addition, we will be incorporating them, as appropriate, to enhance our due diligence processes. Our climate change risk management approach is aligned with the TCFD's recommendations.
- We completed the measurement of greenhouse gas ("GHG") emissions across our portfolio companies, guided by the principles of the GHG Protocol. Using this information, we have continued to implement carbon measurement and reduction programs across our businesses.
- To further our commitment to support the transition to a net zero carbon economy, our manager, Brookfield Asset Management, became a signatory to the Net Zero Asset Managers initiative (NZAM). NZAM is a group of international asset managers committed to supporting the goal of net zero greenhouse gas (GHG) emissions by 2050 or sooner. To fulfil this commitment, Brookfield Asset Management will take account of emissions, prioritize emissions reductions across our businesses, and work towards publishing disclosures in line with the recommendations of the TCFD.

As part of Brookfield's social initiatives, we progressed several projects to support our commitment to both diversity and inclusion within our culture. We continued to work with our Global Diversity Advisory Group to provide insight into the concerns, challenges, and successes around attracting and retaining members from underrepresented groups and find ways to increase our engagement with them. In 2021, we became a signatory to the ILPA Diversity in Action initiative, bringing together limited and general partners to demonstrate commitment to advancing diversity and inclusion, both within organizations and the industry more broadly.

Brookfield Infrastructure's portfolio companies are also actively involved in various ESG initiatives. Below are a few examples of key initiatives at the portfolio company level:

- Our North American gas storage business continues to emphasize emission reduction through operational efficiencies and regular equipment inspections. For example, the business recently integrated emission reduction technologies, converting their pneumatic systems from utilizing compressed air, as opposed to natural gas, resulting in an approximate 50% reduction in methane emissions, and approximately 15% in total emissions. They are also evaluating the use of cleaner energy sources such as renewable natural gas and hydrogen.
- Our Western Canadian midstream business recently secured C\$18.5 million of government funding to aid in several initiatives that will result in the abatement of approximately 200,000 mtCO₂e per annum. These initiatives will include capitalizing on the favorable geology of a plant to support carbon sequestration, electrification of a plant by interconnecting it to British Columbia's renewable grid and reducing combustion related emissions by recovering wasted heat.
- Our Australian terminals business continues to operate an apprenticeship program, the "WILPower Management Cadetship" to increase female representation in the industry. It aims to provide participants with the skills and experience required to enter a front-line management role at the conclusion of the two-year program. As part of the program, participants complete structured rotations through a series of operation roles, while studying towards a graduate certificate of maritime logistics management through the Australian Maritime college.
- The health and safety of employees, including contractors, is integral to our success. This is why we target zero serious safety incidents and encourage a culture of safe practice and leadership for our portfolio companies. Our Australian rail business remains focused on their zero derailment project, which uses data prediction modeling to predict, identify and notify the team of high risk locations. The program continues to be enhanced and we expect it to contribute to our safety culture and incident mitigation.
- Brookfield Infrastructure's portfolio companies practice high governance standards. Key elements include a code of conduct, an anti-bribery and corruption policy, an independent and anonymous whistleblower hotline, and supporting controls and procedures. These standards are designed to meet or exceed all applicable requirements.

Overview of ESG & the Investment Process

As highlighted in previous years, Brookfield employs a framework of having a common set of ESG principles across its business, while at the same time recognizing that the geographic and sector diversity of our portfolio requires a tailored approach. The following are Brookfield's and our partnership's ESG principles:

- Mitigate the impact of our operations on the environment
 - Strive to minimize the environmental impact of our operations and improve our efficient use of resources over time
 - Support the goal of net zero greenhouse gas emissions by 2050 or sooner
- Ensure the well-being and safety of employees
 - Foster a positive work environment based on meritocracy, valuing diversity and zero tolerance for workplace discrimination, violence, or harassment
 - Operate with leading health and safety practices to support the goal of zero serious safety incidents
- Uphold strong governance practices
 - Operate to the highest ethical standards by conducting business activities in accordance with our Code of Business Conduct and Ethics
 - Maintain strong stakeholder relationships through transparency and active engagement
- Be good corporate citizens
 - Ensure the interests, safety and well-being of the communities in which we operate are integrated into our business decisions
 - Support philanthropy and volunteerism by our employees

ESG management is embedded throughout Brookfield Infrastructure's investment process, starting with the due diligence of a potential investment through to the exit process. During the due diligence phase, we utilize our operating expertise and Brookfield's ESG Due Diligence Guidelines, which integrates guidance by the Sustainability Accounting Standards Board ("SASB"), to identify material ESG risks and opportunities relevant to a potential investment. In completing these initial assessments, we utilize internal experts and, as needed, third-party consultants.

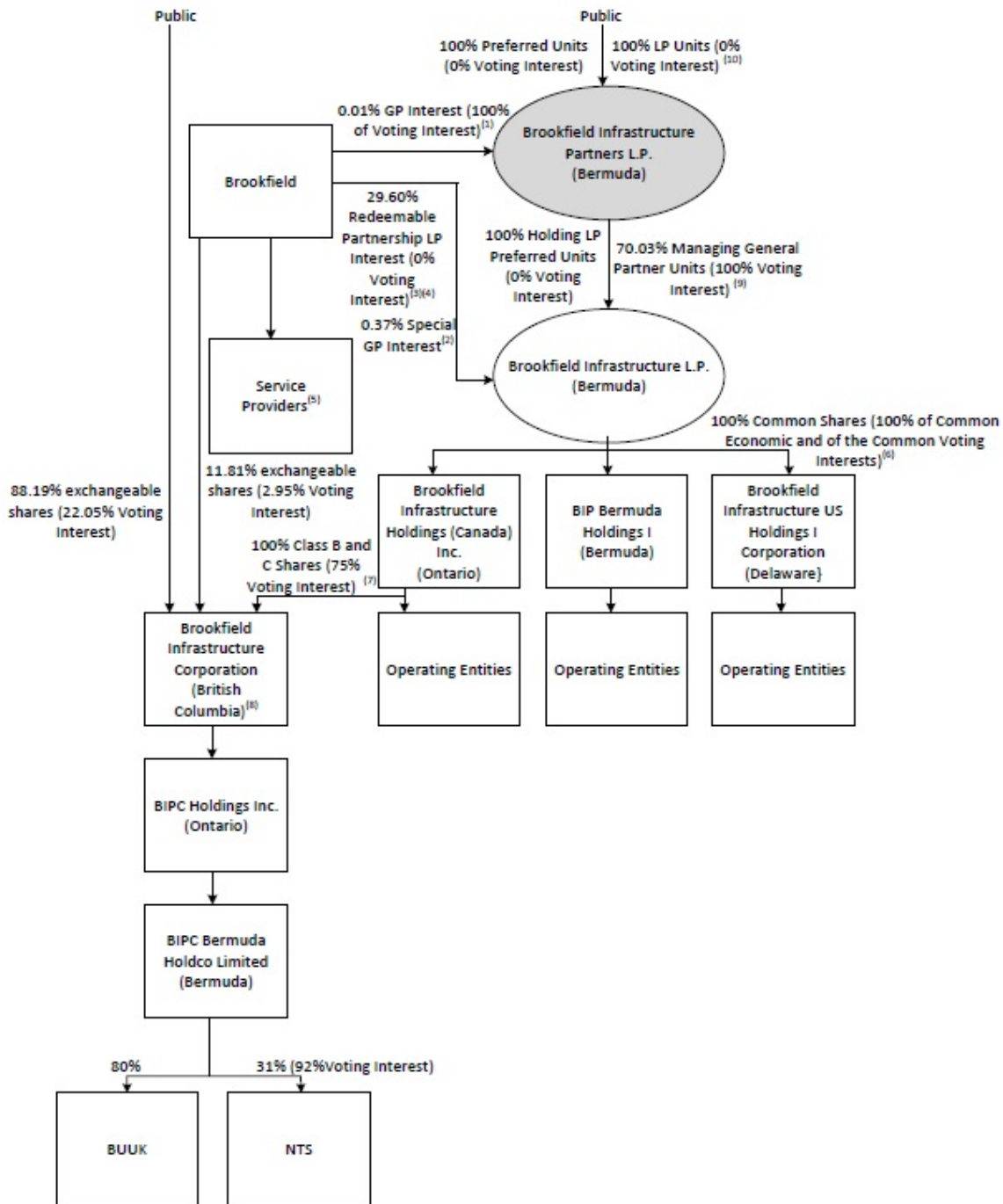
To ensure ESG considerations are fully integrated in the due diligence phase, our investment team outlines the merits of the transaction and disclosing potential risks, mitigants and opportunities. Senior management discusses material ESG issues and potential mitigation strategies, including but not limited to, bribery and corruption risks, health and safety risks, and legal risks, as well as environmental and social risks.

Post-acquisition, the management teams at our portfolio companies are accountable for the preparation and implementation of ESG initiatives within their operations. Tailored integration plans are created by those teams to ensure any material ESG-related risks identified during diligence are prioritized. This is consistent with our overall approach to overseeing our businesses and it ensures full alignment between responsibility, authority, experience and execution. This approach is particularly important given the wide range of industries and locations in which we invest that require tailored ESG risk identification and management systems to mitigate unique risks and capitalize on distinct opportunities. Given the size of our portfolio, our businesses execute a significant number of ESG initiatives on an annual basis.

4.C ORGANIZATIONAL STRUCTURE

Organizational Charts

The chart below presents a summary of our ownership and organizational structure. Please note that on this chart all interests are 100% unless otherwise indicated and “GP Interest” denotes a general partnership interest and “LP Interest” denotes a limited partnership interest. These charts should be read in conjunction with the explanation of our ownership and organizational structure below and the information included under Item 4.B “Business Overview,” Item 6.C “Board Practices” and Item 7.B “Related Party Transactions.”



- (1) *Brookfield's general partner interest is held through Brookfield Infrastructure Partners Limited, a Bermuda company that is wholly-owned by Brookfield.*
- (2) *Brookfield's special general partner interest is held through Brookfield Infrastructure Special L.P., a Bermuda limited partnership, the sole general partner of which is Brookfield Infrastructure Special GP Limited, a Bermuda company that is wholly-owned by Brookfield.*
- (3) *Brookfield's economic interest in our partnership is approximately 27.2% on a fully exchanged basis.*
- (4) *Brookfield's limited partnership interest in the Holding LP, held in Redeemable Partnership Units, is redeemable for cash or exchangeable for our units in accordance with the Redemption-Exchange Mechanism, which could result in Brookfield eventually owning approximately 29.8% of our partnership's issued and outstanding units assuming exchange of the Redeemable Partnership Units (and including the issued and outstanding units that Brookfield currently also owns). See Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Redemption—Exchange Mechanism."*
- (5) *The Service Provider provides services to the Service Recipients pursuant to the Master Services Agreement.*
- (6) *Brookfield has provided an aggregate of \$20 million of working capital to certain Holding Entities through a subscription for preferred shares. See Item 4.C "Organizational Structure—The Holding LP and Holding Entities".*
- (7) *Holders of BIPC's class B shares hold a 75% voting interest in BIPC. BIPC's class C shares are non-voting.*
- (8) *Holders of BIPC's exchangeable shares hold a 25% voting interest in BIPC. As of December 31, 2021, Brookfield and its affiliates own approximately 11.8% of the issued and outstanding BIPC exchangeable shares and the remaining approximate 88.2% is held by public investors.*
- (9) *On March 12, 2015, our partnership issued five million Series 1 Preferred Units to the public and acquired five million Holding LP Series 1 Preferred Units. On December 8, 2015, our partnership issued five million Series 3 Preferred Units to the public and acquired five million Holding LP Series 3 Preferred Units. On January 19, 2017, our partnership issued twelve million Series 7 Preferred Units to the public and acquired twelve million Holding LP Series 7 Preferred Units. On February 25, 2022, our partnership announced its intention to redeem all of the issued and outstanding Series 7 Preferred Units on March 31, 2022. On January 23, 2018, our partnership issued eight million Series 9 Preferred Units to the public and acquired eight million Holding LP Series 9 Preferred Units. On September 12, 2018, our partnership issued ten million Series 11 Preferred Units to the public and acquired ten million Holding LP Series 11 Preferred Units. On September 21, 2020, our partnership issued eight million Series 13 Preferred Units to the public and acquired eight million Holding LP Series 13 Preferred Units. On January 21, 2021, our partnership issued eight million Series 14 Preferred Units to the public and acquired eight million Holding LP Series 14 Preferred Units.*
- (10) *As of December 31, 2021, our partnership had outstanding 305,265,498 units. An equal number of Managing General Partner Units are held by our partnership in the Holding LP. Additionally, as of December 31, 2021, there were 73,437,513 BIPC exchangeable shares outstanding.*

Our Partnership

We own and operate high quality, essential, long-life assets in the utilities, transport, midstream and data sectors across North and South America, Asia Pacific and Europe. We focus on assets that have contracted and regulated revenues that generate predictable and stable cash flows.

Our partnership is a Bermudian exempted limited partnership that was established on May 21, 2007 and spun off from Brookfield on January 31, 2008. See Item 4.D "Property, Plant and Equipment" for information regarding our partnership's head office.

Our partnership's sole material asset is its managing general partnership interest and preferred limited partnership interest in the Holding LP. Our partnership serves as the Holding LP's managing general partner and has sole authority for the management and control of the Holding LP. Our partnership anticipates that the only distributions that it will receive in respect of our partnership's managing general partnership interest and preferred limited partnership interest in the Holding LP will consist of amounts that are intended to assist our partnership in making distributions to our unitholders in accordance with our partnership's distribution policy, to our preferred unitholders in accordance with the terms of our preferred units and to allow our partnership to pay expenses as they become due. The declaration and payment of cash distributions by our partnership is at the discretion of our General Partner. Our partnership is not required to make such distributions and neither our partnership nor our General Partner can assure you that our partnership will make such distributions as intended.

Brookfield and the Service Provider

Brookfield's economic interest in our partnership is approximately 27.2% on a fully-exchanged basis.

Our partnership and the other Service Recipients have each appointed affiliates of Brookfield Asset Management as their Service Provider to provide certain management, administrative and advisory services, for a fee, under the Master Services Agreement. In connection with the special distribution, the Master Services Agreement was amended to account for BIPC receiving management services comparable to the services provided to us by the Service Provider.

Brookfield is a global asset management company focused on property, renewable energy, infrastructure and private equity assets with approximately \$690 billion of assets under management and approximately 1,000 investment professionals and 180,000 operating employees in more than 30 countries around the world. Our partnership's operating subsidiaries currently employ approximately 44,000 individuals globally. Brookfield's strategy is to combine best-in-class operating segments and transaction execution capabilities to acquire and invest in targeted assets and actively manage them in order to achieve superior returns on a long-term basis.

To execute our vision of being a leading owner and operator of high quality infrastructure assets that produce an attractive risk-adjusted total return for our unitholders, we will seek to leverage our relationship with Brookfield and in particular, its operations-oriented approach, which is comprised of the following attributes:

- strong business development capabilities, which benefit from deep relationships within, and in-depth knowledge of, its target markets;
- technical knowledge and industry insight used in the evaluation, execution, risk management and financing of development projects and acquisitions;
- project development capabilities, with expertise in negotiating commercial arrangements (including offtake arrangements and engineering, procurement and construction contracts), obtaining required permits and managing construction of network upgrades and expansions, as well as greenfield projects;
- operational expertise, with considerable experience optimizing sales of its products and structuring and executing contracts with end users to enhance the value of its assets; and
- development and retention of the highest quality people in its operations.

Our partnership does not employ any of the individuals who carry out the current management of our partnership. The personnel that carry out these activities are employees of Brookfield, and their services are provided to our partnership or for our benefit under the Master Services Agreement. For a discussion of the individuals from Brookfield's management team that are expected to be involved in our infrastructure business, see Item 6.A "Directors and Senior Management—Our Management."

Our General Partner

Our General Partner serves as our partnership's general partner and has sole authority for the management and control of our partnership, which is exercised exclusively by its board of directors in Bermuda. Our partnership's managing general partnership interest in the Holding LP, which consists of Managing General Partner Units, entitles our partnership to serve as the Holding LP's managing general partner, with sole authority for management and control of the Holding LP, which is exercised exclusively through the board of directors of our General Partner.

See also the information contained in this annual report on Form 20-F under Item 3.D “Risk Factors—Risks Relating to Our Partnership Structure,” Item 3.D “Risk Factors—Risks Relating to our Relationship with Brookfield,” Item 6.A “Directors and Senior Management,” Item 7.B “Related Party Transactions,” Item 10.B “Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership,” Item 10.B “Memorandum and Articles of Association—Description of the Holding LP’s Limited Partnership Agreement” and Item 7.A “Major Shareholders.”

The Holding LP and Holding Entities

Our partnership indirectly holds its interests in operating entities through the Holding LP and the Holding Entities. The Holding LP owns all of the common shares of the Holding Entities. Brookfield has provided an aggregate of \$20 million of working capital to certain Holding Entities through a subscription for preferred shares of such Holding Entities. These preferred shares are entitled to receive a cumulative preferential dividend equal to 6% of their redemption value as and when declared by the board of directors of the applicable Holding Entity and are redeemable at the option of the Holding Entity, subject to certain limitations, at any time after the tenth anniversary of their issuance. Except for the preferred share of our primary U.S. Holding Entity, which is entitled to one vote, the preferred shares are not entitled to vote, except as required by law.

Brookfield Infrastructure Corporation

BIPC was incorporated under the *Business Corporations Act* (British Columbia) on August 30, 2019. BIPC’s head office is located at 250 Vesey Street, 15th Floor, New York NY 10281 and the registered office is located at 1055 West Georgia Street, Suite 1500, P.O Box 11117, Vancouver, British Columbia V6E 4N7. The BIPC exchangeable shares were distributed to existing unitholders of the partnership pursuant to a special distribution on March 31, 2020. BIPC was established by Brookfield Infrastructure as a vehicle to own and operate certain infrastructure assets on a global basis. Specifically, its operations consist principally of the ownership and operation of regulated gas transmission systems in Brazil and of regulated distribution operations in the United Kingdom, but upon Brookfield’s recommendation and allocation of opportunities to BIPC, it is intended that BIPC will seek acquisition opportunities in other sectors with similar attributes and in which an operations-oriented approach to create value can be deployed.

Infrastructure Special LP

The Infrastructure Special LP is entitled to receive incentive distributions from the Holding LP as a result of its ownership of Special General Partner Units of the Holding LP. See Item 7.B “Related Party Transactions—Incentive Distributions.”

The following table sets forth for each of our partnership’s significant subsidiaries, the jurisdiction of incorporation and the percentage ownership held by our partnership as of December 31, 2021.

<u>Defined Name</u>	<u>Name of entity</u>	<u>Jurisdiction of Organization</u>	<u>Ownership Interest (%)</u>	<u>Voting Interest (%)</u>
Holding LP	Brookfield Infrastructure L.P. ⁽¹⁾	Bermuda	70	100
Canadian diversified midstream operation	Inter Pipeline Ltd. ⁽²⁾	Canada	59	100
U.K. regulated distribution operation	BUUK Infrastructure No 1 Limited ⁽³⁾	U.K.	80	80
Brazilian regulated gas transmission operation	Nova Transportadora do Sudeste S.A. ⁽³⁾	Brazil	31	92
North American rail operation	Genesee & Wyoming Inc. ⁽²⁾	U.S.	9	72

(1) Ownership interest held directly by our partnership.

(2) Ownership interest held indirectly by the Holding LP.

(3) Ownership interest held indirectly through BIPC.

4.D PROPERTY, PLANT AND EQUIPMENT

Our partnership’s principal office and its registered office is at 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda, and is subject to a lease expiring on December 31, 2022. We do not directly own any real property.

See also the information contained in this annual report on Form 20-F under Item 3.D “Risk Factors—Risks Relating to Our Operations and the Infrastructure Industry—All of our infrastructure operations may require substantial capital expenditures in the future,” “—Investments in infrastructure projects prior to or during a construction or expansion phase are likely to be subject to increased risk,” “—All of our operating entities are subject to changes in government policy and legislation,” Item 5 “Operating and Financial Review and Prospects—Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Item 18 “Financial Statements” regarding information on Property, Plant and Equipment on a consolidated basis.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (“MD&A”)

Performance Targets and Key Measures

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

Performance Measures Used by Management

To measure performance, we focus on net income, an International Financial Reporting Standards (“IFRS”) measure, as well as certain non-IFRS measures, including FFO, Adjusted Funds from Operations (“AFFO”), adjusted EBITDA (“Adjusted EBITDA”) and invested capital (“Invested Capital”), along with other measures.

FFO

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.

FFO is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS as issued by the International Accounting Standards Board (“IASB”). FFO is therefore unlikely to be comparable to similar measures presented by other issuers. FFO has limitations as an analytical tool. Specifically, our definition of FFO may differ from the definition used by other organizations, and is different than the definition of Funds from Operations used by the Real Property Association of Canada (“REALPAC”) and the National Association of Real Estate Investment Trusts, Inc. (“NAREIT”), in part because the NAREIT definition is based on U.S. GAAP, as opposed to IFRS.

AFFO

We define AFFO as FFO less capital expenditures required to maintain the current performance of our operations (maintenance capital expenditures). AFFO is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. AFFO is therefore unlikely to be comparable to similar measures presented by other issuers and has limitations as an analytical tool.

Adjusted EBITDA

In addition to FFO and AFFO, we focus on Adjusted EBITDA, which we define as net income excluding the impact of interest expense, depreciation and amortization, income taxes, mark-to-market on hedging items and other income (expenses) corresponding to amounts that are not related to the revenue earning activities and are not normal, recurring cash operating expenses necessary for business operations.

Adjusted EBITDA 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 ownership interests held by non-controlling interests in consolidated subsidiaries.

Adjusted EBITDA is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. Adjusted EBITDA is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted EBITDA has limitations as an analytical tool.

Invested Capital

Invested Capital, which tracks the amount of capital that has been contributed to our partnership, is a measure we utilize to assess returns on capital deployed, relative to targeted returns. Investment decisions are based on, amongst other measures and factors, targeted returns on Invested Capital of 12% to 15% annually over the long term. We define Invested Capital as partnership capital removing the following items: non-controlling interest - in operating subsidiaries, retained earnings or deficit, accumulated other comprehensive income and ownership changes. We measure return on Invested Capital as AFFO, less estimated returns of capital on operations that are not perpetual in nature, divided by the weighted average Invested Capital for the period. Our partnership completes our estimate of returns of capital by reviewing the cash flow profile over the economic useful life of limited life businesses as underwritten, and estimating the percentage of cash flows generated in a given year. This percentage is then applied to our invested capital to determine how much capital we believe was returned in the current year.

Invested Capital is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. Invested Capital is therefore unlikely to be comparable to similar measures presented by other issuers. Invested Capital has limitations as an analytical tool.

Benefits and Uses of Non-IFRS Measures

We believe our presentation of FFO, AFFO, Adjusted EBITDA and Invested Capital are useful to investors because it supplements investors' understanding of our operating performance by providing information regarding our ongoing performance that excludes items we believe do not directly affect our operations. Our presentation of FFO, AFFO, Adjusted EBITDA and return on Invested Capital also provide investors enhanced comparability of our ongoing performance across periods.

In deriving FFO and AFFO, we add back depreciation and amortization to net income. Specifically, in our financial statements we use the revaluation approach in accordance with IAS 16, *Property, Plant and Equipment*, whereby depreciation expense is determined based on a revalued amount, thereby reducing comparability with our peers who do not report under IFRS as issued by the IASB or who do not employ the revaluation approach to measuring property, plant and equipment. We add back deferred income taxes on the basis that we do not believe this item reflects the present value of the actual tax obligations that we expect to incur over our long-term investment horizon. Finally, we add back the impact of mark-to-market on hedging items and other income (expenses) corresponding to amounts that are not related to the revenue earning activities and are not normal, recurring cash operating expenses necessary for business operations.

To provide a supplemental understanding of the performance of our business and to enhance comparability across periods and relative to our peers we utilize Adjusted EBITDA. Adjusted EBITDA excludes the impact of interest expense and income taxes to assist in assessing the operating performance of our business by eliminating for the effect of its current capital structure and tax profile.

While FFO provides a basis for assessing current operating performance, it does not take into consideration the cost to sustain the operating performance of our partnership's asset base. In order to assess the long-term, sustainable operating performance of our businesses, we observe that investors take into account the impact of maintenance capital expenditures to derive AFFO, in addition to FFO.

For a reconciliation of net income to FFO, AFFO, Adjusted EBITDA and Partnership Capital to Invested Capital, see the "*Reconciliation of Non-IFRS Financial Measures*" section of this MD&A.

Distribution Policy

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

The following table presents our partnership's payout ratios over the past three years:

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Net income attributable to our partnership ⁽¹⁾	\$ 1,093	\$ 394	\$ 233
Funds from Operations (FFO)	1,733	1,454	1,384
Adjusted Funds from Operations (AFFO)	1,412	1,173	1,096
Distributions ⁽²⁾	1,257	1,134	1,027
FFO payout ratio ⁽³⁾	73 %	78 %	74 %
AFFO payout ratio ⁽⁴⁾	89 %	97 %	94 %

(1) Includes net income attributable to limited partners, the general partner, non-controlling interests - Redeemable Partnership Units held by Brookfield, non-controlling interests - Exchangeable units and non-controlling interests - BIPC exchangeable shares.

(2) Includes partnership distributions and partnership preferred distributions.

(3) FFO payout ratio is defined as distributions (inclusive of GP incentive and preferred unit distributions) divided by FFO.

(4) AFFO payout ratio is defined as distributions (inclusive of GP incentive and preferred unit distributions) divided by AFFO

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

- Recovery of earnings associated with the build-out of the contracted backlog of projects at our U.K. regulated distribution business from delays in the prior year and increased traffic across our toll roads
- Net contribution from our asset rotation program, including contribution from our Canadian diversified midstream operation which was acquired in the second half of 2021
- Timing related to deployment of capital raised in our November 2021 equity offering

Following the completion of our privatization of Inter Pipeline Ltd., ("IPL," "Inter Pipeline," or "Canadian diversified midstream operation") in October 2021, our fourth quarter FFO and AFFO payout ratios were 68% and 83%, respectively. Our 2020 and 2019 payout ratios were impacted by the volatility in the Brazilian real and the timing related to deployment of capital raised in our July 2019 equity offering.

On March 31, 2020, our partnership completed the previously announced creation of Brookfield Infrastructure Corporation ("BIPC") with a special distribution (the "special distribution") of class A exchangeable subordinate voting shares of BIPC ("BIPC exchangeable shares"). Each of our unitholders of record on March 20, 2020 received one BIPC exchangeable share for every nine units held. As a result of the special distribution, our partnership's regular quarterly distribution per unit was reduced such that the aggregate distribution received by a holder of units and BIPC exchangeable shares, when taken together, remained approximately the same as it would have been had the special distribution never occurred. Therefore, the annual distribution in 2020 was \$1.94 per unit.

Our partnership's annual distribution is reviewed with the board of directors of our General Partner in the first quarter of each year giving consideration to the following:

- The results from the prior year as well as the budget for the upcoming year and the 5-year business plan based on our partnership's share of FFO generated by our assets
- Our partnership's group-wide liquidity and its ability to fund committed capital investments

In light of the current prospects for our business, the board of directors of our General Partner approved a 6% increase in our quarterly distribution to \$0.54 per unit (or \$2.16 per unit annualized), starting with the distribution to be paid in March 2022, with a proportionate increase made by the board of directors of BIPC to holders of BIPC exchangeable shares. This increase reflects the forecasted contribution from our recently commissioned capital projects, as well as the expected cash yield on acquisitions that we closed in the past year. Distributions have grown at a compound annual growth rate of 9% over the last 10 years. We target 5% to 9% annual distribution increase in light of the per unit growth we foresee in our operations.

Basis of Presentation

Our consolidated financial statements are prepared in accordance with IFRS, as issued by the IASB. Our consolidated financial statements include the accounts of Brookfield Infrastructure and the entities over which it has control. Brookfield Infrastructure accounts for investments over which it exercises significant influence or joint control, but does not control, using the equity method.

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

In addition, Exchange LP, a subsidiary of our partnership, issued Exchange LP Units in connection with the privatization of Enercare Inc. in October 2018. Exchange LP Units provide holders with economic terms that are substantially equivalent to those of our units and are exchangeable, on a one-for-one basis, for our units. Given the exchangeable feature, we present the Exchange LP Units as a separate component of non-controlling interests.

On March 31, 2020, our partnership completed the creation of BIPC with the special distribution. Each unitholder of record on March 20, 2020 received one BIPC exchangeable share for every nine units held. Holders of BIPC exchangeable shares have the right to exchange all or a portion of their shares for one unit per BIPC exchangeable share held or its cash equivalent on a fixed-for-fixed basis. BIPC or the partnership, as applicable, each have the ability to satisfy exchange requests by holders of BIPC exchangeable shares in units instead of cash. Additionally, the partnership has the ability to exchange all BIPC exchangeable shares for units at our election, on a fixed-for-fixed basis. As a result of the share characteristics, we present the BIPC exchangeable shares as a component of non-controlling interests.

Finally, in the third and fourth quarters of 2021, BIPC Exchange LP, a subsidiary of our partnership, issued BIPC Exchangeable LP Units in connection with the acquisition of our Canadian diversified midstream operation. BIPC Exchangeable LP Units provide holders with economic terms that are substantially equivalent to those of a BIPC exchangeable share and are exchangeable, on a one-for-one basis, for BIPC exchangeable shares. Given the exchangeable feature, we present the BIPC Exchangeable LP Units as a component of non-controlling interests.

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

Our presentation currency and functional currency is the U.S. dollar.

5.A OPERATING RESULTS

Consolidated Results

In this section we review our consolidated performance and financial position as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019. Further details on the key drivers of our operations and financial position are contained within the “Segmented Disclosures” section of this MD&A.

The following table summarizes the financial results of Brookfield Infrastructure for the years ended December 31, 2021, 2020 and 2019:

<u>US\$ MILLIONS, EXCEPT PER UNIT INFORMATION</u>	<u>For the year ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Summary Statements of Operating Results			
Revenues	\$11,537	\$ 8,885	\$ 6,597
Direct operating costs ⁽¹⁾	(8,247)	(6,548)	(4,609)
General and administrative expenses	(406)	(312)	(279)
Interest expense	(1,468)	(1,179)	(904)
Share of earnings from investments in associates and joint ventures	88	131	224
Other income (expense)	1,749	234	(158)
Mark-to-market on hedging items	80	(16)	57
Income tax expense	(614)	(291)	(278)
Net income	2,719	904	650
Net income attributable to our partnership ⁽²⁾	1,093	394	233
Net income per limited partnership unit	\$ 1.74	\$ 0.35	\$ 0.06

(1) During the fourth quarter of 2021, the partnership reclassified \$2,036 million of depreciation and amortization expenses, which were previously presented as a separate line item, to direct operating costs. Prior period amounts were also adjusted to reflect this change, which resulted in an increase to direct operating costs by \$1,705 million and \$1,214 million for years ended December 31, 2020 and 2019, respectively, with equal and offsetting decreases to depreciation and amortization expense. This reclassification had no impact on revenues, net income, or basic and diluted earnings per limited partner unit.

(2) Includes net income attributable to limited partners, the general partner, non-controlling interests - Redeemable Partnership Units held by Brookfield, non-controlling interests - Exchangeable units and non-controlling interests - BIPC exchangeable shares.

2021 vs. 2020

For the year ended December 31, 2021, we reported net income of \$2,719 million, of which \$1,093 million was attributable to our partnership. This compares to net income of \$904 million for the year ended December 31, 2020, of which \$394 million was attributable to our partnership. Current year results reflect strong operating performance and organic growth across our portfolio, in addition to the initial contribution from growth capital deployed during the year. Net income in the current year also includes gains associated with the disposition of several businesses completed during the year, most notably the sale of our district energy portfolio. These positive factors were partially offset by an increase in future U.K. tax rates, which led to the recognition of a non-recurring deferred tax expense during the year.

Revenues for the year ended December 31, 2021 were \$11,537 million, which represents an increase of \$2,652 million compared to the year ended December 31, 2020. Revenues from our midstream segment increased by \$1,147 million predominantly as a result of the acquisition of our Canadian diversified midstream operation, operational strength and preparedness of our gas storage business through the extreme weather conditions experienced in the U.S. during the first quarter of 2021, and organic growth. Revenues from our data segment increased by \$882 million, primarily as a result of the acquisition of our Indian telecom tower operation, which partially contributed to the prior year. Our utilities segment contributed additional revenue of \$475 million as a result of inflation indexation and additions to the rate base. These increases were partially offset by the impact of the disposition of our North American district energy operations and the sale of our U.K. smart meter portfolio. While we experienced the benefits of higher volumes across our transport investments, revenues decreased by \$22 million as a result of the disposition of our Chilean toll road operation in November 2021 and the partial disposition and deconsolidation of our Australian export terminal in December 2020. Foreign exchange increased our U.S. dollar revenues by \$170 million, as most of the currencies in which we operate appreciated against the U.S. dollar relative to 2020.

Direct operating costs for the year ended December 31, 2021 were \$8,247 million, which represents an increase of \$1,699 million compared to the year ended December 31, 2020. The current period includes \$1,550 million of incremental costs attributable to recent acquisitions and \$300 million of incremental costs associated with organic growth initiatives and our annual revaluation process. Foreign exchange increased our U.S. dollar costs by \$163 million. These increases were partially offset by the impact of deconsolidating our Australian export terminal and the disposition of several businesses in 2021.

General and administrative expenses totaled \$406 million for the year ended December 31, 2021, an increase of \$94 million compared to the same period in 2020. This line item primarily consists of the annual base management fee that is paid to Brookfield, which is equal to 1.25% of our partnership's market value plus preferred units outstanding and net recourse debt. The increase from the prior year is due to a higher trading price of our units and equity issued during the year to fund the privatization of our Canadian diversified midstream operation and upcoming growth initiatives.

Interest expense for the year ended December 31, 2021 was \$1,468 million, an increase of \$289 million compared to the same period in 2020. Interest expense increased primarily as a result of additional asset-level borrowings associated with acquisitions completed during 2021, partially offset by the impact of the dispositions.

Our partnership's share of earnings from investments in associates and joint ventures was \$88 million for the year ended December 31, 2021, representing a decrease of \$43 million relative to the same period in 2020. Current year results benefited from the full year contribution of our U.S. LNG export terminal and a change in the basis of accounting for our Australian export terminal. These benefits were more than offset by the loss of earnings associated with the sale of a 25% interest in our U.S. gas pipeline in March 2021.

Other income was \$1,749 million for the year ended December 31, 2021, compared to \$234 million during the year ended December 31, 2020. Current year income includes gains recognized on the disposition of 25% of our interest in our U.S. gas pipeline, our North American district energy operations, our Chilean toll road operations and our smart meters portfolio in the U.K. These gains were partially offset by accretion expenses associated with the deferred consideration at our Brazilian regulated gas transmission business and asset retirement obligations, transaction costs associated with recently completed acquisitions and refinancing initiatives.

Mark-to-market gains on hedging items for the year ended December 31, 2021 were \$80 million compared to loss of \$16 million for the year ended December 31, 2020. Amounts in both the current and comparative periods consist of mark-to-market movements relating to foreign exchange hedging activities at the corporate level and commodity contracts at our North American gas storage operations. Current year results also included valuation gains from commodity contracts at our Canadian diversified midstream operation.

Income tax expense for the year ended December 31, 2021 was \$614 million compared to \$291 million from the prior year. The increase is due to an increase in the U.K. income tax rate from 19% to 25% which resulted in \$147 million of additional charges during the second quarter of 2021, compared to \$31 million in the first quarter of 2020, when the future U.K. income tax rate changed from 17% to 19%. Income tax expense further increased from the prior year as a result of an increase in the future Colombian income tax rate from 31% to 35%, which resulted in \$30 million of additional charges during the third quarter of 2021. Organic growth, acquisitions net of dispositions, and foreign exchange contributed \$146 million of incremental expenses during the year ended December 31, 2021.

2020 vs. 2019

For the year ended December 31, 2020, we reported net income of \$904 million, of which \$394 million was attributable to our partnership. This compared to net income of \$650 million for the year ended December 31, 2019, of which \$233 million was attributable to our partnership. Net income for the year ended December 31, 2020 benefited from organic growth across our regulated and contracted operations, contributions from recently completed acquisitions and a gain associated with the partial disposition of our Australian export terminal. These increases were partially offset by the impact of foreign exchange and higher depreciation associated with our annual revaluation process and new investments.

Revenues for the year ended December 31, 2020 were \$8,885 million, which represented an increase of \$2,288 million compared to the year ended December 31, 2019. Revenues from our transport segment increased by \$1,860 million during 2020, primarily as a result of the contribution from our recently acquired North American rail operation. Our utilities segment contributed additional revenue of \$226 million during 2020, benefiting from organic growth at our North American residential energy infrastructure operation and Brazilian natural gas transmission operation. These increases were partially offset by the dispositions of our Colombian regulated distribution operation in January 2020 and Australian district energy business in November 2019. Revenues from our data segment increased by \$394 million during 2020 as a result of contributions from recent acquisitions including an Indian telecom tower operation in August 2020 and a U.K. telecom tower business in December 2019. Our midstream segment contributed additional revenues of \$245 million, primarily due to the acquisition of the federally regulated assets of our Western Canadian midstream operation in December 2019. These increases were partially offset by the impact of foreign exchange which reduced our U.S. dollar revenues by \$437 million, as several of the currencies in which we operate depreciated against the U.S. dollar relative to 2019.

Direct operating costs for the year ended December 31, 2020 were \$6,548 million, which represents an increase of \$1,939 million compared to the year ended December 31, 2019. 2020 included \$2,179 million of incremental costs attributable to recent acquisitions and \$169 million of incremental costs associated with organic growth initiatives and our annual revaluation process. These increases were partially offset by the dispositions of our Colombian regulated distribution operation and Australian district energy business as well as the impacts of foreign exchange which reduced direct costs by \$212 million and \$197 million, respectively.

General and administrative expenses totaled \$312 million for the year ended December 31, 2020, an increase of \$33 million compared to the same period in 2019. This line item primarily consists of the annual base management fee that is paid to Brookfield, which is equal to 1.25% of our partnership's market value plus preferred units outstanding and net recourse debt. The base management fee in 2020 increased from 2019 due to a higher trading price of our units and additional borrowings incurred to fund our growth initiatives.

Interest expense for the year ended December 31, 2020 was \$1,179 million, an increase of \$275 million compared to the same period in 2019. Interest expense increased due to additional asset-level borrowings associated with our new investments and higher corporate interest expense associated with our medium-term notes offerings during 2020.

Our partnership's share of earnings from investments in associates and joint ventures was \$131 million for the year ended December 31, 2020, representing a decrease of \$93 million relative to the same period in 2019. Our share of earnings from operating businesses accounted for as investments in associates and joint ventures benefited from underlying earnings growth, which was more than offset by higher depreciation, a lower share of earnings at our Brazilian toll road due to the expiry of one of our state road concessions, and the impact of foreign exchange.

Other income was \$234 million for the year ended December 31, 2020, compared to a loss of \$158 million during the year ended December 31, 2019. Fiscal 2020 included gains recognized on the partial disposition of our Australian export terminal and the disposition of our North American transmission operation. These increases were partially offset by a make-whole payment related to a refinancing at our U.K. port operation, restructuring and business development costs at our North American rail operations, and accretion expense associated with deferred consideration at our Brazilian regulated gas transmission business. Other income during the year ended December 31, 2019 included transaction costs on the acquisition of our North American rail operation and Indian natural gas operations.

Mark-to-market losses on hedging items for the year ended December 31, 2020 were \$16 million compared to gains of \$57 million for the year ended December 31, 2019. Amounts in both 2020 and 2019 consisted of mark-to-market movements relating to foreign exchange hedging activities at the corporate level and commodity contracts at our North American gas storage operations. The loss during the year ended December 31, 2020 resulted from the fair value adjustments on commodity contracts as well as the appreciation of most currencies in which we operate relative to the U.S. dollar.

Income tax expense for the year ended December 31, 2020 was \$291 million compared to \$278 million for the year ended December 31, 2019. The increase was due to a higher U.K. income tax rate which resulted in \$31 million of additional charges during 2020 and \$49 million of incremental expenses associated with organic growth initiatives. These increases were partially offset by tax recoveries at our North American rail operation, dispositions completed during the year ended December 31, 2020 and the impact of foreign exchange.

The following table summarizes the statement of financial position of Brookfield Infrastructure for the years ended December 31, 2021 and December 31, 2020.

<u>US\$ MILLIONS</u>	<u>As of</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Summary Statements of Financial Position Key Metrics		
Cash and cash equivalents	\$ 1,406	\$ 867
Property, plant and equipment	38,655	31,584
Intangible assets	14,214	11,767
Total assets	73,961	61,331
Corporate borrowings	2,719	3,158
Non-recourse borrowings	26,534	20,020
Total liabilities	47,570	39,658
Limited partners' capital	5,702	4,233
General partner's capital	31	19
Non-controlling interest—Redeemable Partnership Units held by Brookfield	2,408	1,687
Non-controlling interest—BIPC exchangeable shares	1,369	638
Non-controlling interest—Exchangeable units ⁽¹⁾	85	12
Non-controlling interest—in operating subsidiaries	15,658	13,954
Preferred unitholders	1,138	1,130
Partnership's capital attributable to the partnership ⁽²⁾	9,595	6,589
Total partnership's capital	26,391	21,673

(1) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units.

(2) Includes partnership capital attributable to limited partners, the general partner, non-controlling interests - Redeemable Partnership Units held by Brookfield, non-controlling interests - Exchangeable units and non-controlling interests - BIPC exchangeable shares.

Total assets were \$74.0 billion at December 31, 2021, compared to \$61.3 billion at December 31, 2020. Acquisitions completed in 2021 and organic growth initiatives increased consolidated assets by \$20.3 billion. These increases were partly offset by the impact of dispositions completed during the year, foreign exchange and depreciation and amortization, which reduced total assets by \$4.3 billion, \$1.3 billion and \$2.0 billion, respectively.

During the year ended December 31, 2021, property, plant and equipment increased from \$31.6 billion to \$38.7 billion as the impact of our Canadian diversified midstream operation and other recently completed acquisitions, revaluation gains and capital additions were partially offset by depreciation expense, recently completed dispositions and the impact of foreign exchange. Intangible assets increased from \$11.8 billion to \$14.2 billion as additions from recently completed acquisitions were partially offset by asset dispositions of \$0.7 billion, amortization expense of \$0.5 billion and the impact of foreign exchange.

The rapid spread of the COVID-19 virus, including subsequent mutations, and actions taken globally in response to COVID-19, have generally disrupted business activities in the jurisdictions in which we operate and elsewhere. Governments around the world implemented stringent measures to control the spread of the virus, including quarantines, social distancing protocols, "shelter in place" and "stay at home" orders, travel restrictions, business curtailments, school closures and other measures, that restricted economic and social activity. Governments and central banks around the world have also enacted fiscal and monetary stimulus measures to mitigate the economically harmful impact of these COVID-19 response measures. Our group's business relies, to a certain extent, on free movement of goods, services, and capital around the world, all of which were restricted as a result of COVID-19. At the outset of the pandemic, we implemented a response plan designed to maintain our operations despite the outbreak of the virus, including extra safety precautions with respect to our personnel and contingency plans with respect to our facilities. Our partnership has assessed the impact of the economic environment on our asset valuations, including our property, plant and equipment, intangible assets, and investments in associates and joint ventures. In making these assessments, we have assumed that the sharp curtailment in economic activities, as a result of social distancing rules imposed by governments worldwide, will not materially persist in the long term. We believe our operations have demonstrated resilience to global economic disruptions since the outbreak. Furthermore, our assets are geographically dispersed, diversified across operating segments, and largely underpinned by regulated tariffs or highly contracted cash flows. Based on our partnership's assessment, we believe our asset values remain largely unaffected by the global pandemic.

Corporate borrowings decreased to \$2.7 billion at December 31, 2021, compared to \$3.2 billion at December 31, 2020. The decrease is primarily attributable to the repayment of \$1,131 million of our revolving credit facility, partially offset by \$431 million of net proceeds raised from our commercial paper program and the issuance of \$250 million subordinated notes.

Non-recourse borrowings have increased by \$6.5 billion since year-end. The impact from \$8.7 billion of additional net borrowings, inclusive of \$6.7 billion acquired as part of recent acquisitions, primarily our Canadian diversified midstream operation, was partially offset by recently completed dispositions.

Our partnership capital increased by \$3.0 billion to \$9.6 billion as at December 31, 2021. The increase is attributable to income generated from operations and equity issued during the year, including BIPC exchangeable shares and BIPC Exchangeable LP Units issued in connection with the acquisition of our Canadian diversified midstream operation. Partially offsetting the increase were distributions paid to our unitholders.

Foreign Currency Translation

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

	Period End Rate					Average Rate				
	As of December 31,					For the year ended December 31,				
	2021	2020	2019	2021 vs 2020	2020 vs 2019	2021	2020	2019	2021 vs 2020	2020 vs 2019
Canadian dollar	0.7913	0.7853	0.7699	1 %	2 %	0.7979	0.7465	0.7538	7 %	(1)%
Brazilian real	0.1792	0.1924	0.2481	(7)%	(22)%	0.1854	0.1939	0.2534	(4)%	(23)%
British pound	1.3532	1.3670	1.3255	(1)%	3 %	1.3758	1.2840	1.2767	7 %	1 %
Australian dollar	0.7262	0.7694	0.7018	(6)%	10 %	0.7513	0.6910	0.6953	9 %	(1)%
Indian rupee	0.0134	0.0137	0.0140	(2)%	(2)%	0.0135	0.0135	0.0142	— %	(5)%

As at December 31, 2021, our consolidated partnership capital of \$26.4 billion was invested in the following currencies: Canadian dollars - 37%; United States dollars - 19%; Indian rupees - 11%; Brazilian reais - 8%; British pounds - 8%; Australian dollars - 8%; and other currencies - 9%. As a result of our currency hedging program, 68% of our partnership capital is effectively denominated in U.S. dollars. With the exception of the Canadian dollar, period end rates relative to the U.S. dollar at the end of 2021 were lower than December 31, 2020 for our most significant non-U.S. dollar investments, which decreased the carrying values of the assets and liabilities of our operations in these regions.

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

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Canadian dollar	\$ 67	\$ 52	\$ 155
British pound	(14)	103	76
Indian rupee	(77)	27	(53)
Australian dollar	(117)	245	(13)
Brazilian real	(244)	(1,043)	(198)
Other	(128)	100	97
	(513)	(516)	64
Currency hedges ⁽¹⁾	121	(32)	(177)
	\$ (392)	\$ (548)	\$ (113)
Attributable to:			
Unitholders	\$ (143)	\$ (365)	\$ (125)
Non-controlling interests	(249)	(183)	12
	\$ (392)	\$ (548)	\$ (113)

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

The impact of foreign currency translation on partnership capital, including those attributable to non-controlling interests for the twelve-month period ended December 31, 2021 was a reduction to partnership capital of \$392 million.

We use financial contracts and locally denominated debt to hedge most foreign currency exposures. We are largely hedged against the Australian, Canadian, European, British, and New Zealand currencies. As a result, the impact of currency movements was partially offset by gains and losses recognized on our currency hedges.

Average currency exchange rates impact revenues and net income in U.S. dollars from non-U.S. operations on a comparative basis. During the year ended December 31, 2021, the average foreign exchange rate of the major currencies we operate in, with the exception of the Brazilian real, strengthened relative to the U.S. dollar, increasing revenue and net income in U.S. dollars.

SEGMENTED DISCLOSURES

In this section, we review the results of our principal operating segments: utilities, transport, midstream, data and corporate. Key metrics and measures are presented in accordance with our partnership's share of the underlying results, taking into account Brookfield Infrastructure's ownership in operations accounted for using the consolidation and equity methods, whereby our partnership either controls or exercises significant influence or joint control over its investments. See the "Reconciliation of Non-IFRS Financial Measures" section of this MD&A for a discussion of the importance of our partnership's presentation, the limitations associated with such information and a reconciliation of segment results to our partnership's statement of operating results in accordance with IFRS.



Utilities

Results of Operations

The following table presents our partnership's share of the key metrics and measures of our utilities segment:

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Funds from Operations (FFO)	705	659	672
Maintenance capital expenditures	(40)	(30)	(33)
Adjusted Funds from Operations (AFFO)	\$ 665	\$ 629	\$ 639
Adjusted EBITDA ⁽¹⁾	942	854	850
Rate Base	5,818	5,199	5,169
Return on rate base ^{(2),(3)}	12 %	12 %	12 %

(1) Non-IFRS measure. Refer to the "Reconciliation of Segment Adjusted EBITDA" section of this MD&A for a reconciliation from net income.

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

(3) Return on rate base excludes the impact of connections revenue, return of capital and IFRS 16 adjustments.

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

The following table presents our partnership's share of Adjusted EBITDA and FFO for the businesses in this operating segment:

US\$ MILLIONS	Adjusted EBITDA ⁽¹⁾			FFO		
	2021	2020	2019	2021	2020	2019
Commercial & Residential Distribution	\$ 512	\$ 497	\$ 492	\$ 413	\$ 401	\$ 402
Regulated Transmission	430	357	358	292	258	270
Total	<u>\$ 942</u>	<u>\$ 854</u>	<u>\$ 850</u>	<u>\$ 705</u>	<u>\$ 659</u>	<u>\$ 672</u>

(1) Non-IFRS measure. Refer to the "Reconciliation of Segment Adjusted EBITDA" section of this MD&A for a reconciliation from net income.

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

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Rate base, start of period ⁽¹⁾	\$ 5,199	\$ 5,169	\$ 3,960
Acquisitions (asset sales) ⁽¹⁾	131	(162)	832
Capital expenditures commissioned	433	338	362
Inflation and other indexation	250	164	172
Regulatory depreciation	(68)	(87)	(81)
Foreign exchange and other	(127)	(223)	(76)
Rate base, end of period	<u>\$ 5,818</u>	<u>\$ 5,199</u>	<u>\$ 5,169</u>

(1) Rate base, start of the period, excludes our North American district energy operation as we sold the business in the second quarter of 2021 and is therefore also excluded from the asset sales impact for 2021.

The following table presents the roll-forward of our partnership's share of capital backlog, which represents growth projects over the next 2-3 years, as well as capital to be commissioned:

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Capital backlog, start of period	\$ 634	\$ 848	\$ 853
Impact of asset sales	(139)	(19)	—
Additional capital project mandates	483	360	624
Less: capital expenditures	(443)	(521)	(496)
Foreign exchange and other	(3)	(34)	(133)
Capital backlog, end of period	<u>532</u>	<u>634</u>	<u>848</u>
Construction work in progress	401	438	340
Total capital to be commissioned	<u>\$ 933</u>	<u>\$ 1,072</u>	<u>\$ 1,188</u>

2021 vs. 2020

Adjusted EBITDA and FFO for our utilities segment benefited from the recovery in connections activity at our U.K. regulated distribution business, as well as the contributions from inflation indexation and approximately \$430 million of capital commissioned into rate base this year. Current year results also reflect the acquisition of the remaining 10% interest in our Brazilian regulated gas transmission business. Prior year results include full year contributions from a smart meter portfolio in the U.K. and a North American district energy business, which were disposed of in the second quarter of this year.

For the year ended December 31, 2021, our commercial and residential distribution operations generated Adjusted EBITDA of \$512 million and FFO of \$413 million, compared to \$497 million and \$401 million, respectively, in the prior year. Results benefited from the impacts of inflation indexation, capital commissioned into rate base over the last 12 months, and higher connections activity at our U.K. regulated distribution business. Prior year results include full year contributions from a smart meter portfolio in the U.K. and a North American district energy business, which were disposed of in the second quarter of this year.

For the year ended December 31, 2021, our regulated transmission operations generated Adjusted EBITDA of \$430 million and FFO of \$292 million, compared to \$357 million and \$258 million, respectively, in 2020. Results benefited from an annual inflationary tariff adjustment at our Brazilian regulated gas transmission operation, the ongoing expansion of our Brazilian electricity transmission network and the acquisition of the remaining 10% interest in our Brazilian regulated gas transmission business in April of this year. Results were impacted by higher interest rates at our Brazilian regulated gas transmission business and foreign exchange movements.

As of December 31, 2021, total capital to be commissioned into rate base was \$0.9 billion compared to \$1.1 billion as of December 31, 2020. The capital to be commissioned relates to projects that have been awarded or filed with regulators with anticipated commissioning into rate base in the next two to three years. Capital to be commissioned decreased 13% compared to the prior year driven primarily by the removal of growth projects associated with assets sold during the year. Our base business capital to be commissioned is relatively consistent with prior year as capital commissioned into rate base was offset by new mandates. The largest contributors to capital expected to be commissioned into rate base are approximately \$550 million at our U.K. regulated distribution business and \$150 million at our Brazilian electricity transmission business.

2020 vs. 2019

Adjusted EBITDA and FFO for our utilities segment benefited from inflation-indexation and capital commissioned into rate base during the year ended December 31, 2020, the contribution to earnings from two acquisitions and higher exchange rates on our British pound hedge contracts. These positive impacts were more than offset by a delay in the recognition of connections revenue at our U.K. regulated distribution business, the loss of earnings associated with three asset sales and the impact of a decline in the Brazilian real, which reduced U.S. dollar results by approximately \$50 million.

For the year ended December 31, 2020, our commercial and residential distribution operations generated Adjusted EBITDA of \$497 million and FFO of \$401 million, compared to \$492 million and \$402 million, respectively, in 2019. Results benefited from inflation-indexation, capital commissioned into rate base during the year ended December 31, 2020 and higher exchange rates on our British pound hedge contracts. These positive factors were more than offset by lower connections activity at our U.K. regulated distribution business and the loss of earnings associated with the sales of our Colombian distribution utility and Australian district energy operation.

For the year ended December 31, 2020, our regulated transmission operations generated Adjusted EBITDA of \$357 million and FFO of \$258 million, compared to \$358 million and \$270 million, respectively, in 2019. Results benefited from inflation-indexation and the contribution from the acquisitions of a North American regulated transmission business and a natural gas pipeline in India. These positive factors were more than offset by the loss of earnings from the sale of our North American transmission operation and the impact of a weaker Brazilian real.

As of December 31, 2020, total capital to be commissioned into rate base was \$1.1 billion compared to \$1.2 billion as of December 31, 2019. The capital to be commissioned related to projects that had been awarded or filed with regulators with anticipated commissioning into rate base in the next two to three years. Capital to be commissioned decreased as new connection mandates awarded during the period were more than offset by capital projects commissioned into rate base and the impact of foreign exchange.

Recent Developments

In February 2022, we completed the acquisition of an approximate 10% interest in AusNet Services Ltd. for approximately \$0.5 billion. This portfolio of high-quality utility businesses in Victoria, Australia, provides electricity and gas transmission and distribution services across its critical networks. We believe our ownership of this perpetual regulated utility franchise will position us well to participate in the decarbonization of Victoria's economy to meet its legislated 2050 net zero target.

In December, we agreed to acquire a 50% interest in Intellihub, the leading provider of electricity smart meters in Australia and New Zealand. Total equity required for the investment is approximately \$870 million (BIP's share – \$215 million). The business has 1.2 million meters leased and contractual relationships with energy retailers that cover 99% of the consumer market. This is an asset class we are very familiar with, as we held a smart meter portfolio within our U.K. regulated distribution business for many years. The transaction is expected to close in late Q1 2022.



Transport

Results of Operations

The following table presents our partnership's share of the key metrics and measures of our transport segment:

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Funds from Operations (FFO)	701	590	603
Maintenance capital expenditures	(151)	(133)	(154)
Adjusted Funds from Operations (AFFO)	\$550	\$ 457	\$ 449
Adjusted EBITDA ⁽¹⁾	968	806	833
Adjusted EBITDA margin ⁽²⁾	47 %	51 %	52 %
Growth capital expenditures	270	138	178

(1) Non-IFRS measure. Refer to the "Reconciliation of Segment Adjusted EBITDA" section of this MD&A for a reconciliation from net income.

(2) Adjusted EBITDA margin is Adjusted EBITDA divided by revenues. It is calculated based on net of construction revenues and costs which are incurred at our Peruvian toll road operation during the construction of our toll roads. Adjusted EBITDA margin is a non-IFRS measure. Refer to the "Reconciliation of Segment Adjusted EBITDA" section of this MD&A for a reconciliation from net income.

The following table presents our partnership's share of Adjusted EBITDA and FFO for each business in this operating segment:

US\$ MILLIONS	Adjusted EBITDA ⁽¹⁾			FFO		
	2021	2020	2019	2021	2020	2019
Rail	\$ 351	\$ 328	\$ 282	\$ 283	\$ 265	\$ 215
Toll Roads	223	216	314	158	142	223
Diversified Terminals	394	262	237	260	183	165
Total	\$ 968	\$ 806	\$ 833	\$ 701	\$ 590	\$ 603

(1) Non-IFRS measure. Refer to the "Reconciliation of Segment Adjusted EBITDA" section of this MD&A for a reconciliation from net income.

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

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Capital backlog, start of period	\$ 421	\$ 383	\$ 529
Impact of acquisitions	—	54	—
Additional capital project mandates	406	157	90
Less: capital expenditures	(270)	(138)	(178)
Foreign exchange and other	(24)	(35)	(58)
Capital backlog, end of period	533	421	383
Construction work in progress	421	333	199
Total capital to be commissioned	\$ 954	\$ 754	\$ 582

2021 vs. 2020

Current year's results benefited from 11% organic growth supported by higher tariffs and volumes across our rail and diversified terminal portfolios, as well as a recovery in toll road volumes since the economic shutdowns last year. Results also benefited from a full year contribution from our U.S. LNG export terminal acquired in the third quarter of last year. Prior year results included a greater contribution from our Australian export terminal, which we partially disposed of in December 2020 and our Chilean toll road operation, which we sold in November 2021.

For the year ended December 31, 2021, our rail business generated Adjusted EBITDA of \$351 million and FFO of \$283 million, compared to \$328 million and \$265 million, respectively, during the same period in 2020. Adjusted EBITDA and FFO benefited from a 4% average increase in tariffs across our portfolio over the prior year and strong overall volumes, highlighted by a 8% increase in volumes at our North American operations.

For the year ended December 31, 2021, our toll roads contributed Adjusted EBITDA of \$223 million and FFO of \$158 million, compared to \$216 million and \$142 million, respectively, during the same period in 2020. Adjusted EBITDA and FFO benefited from a 6% average increase in tolls and a 15% increase in traffic volumes across our global portfolio over the prior year. Prior year results included a full contribution from our Chilean toll road operation, which we completed the sale of in November.

For the year ended December 31, 2021, our diversified terminals reported Adjusted EBITDA of \$394 million and FFO of \$260 million, compared to \$262 million and \$183 million, respectively, during the same period in 2020. Adjusted EBITDA and FFO benefited from tariff increases at several of our terminals, higher container storage charges due to congestion at our North American port, and the full period contribution from our U.S. LNG export terminal acquired last year. Prior year results included a greater contribution from our Australian export terminal which we partially disposed of in December 2020.

As of December 31, 2021, total capital to be commissioned was \$954 million compared to \$754 million as of December 31, 2020. Total capital to be commissioned increased due to capital project mandates awarded, partially offset by capital expenditures made during the period and the impact of foreign exchange. The largest contributors to capital to be commissioned over the next two to three years include approximately \$415 million at our South American toll road businesses, approximately \$230 million of rail expansion projects in Australia and approximately \$190 million to increase capacity at our U.S. LNG export terminal.

2020 vs. 2019

2020 results benefited from higher volumes moved across our rail networks in Australia and Brazil, a favorable arbitration settlement at our U.K. port operation and the contributions from two acquisitions, our North American rail operation and U.S. LNG export terminal. These positive factors were more than offset by economic shutdown related traffic declines at our toll road businesses, the loss of earnings associated with the partial sale of our Chilean toll road operation and a decline in the Brazilian real, which reduced results by approximately \$50 million.

For the year ended December 31, 2020, our rail business generated Adjusted EBITDA of \$328 million and FFO of \$265 million, compared to \$282 million and \$215 million, respectively, during the same period in 2019. Adjusted EBITDA and FFO increased due to higher volumes moved on our rail networks in Brazil and Australia, and the contribution from our North American rail operation acquired in December 2019, partially offset by the impact of foreign exchange.

For the year ended December 31, 2020, our toll roads contributed Adjusted EBITDA of \$216 million and FFO of \$142 million, compared to \$314 million and \$223 million, respectively, during the same period in 2019. Adjusted EBITDA and FFO decreased as a result of a partial sale of our Chilean toll road operation, the planned hand-back of a state concession at our Brazilian toll road operation, government restrictions on traffic flows and the impact of a lower Brazilian real.

For the year ended December 31, 2020, our diversified terminal operations reported Adjusted EBITDA of \$262 million and FFO of \$183 million, compared to \$237 million and \$165 million, respectively, during the same period in 2019. Adjusted EBITDA and FFO increased primarily due to the acquisition of our U.S. LNG export terminal and favorable arbitration settlements at our U.K. operations. These positive factors were partially offset by the loss of income associated with the sale of our European port operation.

As of December 31, 2020, total capital to be commissioned was \$754 million compared to \$582 million as of December 31, 2019. Total capital to be commissioned increased due to capital project mandates awarded and the impact of acquisitions, partially offset by capital expenditures made during 2020 and the impact of foreign exchange.



Results of Operations

The following table presents our partnership's share of the key metrics of our midstream segment:

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Funds from Operations (FFO)	492	289	244
Maintenance capital expenditures	(87)	(92)	(84)
Adjusted Funds from Operations (AFFO)	<u>\$405</u>	<u>\$ 197</u>	<u>\$ 160</u>
Adjusted EBITDA ⁽¹⁾	612	379	320
Adjusted EBITDA margin ⁽²⁾	56 %	66 %	65 %
Growth capital expenditures	174	145	91

(1) Non-IFRS measure. Refer to the "Reconciliation of Segment Adjusted EBITDA" section of this MD&A for a reconciliation from net income.

(2) Adjusted EBITDA margin is Adjusted EBITDA divided by revenues. Adjusted EBITDA margin is a non-IFRS measure. Refer to the "Reconciliation of Segment Adjusted EBITDA" section of this MD&A for reconciliation from net income to Adjusted EBITDA.

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

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Capital backlog, start of period	\$ 8	\$ 161	\$ 223
Impact of acquisitions	391	—	—
Additional capital project mandates	20	18	25
Less: capital expenditures	(174)	(145)	(91)
Foreign exchange and other	—	(26)	4
Capital backlog, end of period	245	8	161
Construction work in progress	1,875	121	93
Total capital to be commissioned	<u>\$ 2,120</u>	<u>\$ 129</u>	<u>\$ 254</u>

2021 vs. 2020

For the year ended December 31, 2021, our midstream operations generated Adjusted EBITDA of \$612 million and FFO of \$492 million, compared to \$379 million and \$289 million, respectively, during the same period in 2020. Adjusted EBITDA and FFO at our midstream operations benefited from higher market sensitive revenues, exceptional performance at our gas storage operations in the first quarter of 2021, and the commissioning of the second phase of our Gulf Coast expansion project in March 2021 at our U.S. gas pipeline. Results also benefited from the contribution from our Canadian diversified midstream operation which was fully privatized in October 2021. Prior year results included an additional 12.5% ownership in our U.S. gas pipeline which was disposed of earlier in 2021.

As of December 31, 2021, total capital to be commissioned was \$2.1 billion compared to \$129 million as of December 31, 2020. Total capital to be commissioned increased primarily as a result of the acquisition of our Canadian diversified midstream operation, which is currently constructing the Heartland Petrochemical facility, a state-of-the-art integrated petrochemical complex in western Canada. Heartland is now mechanically complete and commissioning activities are on track with mid-2022 start-up. These increases were partially offset by capital projects commissioned at our U.S. gas pipeline during the period.

2020 vs. 2019

For the year ended December 31, 2020, our midstream operations generated Adjusted EBITDA of \$379 million and FFO of \$289 million, compared to \$320 million and \$244 million, respectively, during the same period in 2019. FFO at our midstream operations grew organically by 13%, despite a challenging operating environment. Results benefited from strong transportation volumes and improved storage spreads across our portfolio, as well as the commissioning of two growth projects in the fourth quarter of 2020 at our U.S. gas pipeline. Results also benefited from the acquisition of the federally regulated portion of our Western Canadian midstream business acquired in December 2019.

As of December 31, 2020, total capital to be commissioned was \$129 million compared to \$254 million as of December 31, 2019. Total capital to be commissioned decreased primarily as a result of capital projects commissioned at our U.S. gas pipeline during 2020. These projects involved system enhancements to increase deliverability to Gulf Coast LNG facilities and a 17-mile extension of our pipeline into the Permian basin. Additionally, the business has substantially completed the second phase of its Gulf Coast expansion which further increased transport capabilities in the region.

*Results of Operations*

The following table presents our partnership's share of the key metrics of our data segment:

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Funds from Operations (FFO)	238	196	136
Maintenance capital expenditures	(43)	(26)	(17)
Adjusted Funds from Operations (AFFO)	\$195	\$ 170	\$ 119
Adjusted EBITDA ⁽¹⁾	335	266	175
Adjusted EBITDA margin ⁽²⁾	54 %	51 %	52 %
Growth capital expenditures	266	131	104

(1) Non-IFRS measure. Refer to the "Reconciliation of Segment Adjusted EBITDA" section of this MD&A for a reconciliation from net income.

(2) Adjusted EBITDA margin is Adjusted EBITDA divided by revenues. Adjusted EBITDA margin is a non-IFRS measure. Refer to the "Reconciliation of Segment Adjusted EBITDA" section of this MD&A for reconciliation from net income to Adjusted EBITDA.

The following table presents our partnership's share of Adjusted EBITDA and FFO for each business in this operating segment:

US\$ MILLIONS	Adjusted EBITDA⁽¹⁾			FFO		
	2021	2020	2019	2021	2020	2019
Data Transmission and Distribution	\$ 290	\$ 213	\$ 121	\$ 212	\$ 163	\$ 101
Data Storage	45	53	54	26	33	35
Total	\$ 335	\$ 266	\$ 175	\$ 238	\$ 196	\$ 136

(1) Non-IFRS measure. Refer to the "Reconciliation of Segment Adjusted EBITDA" section of this MD&A for a reconciliation from net income.

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

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Capital backlog, start of period	\$ 367	\$ 152	\$ 200
Impact of acquisitions	—	144	27
Additional capital project mandates	307	180	59
Less: capital expenditures	(266)	(131)	(104)
Foreign exchange and other	(14)	22	(30)
Capital backlog, end of period	394	367	152
Construction work in progress	100	48	41
Total capital to be commissioned	\$ 494	\$ 415	\$ 193

2021 vs. 2020

Results for our data segment benefited from growth supported by new towers built at our Indian telecom business which we acquired in August 2020, as well as additional points-of-presence and the roll-out of our fiber-to-the-home program at our French telecom business.

For the year ended December 31, 2021, our data transmission and distribution business generated Adjusted EBITDA of \$290 million and FFO of \$212 million, compared to \$213 million and \$163 million, respectively, during the same period in 2020. Results benefited from growth initiatives at our French telecom business and a full year of earnings from our Indian telecom operation acquired last year. Over the last twelve months we added approximately 11,000 contracted towers at our Indian telecom operation and 180,000 new fiber-to-the-home plugs at our French telecom business.

For the year ended December 31, 2021, our data storage business contributed Adjusted EBITDA of \$45 million and FFO of \$26 million compared to \$53 million and \$33 million, respectively, during the same period in 2020. Results decreased as the contribution from 11 MWs of capacity commissioned at our South American data center operation over the last 12 months was offset by customer churn at our U.S. data center business as we reposition the business for new growth initiatives.

As of December 31, 2021, total capital to be commissioned was \$494 million compared to \$415 million as of December 31, 2020. Total capital to be commissioned increased due to the benefit of capital project mandates awarded, partially offset by capital expenditures made during the period. Capital to be commissioned includes approximately \$130 million related to the build-out of additional contracted towers at our Indian telecom towers business, as well as approximately \$175 million related to roll-out of our fiber-to-the-home program and additional points-of-presence at our French telecom business. Capital to be commissioned also includes approximately \$155 million at our data storage operations, primarily relating to the construction of several new facilities at our South American and Australian operations. In South America we commissioned 11 MW of capacity in 2021 and anticipate a further 28MW to be commissioned in 2022.

2020 vs. 2019

Results increased organically from new points-of-presence added and the roll-out of our fiber-to-the-home strategy at our French telecom operations and the completion of three newly constructed data centers in South America. Results also benefited from the contribution of several recently completed acquisitions and higher rates on our Euro denominated FFO hedge contracts. Acquisitions in 2020 included our Indian telecom tower operation as well as data distribution businesses in New Zealand and the U.K.

For the year ended December 31, 2020, our data transmission and distribution business generated Adjusted EBITDA of \$213 million and FFO of \$163 million, compared to \$121 million and \$101 million, respectively, during the same period in 2019. Adjusted EBITDA and FFO increased due to approximately 280 new tower sites added and approximately 150,000 new fiber plugs commissioned at our French telecom business and the benefit of higher rates on Euro denominated FFO hedge contracts. Results also benefited from the contributions from telecom businesses acquired in India, New Zealand and the U.K.

For the year ended December 31, 2020, our data storage business contributed Adjusted EBITDA of \$53 million and FFO of \$33 million. compared to \$54 million and \$35 million, respectively, during the same period in 2019. Adjusted EBITDA and FFO decreased as the contribution from commissioned data centers in South America were more than offset by lower sales at our U.S. operation.

As of December 31, 2020, total capital to be commissioned was \$415 million compared to \$193 million as of December 31, 2019. Total capital to be commissioned increased as the impact of acquisitions and capital project mandates awarded was partially offset by capital expenditures made during 2020.



Corporate

The following table presents the components of our corporate segment, at our partnership's share:

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Adjusted EBITDA ⁽¹⁾	(406)	(312)	(279)
Funds from Operations (FFO)	(403)	(280)	(271)

(1) *Non-IFRS measure. Refer to the "Reconciliation of Segment Adjusted EBITDA" section of this MD&A for a reconciliation from net income.*

2021 vs. 2020

For the year ended December 31, 2021, Adjusted EBITDA and FFO for our Corporate segment were losses of \$406 million and \$403 million, respectively, versus losses of \$312 million and \$280 million, respectively, in 2020. Adjusted EBITDA and FFO decreased over the prior year as a result of a higher base management fee due to an increase in our unit price and a higher unit count.

Pursuant to our Master Services Agreement, we pay Brookfield an annual base management fee equal to 1.25% of our market value plus net recourse debt. The base management fee increased over the prior year due to a higher unit price and capital market activity used to fund new growth initiatives.

2020 vs. 2019

For the year ended December 31, 2020, Adjusted EBITDA and FFO for our Corporate segment were losses of \$312 million and \$280 million, respectively, versus losses of \$279 million and \$271 million, respectively, in 2019. Adjusted EBITDA and FFO decreased from the prior year as realized gains on corporate financial assets were more than offset by a higher base management fee. During 2020, we deployed over \$600 million (\$350 million net of margin) into attractively valued financial assets. We sold approximately 40% during 2020 and realized gains of approximately \$60 million.

The base management fee pursuant to our Master Services Agreement with Brookfield increased in 2020 from 2019 due to a larger capitalization as a result of a higher unit price and capital market activity used to fund new growth initiatives.

SELECTED STATEMENTS OF OPERATING RESULTS AND FINANCIAL POSITION INFORMATION

To measure performance, we focus on net income, an IFRS measure, as well as certain non-IFRS measures, including but not limited to FFO, AFFO, Adjusted EBITDA and Invested Capital. 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. We define AFFO as FFO less capital expenditures required to maintain the current performance of our operations (maintenance capital expenditures).

In addition to FFO and AFFO, we focus on Adjusted EBITDA, which we define as net income excluding the impact of interest expense, depreciation and amortization, income taxes, mark-to-market on hedging items and other income (expenses) corresponding to amounts that are not related to the revenue earning activities and are not normal, recurring cash operating expenses necessary for business operations. Adjusted EBITDA 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 ownership interests held by non-controlling interests in consolidated subsidiaries. We define Invested Capital as partnership capital removing the following items: non-controlling interest - in operating subsidiaries, retained earnings or deficit, accumulated other comprehensive income and ownership changes.

Along with net income and other IFRS measures, FFO, Adjusted EBITDA and Invested Capital are key measures of our financial performance that we use to assess the results and performance of our operations on a segmented basis. AFFO is also a measure of operating performance and represents the ability of our businesses to generate sustainable earnings. Invested Capital, which tracks the amount of capital that has been contributed to our partnership, is a measure we utilize to assess returns on capital deployed, relative to targeted returns.

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

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

US\$ MILLIONS, EXCEPT PER UNIT INFORMATION	For the year ended December 31,		
	2021	2020	2019
Key Measures			
Net income attributable to the partnership ⁽¹⁾	\$1,093	\$ 394	\$ 233
Net income per unit ⁽²⁾	1.74	0.35	0.06
Funds from Operations (FFO) ⁽³⁾	1,733	1,454	1,384
Per unit FFO ⁽⁴⁾	3.64	3.13	3.06
Adjusted Funds from Operations (AFFO) ⁽³⁾	1,412	1,173	1,096
Return on invested capital ⁽⁵⁾	13 %	12 %	12 %
Adjusted EBITDA ⁽³⁾	2,451	1,993	1,899
Distributions per unit ^{(6),(7)}	2.04	1.94	1.81
FFO payout ratio ⁽⁸⁾	73 %	78 %	74 %
AFFO payout ratio ⁽⁹⁾	89 %	97 %	94 %

(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) Average number of limited partnership units outstanding on a time weighted average basis for the year ended December 31, 2021 were 296.7 million (2020: 294.7 million, 2019: 285.6 million).

(3) Refer to the “Performance Measures Used by Management” section of this MD&A for a definition of FFO, AFFO and Adjusted EBITDA, and the “Reconciliation of Non-IFRS Financial Measures” section of this MD&A for reconciliation from net income to FFO, AFFO and Adjusted EBITDA.

(4) Average units outstanding during the year ended December 31, 2021, were 476.5 million units outstanding (2020: 464.9 million, 2019: 452.9 million, adjusted for the BIPC special distribution).

(5) Return on invested capital is calculated as AFFO, adjusted for an estimate of the portion of earnings that represent a return of capital on concession-based businesses, divided by Invested Capital. The return of capital estimate for the year ended December 31, 2021 was \$142 million (2020: \$122 million, 2019: \$109 million). Refer to the “Reconciliation of Non-IFRS Financial Measures” section of this MD&A for reconciliation from partnership capital to Invested Capital.

(6) On March 31, 2020, our partnership completed the previously announced creation of BIPC with a special distribution of BIPC exchangeable shares. The special distribution resulted in the issuance of approximately 46.3 million BIPC exchangeable shares. Historical per unit disclosures have been retroactively adjusted for the impact of the special distribution.

(7) Distribution per unit is defined as the sum of partnership distributions less incentive distributions, divided by the total limited partner units, general partner units, Redeemable Partnership Units, Exchange LP Units, BIPC Exchangeable LP Units and BIPC exchangeable shares outstanding as of the record date. During the year ended December 31, 2021, the partnership paid quarterly distributions of \$0.51 per unit.

(8) FFO payout ratio is defined as distributions paid (inclusive of GP incentive and preferred unit distributions) divided by FFO.

(9) AFFO payout ratio is defined as distributions paid (inclusive of GP incentive and preferred unit distributions) divided by AFFO.

For the year ended December 31, 2021, FFO totaled \$1.7 billion (\$3.64 per unit) compared to \$1.5 billion (\$3.13 per unit) in 2020 and \$1.4 billion (\$3.06 per unit) in 2019. FFO of \$1.7 billion for the year ended December 31, 2021 represents an increase of 19% over 2020 on a total basis, and 16% on a per unit basis. Organic growth was 9% due to the benefits of inflation indexation and capital commissioned over the past 12 months. Results also benefited from a recovery of volumes, particularly at our U.K. regulated distribution business and our global toll road portfolio, and exceptional performance in our midstream segment as a result of strong commodity markets and favorable weather dynamics in the first quarter of 2021. Lastly, results increased due to a net contribution from our asset rotation program, including the contribution from our Canadian diversified midstream operation which was privatized in the second half of this year. Distributions paid in 2021 of \$2.04 per unit represent an increase of 5% compared to the prior year. This distribution, when combined with the incentive and preferred unit distributions, resulted in a payout ratio of 73% which exceeded our target range of 60-70% due to the timing of capital deployment. Following the completion of the privatization of our Canadian diversified midstream operation in October, our fourth quarter payout ratio was 68%.

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

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

Adjusted EBITDA, FFO, AFFO and Invested Capital are presented based on our partnership's share of results in operations accounted for using the consolidation and the equity method whereby we either control or exercise significant influence or joint control over the investment, respectively. Adjusted EBITDA, FFO, AFFO and Invested Capital are not, and are not intended to be, presented in accordance with IFRS. Under IFRS, we are not considered to control those entities that have not been consolidated and as such, have been presented as investments in associates or joint ventures in Note 12 of our partnership's financial statements included herein. The presentation of the assets and liabilities and revenues and expenses do not represent our legal claim to such items, and the removal of financial statement amounts that are attributable to non-controlling interests does not extinguish our partnership's legal claims or exposures to such items.

As a result, segment revenues, costs attributable to revenues, general and administrative costs, interest expense, depreciation and amortization, deferred income taxes and other income (expenses) corresponding to amounts that are not related to the revenue earning activities and are not normal, recurring cash operating expenses necessary for business operations are reconciling items that will differ from results presented in accordance with IFRS as these reconciling items include our partnership's share of earnings from investments in associates attributable to each of the above-noted items, and exclude the share of earnings (losses) of consolidated investments not held by our partnership apportioned to each of the above-noted items.

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

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

- Other companies may calculate results attributable to the partnership or common equity differently than we do.

Because of these limitations, our financial information presented based on the partnership's share in the underlying operations should not be considered in isolation or as a substitute for our financial statements as reported under IFRS.

See the "Reconciliation of Non-IFRS Financial Measures" section of this MD&A for a reconciliation of segment results to our statement of operating results in accordance with IFRS along with a break-down of each of the reconciling items by type and by operating segment.

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

FFO has limitations as an analytical tool:

- FFO does not include depreciation and amortization expense; because we own capital assets with finite lives, depreciation and amortization expense recognizes the fact that we must maintain or replace our asset base in order to preserve our revenue generating capability;
- FFO does not include deferred income taxes, which may become payable if we own our assets for a long period of time;
- FFO does not include the impact of mark-to-market on hedging items;
- FFO does not include other income (expenses) corresponding to amounts that are not related to the revenue earning activities and are not normal, recurring cash operating expenses necessary for business operations;
- our definition of FFO may differ from the definition used by other organizations, and is different than the definition of Funds from Operations used by REALPAC and NAREIT, in part because the NAREIT definition is based on U.S. GAAP, as opposed to IFRS.

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

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

We add back depreciation and amortization to remove the implication that our assets decline in value over time since we believe that the value of most of our assets will be sustained over time, provided we make all necessary maintenance expenditures. We add back deferred income taxes because we do not believe this item reflects the present value of the actual cash tax obligations we will be required to pay, particularly if our operations are held for a long period of time. We add back the impact of mark-to-market on hedging items which indicate a point-in-time approximation of value on items we consider long-term. Finally, we add back other income (expenses) that are not related to the revenue earning activities and are not normal, recurring cash operating expenses necessary for business operations.

In addition, we focus on AFFO, which is defined as FFO less capital expenditures required to maintain the current performance of our operations (maintenance capital expenditures). While FFO provides a basis for assessing current operating performance, it does not take into consideration the cost to sustain the operating performance of our partnership's asset base. In order to assess the long-term, sustainable operating performance of our businesses, we observe that in addition to FFO, investors use AFFO by taking into account the impact of maintenance capital expenditures.

We also focus on Adjusted EBITDA. Adjusted EBITDA provides a supplemental understanding of the performance of our business and enhanced comparability across periods and relative to our peers. In addition to the adjustments to FFO, Adjusted EBITDA excludes the impact of interest expense and current income taxes to remove the effect of our current capital structure and tax profile in assessing the operating performance of our businesses.

Invested Capital, which tracks the amount of capital that has been contributed to our partnership, is a measure we utilize to assess returns on capital deployed, relative to targeted returns. Investment decisions are based on, amongst other measures and factors, targeted returns on Invested Capital of 12% to 15% annually over the long term. We define Invested Capital as partnership capital removing the following items: non-controlling interest - in operating subsidiaries, retained earnings or deficit, accumulated other comprehensive income and ownership changes. We measure return on Invested Capital as AFFO, less estimated returns of capital on operations that are not perpetual in nature, divided by the weighted average Invested Capital for the period. Our partnership completes our estimate of returns of capital by reviewing the cash flow profile over the economic useful life of limited life businesses as underwritten, and estimating the percentage of cash flows generated in a given year. This percentage is then applied to our invested capital to determine how much capital we believe was returned in the current year.

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

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Net income	\$ 2,719	\$ 904	\$ 650
Add back or deduct the following:			
Depreciation and amortization	2,036	1,705	1,214
Share of (earnings) losses from investments in associates and joint ventures ⁽¹⁾	(88)	(131)	(224)
FFO contribution from investments in associates and joint ventures ⁽¹⁾	745	585	591
Deferred tax expense	240	54	28
Mark-to-market on hedging items	(80)	16	(57)
Gains on disposition of subsidiaries, associates and joint ventures ⁽³⁾	(2,118)	(71)	(70)
Other expenses (income) ⁽²⁾	533	(13)	450
FFO attributable to non-controlling interests ⁽⁴⁾	(2,254)	(1,595)	(1,198)
FFO	1,733	1,454	1,384
Maintenance capital expenditures	(321)	(281)	(288)
AFFO	1,412	1,173	1,096

- (1) FFO contribution from investments in associates and joint ventures correspond to the FFO attributable to the partnership that are generated by its investments in associates and joint ventures accounted for using the equity method. With consideration of share of (earnings) losses from investments in associates and joint ventures, these adjustments have the combined effect of excluding the impact of balances included in our definition of FFO recorded within our investments in associates and joint ventures.
- (2) Other income (expenses) corresponds to amounts that are not related to the revenue earning activities and are not normal, recurring cash operating expenses necessary for business operations. Other income and expenses excluded from FFO primarily includes asset retirement obligation and deferred consideration accretion expense, remeasurement of borrowings and amortization of deferred financing costs, acquisition costs and fair value remeasurement gains/losses. With the exception of a \$420 million gain related to the remeasurement of our 49% residual interest in our Australian export terminal during 2020, there are no items within other expenses (income) that are individually significant.
- (3) Gains on disposition of subsidiaries, associates and joint ventures are presented net of gains/losses relating to foreign currency translation, net investment hedges, and cash flow hedges reclassified from accumulated other comprehensive income to other income (expense) on the Consolidated Statement of Operating results.
- (4) Amounts attributable to non-controlling interests are calculated based on the economic ownership interests held by non-controlling interests in consolidated subsidiaries. By adjusting FFO attributable to non-controlling interests, our partnership is able to remove the portion of FFO earned at non-wholly owned subsidiaries that are not attributable to our partnership.

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

For the year ended December 31, 2021, the difference between net income and FFO is predominantly due to depreciation and amortization, FFO attributable to non-controlling interests, FFO contribution from investments in associates and joint ventures and gains on the disposition of subsidiaries, associates and joint ventures. Depreciation and amortization increased from the year ended December 31, 2020 due to incremental charges from recently completed acquisitions, higher asset values following our annual revaluation process, and capital expenditures made during 2021. FFO attributable to non-controlling interests increased from the prior year predominantly due to acquisitions completed during the past year, while FFO contributions from investments in associates and joint ventures increased from the prior year as a result of the acquisition of our U.S. LNG export facility, partially offset by the partial disposition of our Australian export terminal, which resulted in a change in the basis of presentation from consolidation to the equity method, and our U.S. gas pipeline. Gains on the disposition of subsidiaries, associates and joint ventures increased as a result of our capital recycling strategy.

The difference between net income and AFFO is due to the aforementioned items in addition to maintenance capital expenditures of \$321 million (2020: \$281 million, 2019: \$288 million).

The following table reconciles net income, the most directly comparable IFRS measure, to Adjusted EBITDA, a non-IFRS measure.

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Net income	\$ 2,719	\$ 904	\$ 650
Add back or deduct the following:			
Depreciation and amortization	2,036	1,705	1,214
Interest expense	1,468	1,179	904
Share of earnings from investments in associates and joint ventures ⁽¹⁾	(88)	(131)	(224)
Adjusted EBITDA contributions from investments in associates and joint ventures ⁽¹⁾	1,012	779	775
Income tax expense	614	291	278
Mark-to-market on hedging items	(80)	16	(57)
Other (income) expense	(1,749)	(234)	158
Adjusted EBITDA attributable to non-controlling interests ⁽²⁾	(3,481)	(2,516)	(1,799)
Adjusted EBITDA	\$ 2,451	\$ 1,993	\$ 1,899

(1) Adjusted EBITDA contributions from investments in associates and joint ventures correspond to the adjusted EBITDA attributable to the partnership that are generated by its investments in associates and joint ventures accounted for using the equity method. Along with the removal or add back of share of (earnings) losses from investments in associates and joint ventures, these adjustments have the combined effect of excluding the impact of balances included in our definition of Adjusted EBITDA recorded within our investments in associates and joint ventures.

(2) Amounts attributable to non-controlling interests are calculated based on the economic ownership interests held by non-controlling interests in consolidated subsidiaries.

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

For the year ended December 31, 2021, the difference between net income and Adjusted EBITDA is predominantly due to depreciation and amortization, interest expense, Adjusted EBITDA contributions from investments in associates and joint ventures, Adjusted EBITDA attributable to non-controlling interests and other (income) expenses. Depreciation and amortization increased from the year ended December 31, 2021 due to incremental charges from recently completed acquisitions, higher asset values following our annual revaluation process, and capital expenditures made during 2021. Interest expense increased from the prior year due to additional borrowings primarily associated with businesses acquired during 2021. Adjusted EBITDA attributable to non-controlling interests increased from the prior year predominantly due to acquisitions completed during 2021, while Adjusted EBITDA contributions from investments in associates and joint ventures increased from the prior year as a result of the acquisition of our U.S. LNG export facility, partially offset by the partial disposition of our Australian export terminal, which resulted in a change in the basis of presentation from consolidation to the equity method, and our U.S. pipeline. Other (expenses) income increased primarily as a result of gains from the disposition of our North American district energy operations, Chilean toll road operations and our smart meter portfolio in the U.K.

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

	<u>For the year ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net income per limited partnership unit ⁽¹⁾	\$ 1.74	\$ 0.35	\$ 0.06
Add back or deduct the following:			
Depreciation and amortization	2.40	2.22	1.98
Deferred income taxes	0.35	(0.01)	0.17
Mark-to-market on hedging items	(0.16)	0.01	(0.05)
Valuation (gains) losses and other ⁽²⁾	(0.69)	0.56	0.90
Per unit FFO ⁽³⁾	<u>\$ 3.64</u>	<u>\$ 3.13</u>	<u>\$ 3.06</u>

(1) During the year ended December 31, 2021, on average there were 296.7 million limited partnership units outstanding (2020: 294.7 million, 2019: \$285.6 million). Net income per limited partnership unit has been adjusted to reflect the dilutive impact of the special distribution.

(2) Refer to the reconciliation of net income attributable to the partnership to FFO above for a description of balances included within other.

(3) Average units outstanding during the year ended December 31, 2021, were 476.5 million (2020: 464.9 million, 2019: 452.9 million, adjusted for the BIPC special distribution).

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

<u>US\$ MILLIONS</u>	<u>For the year ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Partnership Capital	\$ 26,391	\$ 21,673	\$ 22,177
Remove impact of the following items since inception:			
Non-controlling interest - in operating subsidiaries	(15,658)	(13,954)	(14,113)
Deficit	2,520	2,752	2,048
Accumulated other comprehensive income	(543)	(731)	(705)
Ownership changes	(515)	(527)	(398)
Invested Capital	<u>\$ 12,195</u>	<u>\$ 9,213</u>	<u>\$ 9,009</u>

Invested capital has increased as a result of capital market activity throughout 2021, primarily related to the acquisition of our Canadian diversified midstream operation. Refer to “Partnership Capital” below in this MD&A for further details.

The following table presents the change in Invested Capital:

<u>US\$ MILLIONS</u>	<u>For the year ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Opening balance	\$ 9,213	\$ 9,009	\$ 8,156
Net issuance of preferred units	8	195	72
Issuance of units and Redeemable Partnership Units, net of redemptions	945	9	781
Issuance of BIPC exchangeable shares	1,770	—	—
Issuance of BIPC Exchange LP Units	259	—	—
Ending balance	<u>\$ 12,195</u>	<u>\$ 9,213</u>	<u>\$ 9,009</u>
Weighted Average Invested Capital	<u>\$ 10,076</u>	<u>\$ 9,067</u>	<u>\$ 8,563</u>

Our partnership has met its investment return objectives with return on Invested Capital of 13% for the year ended December 31, 2021 (2020: 12%, 2019: 12%).

OTHER RELEVANT MEASURES

Enterprise Value

We define enterprise value as the market capitalization of our partnership plus preferred units and the partnership's share of debt, net of cash. In addition to limited partnership units, our partnership's capital structure includes BIPC exchangeable shares, BIPC Exchangeable LP Units, general partner and Redeemable Partnership Units, as well as Exchange LP Units. We include enterprise value as a measure to assist users in understanding and evaluating the partnership's capital structure.

The following table presents enterprise value as of 2021, 2020 and 2019:

US\$ MILLIONS	As of December 31,				
	2021			2020	2019
	BIPC ⁽¹⁾	Brookfield Infrastructure ⁽²⁾	Total Enterprise Value	Total Enterprise Value	Total Enterprise Value
Shares/units outstanding	77.1	436.9	514.0	465.0	418.3
Price ⁽³⁾	\$ 68.26	\$ 60.81	—	—	\$ 49.99
Market capitalization	\$ 5,263	\$ 26,568	\$ 31,831	23,999	20,911
Preferred units and preferred shares ⁽⁴⁾	—	1,210	1,210	1,202	1,007
Net debt ⁽⁵⁾	2,084	15,453	17,502	14,485	12,121
Enterprise value	\$ 7,347	\$ 43,231	\$ 50,543	\$ 39,686	\$ 34,039

(1) Includes BIPC exchangeable shares and BIPC Exchangeable LP Units.

(2) Includes limited partner, general partner and Redeemable Partnership Units, as well as Exchange LP Units.

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

(4) Includes \$1,138 million of preferred units and \$72 million of preferred shares.

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

Reconciliation of Segment Adjusted EBITDA

Adjusted EBITDA for each of our operating segments is presented based on our partnership's share of results in operations accounted for using consolidation and the equity method whereby we either control or exercise significant influence over the investment respectively, in order to demonstrate the impact of key value drivers of each of these operating segments on our overall performance. As a result, interest, depreciation and amortization, income taxes, the impact of mark-to-market on hedging items and other income (expenses) corresponding to amounts that are not related to the revenue earning activities and are not normal, recurring cash operating expenses necessary for business operations are reconciling items that will differ from results presented in accordance with IFRS as these reconciling items include our partnership's share of earnings from investments in associates and joint ventures attributable to each of the above-noted items, and exclude the share of earnings (loss) of consolidated investments not held by the partnership apportioned to each of the above-noted items.

The following tables reconcile each segment's Adjusted EBITDA to consolidated segment net income in accordance with IFRS.

FOR THE YEAR ENDED DECEMBER 31, 2021						
US\$ MILLIONS	Utilities	Transport	Midstream	Data	Corporate	Total
Consolidated segment net income	\$ 1,003	\$ 240	\$ 445	\$ (54)	\$ 1,085	\$ 2,719
Add back or deduct the following:						
Depreciation and amortization	564	640	350	482	—	2,036
Interest expense	376	355	196	430	111	1,468
Share of (earnings) losses from investments in associates and joint ventures ⁽¹⁾	(84)	(15)	(74)	(14)	99	(88)
Adjusted EBITDA contributions from investments in associates and joint ventures ⁽¹⁾	62	542	227	181	—	1,012
Income tax expense	480	20	21	38	55	614
MTM on derivative contracts	6	(28)	(5)	10	(63)	(80)
Other (income) expenses	(51)	10	7	(22)	(1,693)	(1,749)
Adjusted EBITDA attributable to non-controlling interests ⁽²⁾	(1,414)	(796)	(555)	(716)	—	(3,481)
Adjusted EBITDA	<u>\$ 942</u>	<u>\$ 968</u>	<u>\$ 612</u>	<u>\$ 335</u>	<u>\$ (406)</u>	<u>\$ 2,451</u>

FOR THE YEAR ENDED DECEMBER 31, 2020						
US\$ MILLIONS	Utilities	Transport	Midstream	Data	Corporate	Total
Consolidated segment net income	\$ 590	\$ 215	\$ 161	\$ 4	\$ (66)	\$ 904
Add back or deduct the following:						
Depreciation and amortization	668	672	149	216	—	1,705
Interest expense	333	432	124	195	95	1,179
Share of (earnings) losses from investments in associates and joint ventures ⁽¹⁾	(50)	101	(136)	(45)	(1)	(131)
Adjusted EBITDA contributions from investments in associates and joint ventures ⁽¹⁾	51	293	262	173	—	779
Income tax expense	312	(12)	(2)	(20)	13	291
Mark-to-market on derivative contracts	10	(17)	18	1	4	16
Other expenses (income)	129	(74)	52	16	(357)	(234)
Adjusted EBITDA attributable to non-controlling interests ⁽²⁾	(1,189)	(804)	(249)	(274)	—	(2,516)
Adjusted EBITDA	<u>\$ 854</u>	<u>\$ 806</u>	<u>\$ 379</u>	<u>\$ 266</u>	<u>\$ (312)</u>	<u>\$ 1,993</u>

FOR THE YEAR ENDED DECEMBER 31, 2019
US\$ MILLIONS

	Utilities	Transport	Midstream	Data	Corporate	Total
Consolidated segment net income	\$ 689	\$ 66	\$ 248	\$ (25)	\$ (328)	\$ 650
Add back or deduct the following:						
Depreciation and amortization	704	313	89	108	—	1,214
Interest expense	354	290	102	66	92	904
Share of (earnings) losses from investments in associates and joint ventures ⁽¹⁾	(57)	(2)	(184)	9	10	(224)
Adjusted EBITDA contributions from investments in associates and joint ventures ⁽¹⁾	37	371	240	127	—	775
Income tax expense	277	(2)	(4)	(12)	19	278
MTM on derivative contracts	(16)	(23)	1	(3)	(16)	(57)
Other expenses (income)	154	66	(3)	(3)	(56)	158
Adjusted EBITDA attributable to non- controlling interests ⁽²⁾	(1,292)	(246)	(169)	(92)	—	(1,799)
Adjusted EBITDA	<u>\$ 850</u>	<u>\$ 833</u>	<u>\$ 320</u>	<u>\$ 175</u>	<u>\$ (279)</u>	<u>\$ 1,899</u>

(1) Adjusted EBITDA contributions from investments in associates and joint ventures correspond to the adjusted EBITDA attributable to the partnership that are generated by its investments in associates and joint ventures accounted for using the equity method. Along with the removal or add back of share of (earnings) losses from investments in associates and joint ventures, these adjustments have the combined effect of excluding the impact of balances included in our definition of Adjusted EBITDA recorded within our investments in associates and joint ventures.

(2) Amounts attributable to non-controlling interests are calculated based on the economic ownership interests held by non-controlling interests in consolidated subsidiaries.

5.B LIQUIDITY AND CAPITAL RESOURCES

The nature of our asset base and the quality of our associated cash flows enable us to maintain a stable and low cost capital structure. We attempt to maintain sufficient financial liquidity at all times so that we are able to participate in attractive opportunities as they arise, better withstand sudden adverse changes in economic circumstances and maintain our distributions to unitholders. Our principal sources of liquidity are cash flows from our operations, undrawn credit facilities, capital recycling and access to public and private capital markets. We structure the ownership of our assets to enhance our ability to monetize them to provide additional liquidity, as we have done in the past. In certain instances, subsidiaries may be subject to limitations on their ability to declare and pay dividends to our partnership. However, no significant limitations existed at December 31, 2021 and 2020.

Our group-wide liquidity at December 31, 2021 consisted of the following:

US\$ MILLIONS	As of	
	December 31, 2021	December 31, 2020
Corporate cash and financial assets	\$ 683	\$ 464
Committed corporate credit facility ⁽¹⁾	2,975	2,975
Subordinate corporate credit facility	500	500
Draws under corporate credit facility ⁽¹⁾	—	(1,131)
Commitments under corporate credit facility	(12)	(63)
Commercial paper ⁽¹⁾	(431)	—
Deposit from parent ⁽²⁾	—	(545)
Partnership's share of cash retained in businesses	729	502
Partnership's share of availability under subsidiary credit facilities	936	767
Group-wide liquidity	\$ 5,380	\$ 3,469

(1) Includes a \$1,975 million committed corporate credit facility and a \$1 billion temporary bulge facility. As of December 31, 2021, our corporate credit facility and temporary bulge facility were undrawn and we had commercial paper outstanding of \$431 million.

(2) Brookfield Infrastructure, from time to time, will place deposits with, or receive deposits from Brookfield. The deposit bears interest at market rates and was provided to Brookfield Infrastructure to utilize excess cash held by the parent to repay Brookfield Infrastructure's draws on the corporate credit facility.

At December 31, 2021, our partnership's group-wide liquidity is sufficient to meet its present requirements, including approximately \$0.5 billion deployed as part of the acquisition of an approximate 10% interest in AusNet Services Ltd., an Australian regulated utility, during February 2022. We finished the year with group-wide liquidity of approximately \$5.4 billion, an increase from \$3.5 billion at December 31, 2020, primarily the result capital recycling and capital market activity. At the corporate level, we ended 2021 with \$3.7 billion of liquidity, an increase of \$1.5 billion compared to the prior year.

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

On a consolidated basis as of December 31, 2021, scheduled principal repayments over the next five years are as follows:

<u>US\$ MILLIONS</u>	<u>Average Term (years)</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Beyond</u>	<u>Total</u>
Corporate borrowings ⁽¹⁾	12	\$ —	\$ —	\$ 554	\$ —	\$ —	\$ 1,754	\$ 2,308
Non-recourse borrowings	7	2,599	2,797	3,218	2,669	5,448	9,778	26,509

(1) Corporate borrowing and the average term exclude commercial paper issuances and deferred financing costs and other. Refer to Note 19, Borrowings, for further details.

Debt attributable to the partnership (see definition of debt attributable to the partnership below), a non-IFRS measure we use to assess our liquidity, can be reconciled to consolidated debt as follows:

<u>US\$ MILLIONS</u>	<u>As of</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Consolidated debt	\$ 29,253	\$ 23,178
Add: partnership's share of debt of investments in associates:		
Utilities	448	491
Transport	3,290	3,247
Midstream	731	968
Data	887	769
Add: partnership's share of debt directly associated with assets held for sale	18	—
Less: borrowings attributable to non-controlling interest ⁽¹⁾	(15,283)	(12,876)
Premium on debt and cross currency swaps	(430)	(326)
Debt attributable to the partnership	<u><u>\$ 18,914</u></u>	<u><u>\$ 15,451</u></u>

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

Net debt, a non-IFRS liquidity measure used to assess debt attributable to partnership net of the partnerships share of cash and cash equivalents, is as follows:

<u>US\$ MILLIONS</u>	As of	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Debt attributable to the partnership		
Utilities	\$ 3,907	\$ 4,037
Transport	5,066	5,231
Midstream	5,570	1,609
Data	1,652	1,416
Corporate	2,719	3,158
Total debt attributable to the partnership	\$ 18,914	\$ 15,451
Partnership's share of cash retained in businesses⁽¹⁾		
Utilities	\$ 213	\$ 119
Transport	357	285
Midstream	40	25
Data	119	73
Corporate	683	464
Total partnership's share of cash retained	\$ 1,412	\$ 966
Net debt		
Utilities	\$ 3,694	\$ 3,918
Transport	4,709	4,946
Midstream	5,530	1,584
Data	1,533	1,343
Corporate	2,036	2,694
Total net debt	<u>\$ 17,502</u>	<u>\$ 14,485</u>

(1) The partnership's share of cash retained in the businesses includes \$419 million of cash and cash equivalents attributable to the partnership held by its investments in associates and joint ventures accounted for using the equity method and excludes \$413 million of amounts attributable to non-controlling interests based on the economic ownership interests held by non-controlling interests in consolidated subsidiaries.

As of December 31, 2021, our partnership's share of scheduled principal repayments over the next five years are as follows:

US\$ MILLIONS	Average Term (years)	2022	2023	2024	2025	2026	Beyond	Total
Recourse borrowings								
Corporate borrowings ⁽¹⁾	12	\$ —	\$ —	\$ 554	\$ —	\$ —	\$ 1,754	\$ 2,308
Total recourse borrowings	12	—	—	554	—	—	1,754	2,308
Non-recourse borrowings ⁽²⁾								
Utilities								
Regulated Transmission	9	74	344	266	32	34	516	1,266
Commercial & Residential Distribution	11	69	313	77	257	183	1,742	2,641
	11	143	657	343	289	217	2,258	3,907
Transport								
Rail	4	169	192	207	167	403	237	1,375
Toll Roads	9	87	107	121	118	86	485	1,004
Diversified Terminals	6	36	236	323	550	154	1,388	2,687
	6	292	535	651	835	643	2,110	5,066
Midstream ⁽³⁾	6	420	328	958	1,019	447	2,398	5,570
Data								
Data Transmission & Distribution	6	61	81	247	118	259	588	1,354
Data Storage	4	2	15	17	166	98	—	298
	6	63	96	264	284	357	588	1,652
Total non-recourse borrowings ^{(2),(4)}	7	918	1,616	2,216	2,427	1,664	7,354	16,195
Total borrowings ⁽⁵⁾	8	\$ 918	\$ 1,616	\$ 2,770	\$ 2,427	\$ 1,664	\$ 9,108	\$ 18,503
Net debt		5 %	9 %	15 %	13 %	9 %	49 %	100 %

(1) Corporate borrowings and the average term exclude commercial paper issuances and deferred financing costs and other. Refer to Note 19, Borrowings, for further details. The calculation of net debt in the table above excludes these pro-forma adjustments.

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

(3) Commercial paper obligations at our Canadian diversified midstream operations are fully backstopped by its credit facility, and have been presented in the table above in accordance with its related maturity.

(4) As of December 31, 2021, approximately \$41 million of debt attributable to the partnership was in breach of asset-level financial covenants. This equates to less than 1% of total debt attributable to the partnership. We anticipate being able to refinance or obtain waivers from our financial institutions and accordingly presented the debt in the contractually obligated year of maturity.

(5) As of December 31, 2021, approximately 35% has been issued as floating rate debt. Brookfield Infrastructure and its subsidiaries have entered into interest rate swaps whereby the floating rate debt has been converted to fixed rate debt, effectively decreasing floating rate debt maturities to approximately 23% of our total borrowings. Excluding working capital and capital expenditure facilities, floating rate debt maturities are approximately 22% of our total borrowings, inclusive of the impact of interest rate swaps.

Debt attributable to the partnership has an average term of eight years. Our net debt to capitalization ratio, as defined by net debt divided by the sum of net debt and invested capital, as of December 31, 2021 was 59% (December 31, 2020: 61%). The weighted average cash interest rate is 4.9% for the overall business (December 31, 2020: 4.2%), in which our utilities, transport, midstream, data and corporate segments were 5.6%, 6.3%, 4.0%, 4.3% and 3.8%, respectively (December 31, 2020: 3.8%, 4.8%, 5.6%, 4.7%, and 3.1%, respectively).

We define “debt attributable to the partnership,” which is a non-IFRS measure, as our partnership’s share of borrowing obligations relating to our investments in various portfolio businesses. Net debt is debt attributable to the partnership, net of the partnership’s share of cash and cash equivalents. Our partnership’s share of cash and cash equivalents is calculated as cash and cash equivalent as reported under IFRS, plus our share of cash and cash equivalents held by investments in associates and joint ventures, less the amounts attributable to non-controlling interests.

Debt attributable to the partnership and net debt are not, and are not intended to be, presented in accordance with IFRS. We believe our presentation, when read in conjunction with our partnership’s reported results under IFRS, including consolidated debt, provides a more meaningful assessment of how our operations are performing and capital is being managed. The presentation of debt attributable to the partnership and net debt has limitations as an analytical tool, including the following:

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

Debt attributable to the partnership and net debt are presented to assist investors in understanding the capital structure of our underlying investments that are consolidated in our financial statements but are not wholly-owned. When used in conjunction with Adjusted EBITDA, both metrics are expected to provide useful information as to how the partnership has financed its businesses at the asset-level and provides a view into our return on capital that we invest at a given degree of leverage. Further, the partnership participates in arrangements such as joint ventures or consortiums which provide it with access to partners with local strategic expertise and substantial amounts of capital. When investing in such arrangements, which are not consolidated for financial statement purposes, the partnership nevertheless maintains joint control or significant influence over the business, and is therefore, not a passive investor. We structure governance arrangements to require each of our businesses to distribute all available cash (which is generally defined as cash on hand less any amounts reserved for committed growth projects as approved by the investment’s Board of Directors), ensuring that any decision to not distribute all available cash flow requires our express consent. Consequently, the partnership has access to operating cash flows generated by all of our businesses, including joint ventures and any other non-consolidated investments.

SUPPLEMENTAL FINANCIAL INFORMATION

The information below is being provided pursuant to Rule 13-01 of Regulation S-X. Our partnership may fully and unconditionally guarantee, and one or more of Holding LP, BIP Bermuda Holdings I Limited (“Bermuda Holdco”), Brookfield Infrastructure Finance ULC (“Alberta Finco”), Brookfield Infrastructure Holdings (Canada) Inc. (“Can Holdco”), Brookfield Infrastructure US Holdings I Corporation (“US Holdco”) and BIPC Holdings Inc. (“BIPC Holdings”, and together with our partnership, Holding LP, Alberta Finco (in the case of debt securities issued by Bermuda Holdco) and Bermuda Holdco (in the case of debt securities issued by Alberta Finco), Can Holdco, and US Holdco, the “Guarantors”) may also guarantee the payment of principal, premium (if any), interest and certain other senior or subordinated debt securities issued by Alberta Finco and Bermuda Holdco, as applicable.

The following tables present summarized financial information for the following:

- our partnership;
- Alberta Finco and Bermuda Holdco (together, the “Fincos”); and
- the Guarantors

For purposes of the tables below, “Fincos and Guarantors” refers to each of the entities identified above, without duplication.

Statement of Operating Results				
For the twelve-month period ended December 31, 2021 US\$ MILLIONS	Fincos and Guarantors total	Revenues from (expenses paid to) non-Guarantor subsidiaries	Revenues from (expenses paid to) other related parties	Revenues from (expenses paid to) other
Revenues ⁽¹⁾	\$ —	\$ —	\$ —	\$ —
Gross profit	—	—	—	—
Other income ⁽²⁾	1,971	1,969	—	2
Net income	1,392	1,812	(303)	(117)
For the twelve-month period ended December 31, 2020				
Revenues ⁽¹⁾	\$ —	\$ —	\$ —	\$ —
Gross profit	—	—	—	—
Other income ⁽²⁾	1,660	1,660	—	—
Net income	839	1,229	(242)	(148)

1. Total revenues of our Partnership and its controlled subsidiaries were \$8,885 million and \$11,537 million for the year ended December 31, 2020 and year ended December 31, 2021, respectively.

2. Other income includes dividend and interest income.

Statement of Financial Position				
As of December 31, 2021 US\$ MILLIONS	Fincos and Guarantors total	Amounts due from/payable to non-Guarantor subsidiaries	Amounts due from/payable to other related parties	Amounts due from/payable to other
Current assets	\$ 524	\$ 470	\$ —	\$ 54
Total assets ⁽¹⁾	1,438	1,383	—	55
Current liabilities	3,806	3,247	108	451
Total liabilities	9,568	6,694	128	2,746
As of December 31, 2020				
Current assets	\$ 176	\$ 170	\$ —	\$ 6
Total assets ⁽¹⁾	1,806	1,787	—	19
Current liabilities	2,081	1,422	634	25
Total liabilities	9,307	5,642	654	3,011

1. Total assets of our partnership and its controlled subsidiaries were \$61,331 million and \$73,961 million as of December 31, 2020 and December 31, 2021, respectively.

Alberta Finco

Alberta Finco is an indirect wholly-owned subsidiary of our partnership incorporated under the Business Corporations Act (Alberta) on May 22, 2012. In May 2021, Alberta Finco issued \$250 million of Subordinated Notes due 2081 at a fixed rate of 5.000% per annum (the “Alberta Finco Notes”), which will mature on May 24, 2081. The Alberta Finco Notes were issued pursuant to the first supplemental indenture, dated as of May 24, 2021, to the indenture, as of May 24, 2021 by and among Alberta Finco, our partnership, the other Guarantors (other than Alberta Finco) and Computershare Trust Company, N.A. and Computershare Trust Company of Canada, as trustees (as supplemented by the first supplemental indenture, the “Alberta Finco Indenture”). The Alberta Finco Notes permit the deferral of interest at the discretion of Alberta Finco; however, if Alberta Finco has deferred interest then under the terms of the Alberta Finco Indenture, our partnership is restricted on paying distributions on or redeeming, purchasing or otherwise retiring any of our units or preferred units, and from paying interest on certain indebtedness. The Alberta Finco Notes are redeemable at Alberta Finco’s option on or after May 24, 2026. The Alberta Finco Notes are also redeemable in connection with certain ratings and tax events. A portion of the proceeds of the Alberta Finco Notes was used to redeem our Series 5 Preferred Units on September 30, 2021, and the remainder for general corporate purposes. The Alberta Finco Notes are fully and unconditionally guaranteed by our partnership and are also guaranteed by the other Guarantors (other than Alberta Finco). The Alberta Finco Notes, including any accrued and unpaid interest thereon, will be exchanged automatically, without the consent or action of the holders thereof, into Class A Preferred Units, Series 15, upon the occurrence of certain bankruptcy-related events.

Bermuda Holdco

Bermuda Holdco is an indirect wholly-owned subsidiary of our partnership incorporated under the Companies Act 1981 of Bermuda on November 9, 2007. In January 2022, Bermuda Holdco issued \$300 million of Perpetual Subordinated Notes at a fixed rate of 5.125% per annum (the “Bermuda Holdco Notes”). The Bermuda Holdco Notes were issued pursuant to the first supplemental indenture, dated as of January 21, 2022, to the indenture, as of January 21, 2022, by and among Bermuda Holdco, our partnership, the other Guarantors (other than Bermuda Holdco) and Computershare Trust Company, N.A. and Computershare Trust Company of Canada, as trustees (as supplemented by the first supplemental indenture, the “Bermuda Holdco Indenture”). The Bermuda Holdco Notes permit the deferral of interest at the discretion of Bermuda Holdco; however, if Bermuda Holdco has deferred interest then under the terms of the Bermuda Holdco Indenture, then (i) any such deferred interest shall become due and payable on the date Bermuda Holdco declares any distributions on any of Bermuda Holdco’s common shares or preferred shares and (ii) our partnership is restricted on paying distributions on or redeeming, purchasing or otherwise retiring any of our units or preferred units, and from paying interest on certain indebtedness. The Bermuda Holdco Notes are redeemable at Bermuda Holdco’s option on or after January 21, 2027. The Bermuda Holdco Notes are also redeemable in connection with certain ratings and tax events. A portion of the proceeds of the Bermuda Holdco Notes will be used to redeem our Series 7 Preferred Units on March 31, 2022, and any remainder for working capital purposes. The Bermuda Holdco Notes are fully and unconditionally guaranteed by our partnership and are also guaranteed by the other Guarantors (other than Bermuda Holdco).

FINANCIAL INSTRUMENTS

Foreign Currency Hedging Strategy

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

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

The table below presents our hedged position in foreign currencies as of December 31, 2021. The adjusted equity investment balances reflect the book value of our assets as of December 31, 2021 which contains certain limitations when evaluating our hedge exposure. Most importantly, all intangible assets and growth opportunities are not eligible for revaluation. As such, our book values are lower than fair value which is evident in the below table.

US\$ MILLIONS	Foreign Currency Hedges								
	USD ⁽¹⁾	AUD	NZD	GBP	BRL	CAD ⁽²⁾	EUR	INR	Other
Gross Equity Investments - US\$	\$ 2,956	\$ 1,489	\$ 152	\$ 1,706	\$ 1,556	\$ 2,971	\$ 850	\$ 632	\$ 213
Corporate Items - US\$	(1,720)	—	—	—	—	—	—	—	—
Equity Investment - US\$	1,236	1,489	152	1,706	1,556	2,971	850	632	213
FX contracts - US\$	6,099	(1,171)	(152)	(1,436)	(17)	(2,286)	(850)	(140)	(47)
Net unhedged - US\$	\$ 7,335	\$ 318	\$ —	\$ 270	\$ 1,539	\$ 685	\$ —	\$ 492	\$ 166
% of equity investment hedged	N/A	79 %	100 %	84 %	1 %	77 %	100 %	22 %	22 %

(1) USD net equity investment excludes \$389 million of preferred units.

(2) CAD net equity investment excludes \$821 million of preferred units and preferred shares.

(3) Includes medium-term notes, commercial paper issuances and working capital at the corporate level.

At December 31, 2021, 68% of our net equity investment is U.S. dollar functional. During the year ended December 31, 2021, we recorded gains in comprehensive income of \$145 million related to these contracts (2020: losses of \$154 million, 2019: losses of \$11 million).

For additional information, see Note 7, “Fair Value of Financial Instruments”, Note 34, “Derivative Financial Instruments” and Note 35, “Financial Risk Management” in our financial statements included in this annual report on Form 20-F.

OTHER MARKET RISKS

Inflation Risk

Certain of our subsidiaries and associates are subject to inflation risk. However, we believe the majority of risk is offset by the nature of revenues earned at subsidiaries and associates subject to the underlying risk. For example, our U.K. regulated distribution operations charge retailers’ rates based on the tariff of the distribution utility with which we are interconnected. These tariffs are set on the basis of regulated asset base and escalates with inflation. Our Brazilian regulated gas transmission operation charges tariffs calculated on an inflation adjusted regulatory weighted average cost of capital.

Commodity Risk

Some of our operations are critically linked to the transport or production of key commodities. For example, in the long-term, our Australian rail operation relies on demand for iron ore exports and our North American natural gas transmission operation relies on demand for natural gas and benefits from higher gas prices. While we endeavor to protect against short to medium term commodity demand risk wherever possible by structuring our contracts in a way that minimizes volume risk (e.g. minimum guaranteed volumes and ‘take-or-pay’ arrangements), these contract terms are not always able to be achieved, and in any event, the contract terms are finite and may include suspension or termination rights in favor of the customer. Accordingly, a long-term and sustained downturn in the demand for or price of a key commodity linked to one of our operations may have a material adverse impact on the financial performance or growth prospects of that particular operation, notwithstanding the use of take-or-pay contracts wherever possible. See Item 4.B “Business Overview” for more information.

CAPITAL REINVESTMENT

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

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

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

The following table summarizes the sources of capital used to fund our partnership's acquisitions and the equity component of growth capital expenditures during the years ended 2021, 2020 and 2019:

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Capital deployed in new investments	\$ 3,048	\$ 976	\$ 1,761
Growth capital expenditures (net of non-recourse debt financing)	476	397	372
	3,524	1,373	2,133
Total capital market activity			
Equity issuances ⁽¹⁾	1,906	9	781
Preferred units issuance, net of repurchases	(12)	195	72
Corporate debt issuance, net of repayments	244	298	72
	2,138	502	940
Proceeds from asset sales	1,938	370	780
	4,076	872	1,720
Net funding from retained cash flows and credit facility draws	\$ (552)	\$ 501	\$ 413

(1) Excludes proceeds from our approximately \$1.1 billion equity offering in November 2021 not yet deployed. The proceeds have been earmarked for acquisitions, including \$0.7 billion in two Australian utilities expected to close in the first quarter of 2022.

We fund growth initiatives with proceeds from capital recycling, capital market issuances and retained operating cash flows:

- we target retaining 15% of our FFO for the equity component of recurring growth capital expenditures; and
- we look to fund new investment opportunities and large-scale growth capital expenditure projects with proceeds from capital recycling and capital market issuances

Over the last 3 years, we have deployed over \$7.0 billion in acquisitions and organic growth initiatives, all funded through our capital recycling program and capital market issuances.

DISTRIBUTION POLICY

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

The following table presents our partnership's payout ratios over the past three years:

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Net income attributable to the partnership ⁽¹⁾	\$1,093	\$ 394	\$ 233
Funds from Operations (FFO)	\$1,733	\$1,454	\$1,384
Adjusted Funds from Operations (AFFO)	1,412	1,173	1,096
Distributions ⁽²⁾	1,257	1,134	1,027
FFO payout ratio ⁽³⁾	73 %	78 %	74 %
AFFO payout ratio ⁽⁴⁾	89 %	97 %	94 %

(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 partnership distributions and partnership preferred distributions.

(3) FFO payout ratio is defined as distributions (inclusive of GP incentive and preferred unit distributions) divided by FFO.

(4) AFFO payout ratio is defined as distributions (inclusive of GP incentive and preferred unit distributions) divided by AFFO.

Our partnership's annual distribution is reviewed with the board of directors of our General Partner in the first quarter of each year giving consideration to the following:

- the results from the prior year as well as the budget for the upcoming year and the 5-year business plan based on our partnership's share of FFO generated by our assets; and
- our partnership's group-wide liquidity and its ability to fund committed capital investments

CAPITAL EXPENDITURES

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

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

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

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

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

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

<u>US\$ MILLIONS</u>	<u>For the year ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Growth capital expenditures by segment			
Utilities	\$ 443	\$ 521	\$ 496
Transport	270	138	178
Midstream	174	145	91
Data	266	131	104
	<u>\$ 1,153</u>	<u>\$ 935</u>	<u>\$ 869</u>

Growth capital expenditures for the year ended December 31, 2021 were \$1,153 million, an increase of \$218 million or 23% versus 2020. The increase in growth capital expenditures at our transport segment is due to the acquisition of our U.S. LNG export terminal, as well as to expand capacity at our Australian rail and South American toll road operations. Spend increased at our midstream and data segments due to acquisitions. Growth capital spend decreased at our utilities segment due to the sale of our North American district energy business in the second quarter of this year.

The following table presents maintenance capital expenditures by operating segment:

US\$ MILLIONS	2021 Annual Ongoing Estimated Maintenance Capex		For the year ended December 31,		
	Low	High	2021	2020	2019
Maintenance capital expenditures by segment					
Utilities	\$ 40	\$ 50	\$ 40	\$ 30	\$ 33
Transport	150	160	151	133	154
Midstream	150	160	87	92	84
Data	35	45	43	26	17
	<u>\$ 375</u>	<u>\$ 415</u>	<u>\$ 321</u>	<u>\$ 281</u>	<u>\$ 288</u>

Maintenance capital expenditures for the year ended December 31, 2021 were \$321 million, an increase of \$40 million relative to the year ended December 31, 2020. Maintenance capital expenditures increased due to the impact of completed acquisitions, including our diversified Canadian midstream operation and our U.S. LNG terminal acquired last year. We estimate annual maintenance capital expenditures for the upcoming year to be \$40-50 million, \$150-160 million, \$150-160 million, and \$35-45 million for our utilities, transport, midstream, and data segments, respectively, for a total range between \$375-415 million prospectively.

For the year ended December 31, 2021, our total maintenance capital expenditures were within our 2021 estimated range. Our partnership leverages industry data and benchmarks provided by a global engineering services firm to determine the appropriate maintenance capital ranges as disclosed above.

DEPRECIATION, AMORTIZATION AND RETURN OF CAPITAL ESTIMATES

When determining the fair value, useful life and residual value of essential, long-life infrastructure investments, certain judgments and estimates are used. As a result, our partnership's depreciation and amortization is not directly comparable to the level of capital required to maintain the structural integrity and safety of our physical assets and their operating cash flow profile. There are three distinct limitations with using our partnership's accounting depreciation as a proxy for annual maintenance capital requirements which are as follows:

- i) The partnership has elected to revalue property, plant and equipment ("PP&E") annually under IFRS. Each year we assess the fair value of our PP&E by reviewing the discounted cash flows that we expect to receive from the underlying business. The revaluation gains we have recorded reflects our ability to increase the cash flows generated from these businesses, the reinvestment of cash flows into both maintenance capital and accretive organic growth projects, and the increasing institutional demand for de-risked mature investments in the current low interest rate environment. While revaluation gains correspond to increasing values for our shareholders, they also lead to higher depreciation expense as we amortize a higher asset valuation over the same useful life estimate. However, this increase in reported depreciation often does not correspond to an increase in the cost to maintain the physical asset base. We estimate that revaluation gains alone result in an increase in our reported depreciation by almost 25% over the last three years.

- ii) Due to the nature of our investments, historically, a significant portion of purchase price allocations was ascribed to PP&E. This allocation has a similar effect to the revaluation approach in that it increases depreciation expense during our ownership period. A recent example of this would be our acquisition of the leading independent telecom tower operator in France. The business generates stable, inflation-linked cash flows underpinned by long-term contracts with its customers. For the purposes of the purchase price allocation, we used an internal discounted cash flow model to allocate the consideration paid to PP&E (the physical towers) and intangible assets (the long-term customer relationships with our tenants). This business had limited goodwill ascribed to it and therefore resulted in a carrying value of PP&E far in excess of the seller's previously depreciated cost base. As a result, the annual depreciation expense that we recognize is significantly higher than would have been recognized by the seller. Similar to the first point, the cash flow expected to be generated from the investment results in a premium to the physical replacement cost which further expands the disconnect between accounting depreciation and the true cost to maintain these assets. Today, we estimate that almost 30% of our partnership's share of depreciation and amortization expense is the result of the method of allocating the initial purchase price allocation primarily to depreciable asset classes.
- iii) Depreciation over accounting useful life is not always reflective of annual maintenance expenditures as many of our infrastructure assets have very minimal maintenance requirements. An illustrative example of this is our U.K. regulated distribution business, the largest independent 'last mile' gas and electricity connection provider in the country with over two million multi-utility connections in place today. Under our adopted accounting standards, IFRS, we are required to depreciate the network over a period of up to 60 years. However, our network assets, which consist primarily of nearly indestructible pipes installed several feet underground, require minimal on-going maintenance.

Some of our utility and transport investments are owned and operated under concessions which can further cause depreciation and amortization to exceed maintenance requirements. Essential infrastructure assets are often owned through arrangements which grant the concessionaire the right to operate the investment for a specified period of time. This is common in certain asset classes, such as toll roads, where the assets revert to the regulator at the end of the specified time period. Currently, one of our partnership's largest concession-based investment is in our Brazilian toll road business. This concession is for a subset of the asset's useful life, and therefore annual maintenance capital during a concession term may be less than required over its full useful life (for example, toll roads in North and South America could last up to 100 years, however concession periods can range between 20-40 years).

Different from the many perpetual franchises we own, cash flow streams over an investment period of concession arrangements will include the return of capital invested. As such, we believe investors should understand the portion of our cash flows that we estimate are a return of capital. We complete this estimate by reviewing the cash flow profile over the concession period as underwritten, and estimate the percentage of cash flows generated in a given year. This percentage is then applied to our invested capital to determine how much capital we believe was returned in the current year. The following table summarizes the return of capital estimates over the last three years:

<u>US\$ millions</u>	<u>For the year ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Return of capital ⁽¹⁾	\$ 142	\$ 122	\$ 109

(1) Refer to the "Reconciliation of Non-IFRS Financial Measures" for additional information. Return of capital is used in the calculation of return on Invested Capital, a non-IFRS financial measure.

Although helpful in the context of understanding the operating performance of our business, we believe reducing our operating cash flows by return of capital to develop an alternative estimate of the long-term cash flow generating abilities of our partnership is not appropriate. Such an estimate would not take into account changes in the value of the business as a result of our strategic initiatives. When acquiring these concession rights, we focus on surrounding these assets with an experienced management team and a platform for growth. As concession agreements are transferable, we plan on monetizing these investments as part of our broader capital recycling initiatives, as we recently did at our Chilean toll road operation. We acquired this concession-based business for \$340 million during 2011 and 2012. Through the reinvestment of cash flows, a stable capital structure and building a strong management team, we were able to sell this business for total net-to-BIP after-tax proceeds of approximately \$700 million across three individual transactions, while having nine fewer years remaining on the concession. The asset sales resulted in an IRR of 16%. Although we attribute a portion of cash flows as return of capital, the value of our assets under finite life concession arrangements does not necessarily decrease over time in part because with strong teams running the business, and overall GDP growth requiring more infrastructure, the potential to secure further assets or expand existing assets is valuable. In the case of our Chilean toll road business, we realized proceeds well in excess of the capital we invested.

To enhance the comparability of our financial statements and non-IFRS metrics, we encourage investors to consider the maintenance capital expenditure ranges and return of capital estimates included in our disclosures. These disclosures, when combined with our IFRS and non-IFRS measures, will provide users with a fulsome view of our operating performance over time.

OFF-BALANCE SHEET ARRANGEMENTS

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

We, on behalf of our subsidiaries, provide letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance. As at December 31, 2021, letters of credit issued on behalf of our subsidiaries amounted to \$12 million (December 31, 2020: \$63 million). Refer to Note 19, *Borrowings* and Note 30, *Contingent Assets and Liabilities* within our financial statements included in this annual report on Form 20-F for further details.

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

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The table below outlines Brookfield Infrastructure's contractual obligations as at December 31, 2021:

<u>US\$ millions</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-5 years</u>	<u>5+ years</u>	<u>Total contractual cash flows</u>
Accounts payable and other liabilities . . .	\$ 2,980	\$ 46	13	\$ 34	\$ 319	\$ 3,392
Corporate borrowings	431	—	554	—	1,754	2,739
Non-recourse borrowings	2,599	2,797	3,218	8,117	9,778	26,509
Financial liabilities	1,510	101	30	92	1,507	3,240
Lease liabilities	459	437	405	764	2,859	4,924
Interest Expense:						
Corporate borrowings ⁽¹⁾	96	96	80	149	837	1,258
Non-recourse borrowings	1,046	968	846	1,353	2,951	7,164

(1) Interest expense on Corporate borrowings include undiscounted interest obligations on \$250 million of subordinated notes maturing May 24, 2081, with a coupon of 5.0%.

In addition, pursuant to the Master Services Agreement, on a quarterly basis we pay a base management fee to Brookfield equal to 0.3125% (1.25% annually) of the market value of our partnership plus net recourse debt. This fee is estimated to be approximately \$440 million per year based on the December 31, 2021 market capitalization of our partnership plus preferred units and recourse corporate net debt.

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

REVIEW OF CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table summarizes the consolidated statements of cash flows for the years ended December 31, 2021, 2020, and 2019:

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Summary Statements of Operating Results			
Cash from operating activities	\$ 2,772	\$ 2,530	\$ 2,143
Cash used by investing activities	(1,173)	(4,609)	(11,372)
Cash (used by) from financing activities	(995)	2,126	9,542

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

2021 vs. 2020

Cash from operating activities

Cash from operating activities totaled \$2.8 billion during the year ended December 31, 2021, an increase of \$0.2 billion from the same period in 2020. Operating cash flows benefited from initial contributions from acquisitions completed during the year, organic growth from our existing operations, and the impact of foreign exchange, which increased U.S. dollar operating cash flows. The increase was partially offset by the impact of recently completed dispositions and finance lease receivables signed at our North American residential energy infrastructure operation, where the operation presents an outflow for the cost of inventory within operating cash flows.

Cash used by investing activities

Cash used by investing activities was \$1.2 billion during the year ended December 31, 2021, a decrease of \$3.4 billion from the same period in 2020. Investing activities during the year reflect the impact of our capital recycling strategy, with our partnership realizing proceeds from the sale of subsidiaries and investments in associates, net of acquisitions of \$0.8 billion, as compared to \$3.0 billion of net capital deployed in 2020. In addition, the partnership invested \$2.0 billion into long-lived assets and financial assets during 2021 as compared to \$1.7 billion during the year ended December 31, 2020.

Cash (used by) from financing activities

Cash used by financing activities totaled \$1.0 billion for the year ended December 31, 2021, as compared to \$2.1 billion received from financing during the same period in 2020. During the current year, the partnership generated \$1.6 billion from borrowings and \$1.1 billion of capital from equity issuances. These cash flows were more than offset by \$1.3 billion of distributions paid to unitholders and \$0.8 billion of net capital provided to non-controlling interests, primarily related to the acquisition of non-controlling interests of our Canadian diversified midstream operation in the fourth quarter of 2021 and distribution from proceeds of dispositions. Current year results also include the repayment of a \$0.5 billion deposit from our parent and \$1.0 billion of capital used to settle lease and other liabilities. Cash from financing activities during the prior year was driven by \$1.0 billion of net capital provided by non-controlling interests, primarily related to the acquisition of our telecom tower operation in India and \$1.7 billion of net borrowings, partially offset by \$1.1 billion of distributions paid to unitholders.

2020 vs. 2019

Cash from operating activities

Cash from operating activities totaled \$2.5 billion during the year ended December 31, 2020, an increase of \$0.4 billion from the same period in 2019. Operating cash flows benefited from initial contributions from acquisitions completed during 2020 and organic growth from our existing operations, partially offset by the impact of foreign exchange, in particular a 23% decline in the Brazilian real which lowered U.S. dollar operating cash flows by approximately \$196 million.

Cash used by investing activities

Cash used by investing activities was \$4.6 billion during the year ended December 31, 2020, a decrease of \$6.8 billion from the same period in 2019. Investing activities reflect a lower level of capital deployment compared to the same period in 2019 as net investment activity, inclusive of strategic partnerships accounted for using the equity method, decreased by \$7.4 billion.

Cash from financing activities

Our partnership generated \$2.1 billion of cash flows from financing activities during the year ended December 31, 2020, as compared to \$9.5 billion from the same period in 2019. The decrease was the result of lower capital deployment contributing to a reduction in financing requirements and capital provided by non-controlling interests as well as increased distributions to unitholders and the general partner of \$0.1 billion. These decreases were partially offset by the receipt of a \$0.5 billion deposit from our parent. In 2019, we raised an additional \$4.7 billion from non-controlling interests and \$0.6 billion of proceeds from the issuance of partnership units and preferred shares as compared to 2020.

PARTNERSHIP CAPITAL

Our partnership's capital structure is comprised of three classes of partnership units: our units, preferred units and general partnership units. Our units entitle the holder to their proportionate share of distributions. Preferred units entitle the holder to cumulative preferential cash distributions in accordance with their terms. General partnership units entitle the holder the right to govern our financial and operating policies. Our partnership controls the Holding LP, which in turn is the indirect shareholder of our operating entities, through a 70.03% managing general partner interest. As of December 31, 2021, Brookfield holds a 29.60% interest in the Holding LP through Redeemable Partnership Units and an additional 0.37% interest in the Holding LP through Special General Partner Units. The Redeemable Partnership Units, at the request of the holder, require the Holding LP to redeem all or a portion of the holder's units for cash in an amount equal to the market value of our units multiplied by the number of units to be redeemed. This right is subject to our partnership's right of first refusal which entitles it, at its sole discretion, to elect to acquire any Redeemable Partnership Unit so presented to the Holding LP in exchange for one of our partnership's units (subject to certain customary adjustments). Both the units issued by our partnership and the Redeemable Partnership Units issued by the Holding LP have the same economic attributes in all respects, except for the redemption right described above. The Redeemable Partnership Units participate in earnings and distributions on a per unit basis equivalent to the per unit participation of the units of our partnership. Our partnership reflects the Redeemable Partnership Units issued to Brookfield by the Holding LP as a separate component of non-controlling interest, within consolidated equity, as Brookfield Infrastructure can, at its sole discretion, elect to satisfy a redemption request by Brookfield of the Redeemable Partnership Units by issuing an equal number of units.

In addition, Exchange LP, a subsidiary of our partnership, issued Exchange LP Units in connection with the privatization of Enercare Inc. in October 2018. Exchange LP Units provide holders with economic terms that are substantially equivalent to those of our units and are exchangeable, on a one-for-one basis, for our units. Given the exchangeable feature, we present the Exchange LP Units as a separate component of non-controlling interests.

On March 31, 2020, our partnership completed the creation of BIPC with the special distribution. Each unitholder of record on March 20, 2020 received one BIPC exchangeable share for every nine units held. Holders of BIPC exchangeable shares have the right to exchange all or a portion of their shares for one unit per BIPC exchangeable share held or its cash equivalent on a fixed-for-fixed basis. BIPC or the partnership, as applicable, each have the ability to satisfy exchange requests by holders of BIPC exchangeable shares in units instead of cash. Additionally, the partnership has the ability to exchange all BIPC exchangeable shares for units at our election, on a fixed-for-fixed basis. As a result of the share characteristics, we present the BIPC exchangeable shares as a component of non-controlling interests.

Finally, in the third and fourth quarters of 2021, BIPC Exchange LP, a subsidiary of our partnership, issued BIPC Exchangeable LP Units in connection with the acquisition of our Canadian diversified midstream operation. BIPC Exchangeable LP Units provide holders with economic terms that are substantially equivalent to those of a BIPC exchangeable share and are exchangeable, on a one-for-one basis, for BIPC exchangeable shares. Given the exchangeable feature, we present the BIPC Exchangeable LP Units as a component of non-controlling interests.

Brookfield's economic interest in our partnership is approximately 27.2% on a fully-exchanged basis.

Brookfield's 0.37% interest in the Holding LP through Special General Partner Units entitles it to incentive distribution rights which are based on the amount by which quarterly distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed specified target levels. To the extent distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed \$0.1827 per quarter, the incentive distribution rights entitle Infrastructure Special LP to 15% of incremental distributions above this threshold. To the extent that distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed \$0.198 per quarter, the incentive distribution rights entitle Infrastructure Special LP to 25% of incremental distributions above this threshold. During the year ended December 31, 2021, the Holding LP paid incentive distributions of \$206 million (2020: \$183 million, 2019: \$158 million). Infrastructure Special LP may elect to reinvest any of the incentive distributions from its Special General Partner Units in additional Redeemable Partnership Units. Prior to the special distribution, the above thresholds of \$0.1827 and \$0.198 were \$0.203 and \$0.22, respectively.

In November 2021, we announced that we renewed our normal course issuer bid for outstanding units and our Class A Preferred Units. Under the normal course issuer bid, the board of directors of our General Partner authorized us to repurchase up to 5% of the issued and outstanding units, or 15,259,720 units, and up to 10% of the public float of each series of the Class A Preferred Units that were issued and outstanding. Repurchases were authorized to commence on November 29, 2021 and will terminate on November 28, 2022, or earlier should we complete our repurchases prior to such date. All purchases will be made through the facilities of the TSX or the NYSE, and all units and Class A Preferred Units acquired under the normal course issuer bid will be cancelled. Please refer to Item 16.E "Purchases of equity securities by the issuer and affiliated purchaser" for details of repurchases completed during the year.

Our partnership has established a distribution reinvestment plan (“Plan”), that allows eligible holders of our units 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 NYSE for the five trading days immediately preceding the relevant distribution date. During the period, our partnership issued 232,701 units (2020: 224,188 units) for proceeds of \$12 million (2020: \$9 million).

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

	As of	
	December 31, 2021	December 31, 2020
Redeemable Partnership Units, held by Brookfield	129,057,292	121,952,992
Special General Partner Units	1,600,410	1,600,410
Managing General Partner Units	305,265,498	295,429,987
Total	435,923,200	418,983,389

In November 2021, Brookfield Infrastructure issued 9.5 million units at \$58.65 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 7.1 million Redeemable Partnership Units at the public offering price, net of commissions, to Brookfield for additional gross proceeds of \$400 million.

During 2021 and 2020, our outstanding issued Redeemable Partnership Units changed as follows:

<u>MILLIONS, EXCEPT UNIT INFORMATION</u>	2021		2020	
	Book Value	Units	Book Value	Units
Outstanding at beginning of year	\$ 2,328	121,952,992	\$ 2,328	121,952,990
Redeemable Partnership Units issued	400	7,104,300	—	—
Outstanding at end of year	\$ 2,728	129,057,292	\$ 2,328	121,952,990

During 2021 and 2020, our outstanding issued Special General Partner Units changed as follows:

<u>MILLIONS, EXCEPT UNIT INFORMATION</u>	2021		2020	
	Book Value	Units	Book Value	Units
Outstanding at beginning of year	\$ 19	1,600,410	\$ 19	1,600,410
Outstanding at end of year	\$ 19	1,600,410	\$ 19	1,600,410

During 2021 and 2020, our outstanding issued Managing General Partner Units changed as follows:

<u>MILLIONS, EXCEPT UNIT INFORMATION</u>	2021		2020	
	Book Value	Units	Book Value	Units
Outstanding at beginning of year	\$ 5,526	295,429,987	\$ 5,495	293,528,515
Units issued	545	9,709,601	9	224,188
Units repurchased and cancelled	—	—	—	(100)
Exchanged from BIPC exchangeable shares	1	24,366	18	1,388,874
Exchanged from Exchange LP Units	2	101,544	4	288,510
Outstanding at end of year	\$ 6,074	305,265,498	\$ 5,526	295,429,987

During 2021 and 2020, our outstanding issued BIPC exchangeable shares changed as follows:

<u>MILLIONS, EXCEPT SHARE INFORMATION</u>	2021		2020	
	Book Value	Shares	Book Value	Shares
Outstanding at beginning of year	\$ (19)	44,960,449	\$ —	—
BIPC exchangeable shares issued	1,770	28,130,103	—	46,349,323
BIPC exchangeable shares exchanged from BIPC Exchangeable LP Units	5	371,327	—	—
BIPC exchangeable shares exchanged to units	(1)	(24,366)	(19)	(1,388,874)
Outstanding at end of year	<u>\$ 1,755</u>	<u>73,437,513</u>	<u>\$ (19)</u>	<u>44,960,449</u>

In November 2021, BIPC, a subsidiary of our partnership issued 2.1 million BIPC exchangeable shares at \$62.70 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 8.1 million BIPC exchangeable shares for a fair value of \$502 million in connection with the acquisition of our Canadian diversified midstream operation.

During the August and September 2021, BIPC issued 17.9 million BIPC exchangeable shares for a fair value of \$1,140 million in connection with the acquisition of our Canadian diversified midstream operation.

On March 31, 2020, BIPC issued 46.3 million BIPC exchangeable shares to unitholders as part of the BIPC special distribution. The distribution resulted in no cash proceeds to the partnership.

During 2021 and 2020, our outstanding issued Exchangeable units changed as follows:

<u>MILLIONS, EXCEPT UNIT INFORMATION</u>	2021		2020	
	Book Value	Units	Book Value	Units
Outstanding at beginning of year	\$ 156	1,074,338	\$ 159	1,236,156
BIPC Exchangeable LP Units issued	259	4,075,217	—	—
Exchange LP Units issued	—	—	—	126,692
BIPC Exchangeable LP Units exchanged to BIPC exchangeable shares	(5)	(371,327)	—	—
Exchange LP Units exchanged to units	(2)	(101,544)	(3)	(288,510)
Outstanding at end of year	<u>\$ 408</u>	<u>4,676,684</u>	<u>\$ 156</u>	<u>1,074,338</u>

During the third and fourth quarters of 2021, BIPC Exchange LP, a subsidiary of our partnership, issued 4.1 million BIPC Exchangeable LP Units for a fair value of \$259 million in connection with the acquisition of our Canadian diversified midstream operation.

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

	As of	
	December 31, 2021	December 31, 2020
Holding LP Series 1 Preferred Units	4,989,265	4,989,265
Holding LP Series 3 Preferred Units	4,989,262	4,989,262
Holding LP Series 5 Preferred Units	—	9,986,588
Holding LP Series 7 Preferred Units ⁽¹⁾	11,979,750	11,979,750
Holding LP Series 9 Preferred Units	7,986,595	7,986,595
Holding LP Series 11 Preferred Units	9,936,190	9,936,190
Holding LP Series 13 Preferred Units	8,000,000	8,000,000
Holding LP Series 14 Preferred Units	8,000,000	—
Total	55,881,062	57,867,650

(1) On February 25, 2022, our partnership announced its intention to redeem all of its issued and outstanding Series 7 Preferred Units on March 31, 2022. The corresponding Holding LP Series 7 Preferred Units will also be redeemed on March 31, 2022.

During 2021 and 2020, our outstanding issued Preferred Units changed as follows:

MILLIONS, EXCEPT UNIT INFORMATION	2021		2020	
	Book Value	Units	Book Value	Units
Outstanding at beginning of year	\$ 1,130	57,867,650	\$ 935	49,867,650
Units issued	194	8,000,000	195	8,000,000
Units repurchased and cancelled	(186)	(9,986,588)	—	—
Outstanding at end of year	\$ 1,138	55,881,062	\$ 1,130	57,867,650

During the year ended December 31, 2021, our partnership redeemed all of its outstanding Series 5 Preferred Units for \$206 million. Losses on redemption of \$20 million were recognized directly in equity (2020: our partnership did not repurchase or redeem any preferred units).

On January 21, 2021, our partnership issued 8 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.

In September 2020, our Limited Partnership Agreement was amended to create the Series 13 Preferred Units. The limited partnership agreement of the Holding LP was also amended in September 2020 to create the Holding LP Series 13 Preferred Units with terms substantially mirroring the Series 13 Preferred Units. Our Partnership issued 8 million Series 13 Preferred Units at an offering price of \$25 per Series 13 Preferred Unit under its shelf registration in the United States. In January 2021, our Limited Partnership Agreement was amended to create the Series 14 Preferred Units. The limited partnership agreement of the Holding LP was also amended in January 2021 to create the Holding LP Series 14 Preferred Units with terms substantially mirroring the Series 14 Preferred Units. Our Partnership issued 8 million Series 14 Preferred Units at an offering price of \$25 per Series 14 Preferred Unit under its shelf registration in the United States.

On February 25, 2022, our partnership announced its intention to redeem 11,979,750 issued and outstanding Series 7 Preferred Units, which represents all of the issued and outstanding Series 7 Preferred Units, at \$25 per unit on March 31, 2022.

5.C RESEARCH AND DEVELOPMENT

Not applicable.

5.D TREND INFORMATION

See Item 5.A “Operating Results – Segmented Disclosures – Utilities – Recent Developments” and Item 5.A “Operating Results – Segmented Disclosures – Midstream – Recent Developments”.

We seek to increase the cash flows from our operations through acquisitions and organic growth opportunities as described below. In particular, we focus on consortiums and partnerships where Brookfield has sufficient influence or control to deploy our operations oriented approach and Brookfield has a strong track record of leading such transactions, which provides the opportunity to expand cash flows through acquisitions. In addition, we have a substantial capital backlog to be commissioned in the next two to three years and we believe that notwithstanding increasing political uncertainty, most of our markets have favorable outlooks, which we believe provides an opportunity for increased organic growth in cash flows. Our beliefs as to the opportunities for our partnership to increase cash flows through acquisitions and organic growth are based on assumptions about our business and markets that management believes are reasonable in the circumstances. There can be no assurance as to growth in our cash flows, or capital deployed for acquisitions or organic growth. See page 5, “Forward-Looking Statements”.

We believe our global scale and best-in-class operating groups provide us with a unique competitive advantage as we are able to efficiently allocate capital around the world toward those sectors and geographies where we see the greatest returns. We actively recycle assets on our balance sheet as they mature and reinvest the proceeds into higher yielding investment strategies, further enhancing returns.

Below are trends that we anticipate will generate meaningful investment opportunities for our business:

- **Data** - Data is the fastest growing commodity in the world, with global usage expected to grow exponentially for the foreseeable future. This growth is driving the need for massive investment in the networks that transmit and store data. We have already begun making investments in data highways, namely fiber-to-the-home networks, telecom towers, and data centers, and are pursuing additional opportunities in the sector.
- **Midstream** - Midstream assets are strategically located, difficult to replicate and have a strong contracted cash flow profile. Their scarcity value is supported by the fact that they are often the only connections between supply and demand centers. In addition, with the emergence of new resources and growing demand, there is a large funding gap of infrastructure build-out, making these assets primed to benefit from future growth.

Over the years, our partnership has evolved in terms of the scale of our business, and the growth and maturity profiles of our assets. We have also taken strides to re-position our funding strategy, allowing us to become more self-reliant in funding our growth. We have accomplished this by executing well on our asset rotation strategy, which is an integral component of our full cycle investment plan.

In allocating every dollar of FFO, we typically invest about 15-20% to satisfy maintenance capex obligations, with another 15-20% going into smaller, recurring growth projects, and the remaining 60-70% being utilized for distributions to unitholders. The primary source of funding for new investment activities and large-scale expansions will continue to be asset sales, with capital market issuances available to fund outsized growth opportunities.

Capital recycling has been a critical component of our full-cycle investment strategy and is important to our business for the following reasons:

- **Key value creation lever** - most infrastructure assets reach a maturity point, where the pace of capital appreciation or same-store growth levels out. Capital appreciation is maximized in periods where there are operational improvements, increased capacity utilization and capital expansion. Absent these factors, we would generally consider these assets to have mature income streams. At this point we will look to sell them at attractive returns and redeploy the proceeds into new income streams that will earn our 12-15% target returns.
- **Alternative source of capital** - we sometimes issue equity to fund growth, however capital markets are not always available and thus capital recycling becomes an important alternative source of funding. We believe that capital recycling allows us to be more strategic and focus on selling bond-like businesses at a very low discount rate, while potentially increasing returns to unitholders by avoiding dilution on our high-growth businesses.
- **Institutes capital discipline** - to us, it is imperative that businesses are sold to maximize proceeds, not when cash is needed as selling under duress almost never optimizes value. While our approach may result in periods where we have substantial liquidity that results in a short-term drag on results, as long-term investors, we believe it is the best way to create value over the long run.

Notwithstanding the benefits for our business, expectations of quantitative tightening and a rising interest rate environment have recently caused significant stock market volatility. This volatility has been most pronounced in the technology sector, where we have seen a large pullback in valuations to start the year. Although we expect our unit price to move with broader market sentiment, we believe the underlying value of our privately owned infrastructure assets will be less impacted. We expect that private buyers of infrastructure assets, especially those for high-quality, de-risked essential infrastructure, take a longer-term view and are less influenced by short-term economic conditions or sentiment.

Our primary focus for the upcoming year is to advance our pipeline of transactions that are well progressed. We also remain focused on the integration plans at our recently acquired businesses and executing on our organic capital project initiatives.

5.E CRITICAL ACCOUNTING ESTIMATES

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

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

Significant judgments and estimates made by management and utilized in the normal course of preparing our company's consolidated financial statements, which we consider to be critical, are outlined below.

(i) *Revaluation of property, plant and equipment*

Property, plant and equipment is revalued on a regular basis. The significant estimates and assumptions underlying the valuation of property, plant and equipment are set out in Note 13, “Property, Plant and Equipment” in our financial statements included in this annual report on Form 20-F. Our 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 and 2020. Brookfield Infrastructure determines fair value under both the income and depreciated replacement cost methods, with due consideration to significant inputs such as the discount rate, terminal value multiple, overall investment horizon, useful life and replacement cost.

(ii) *Impairment of goodwill, intangibles with indefinite lives and investment in associates and joint ventures*

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

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

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

Recently adopted accounting standards

Brookfield Infrastructure applied, for the first time, certain new standards applicable to our partnership that became effective January 1, 2021. The impact of these amendments on our partnership’s accounting policies are as follows:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Disclosures

Our partnership adopted Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (“Phase II Amendments”), effective January 1, 2021. The Phase II Amendments provide additional guidance to address issues that will arise during the transition of benchmark interest rates. The Phase II Amendments primarily relate to the modification of financial assets, financial liabilities and lease liabilities where the basis for determining the contractual cash flows changes as a result of IBOR reform, allowing for prospective application of the applicable benchmark interest rate and to the application of hedge accounting, providing an exception such that changes in the formal designation and documentation of hedge accounting relationships that are needed to reflect the changes required by IBOR reform do not result in the discontinuation of hedge accounting or the designation of new hedging relationships. The adoption did not have a significant impact on our partnership’s financial reporting.

ITEM 6. DIRECTORS AND SENIOR MANAGEMENT

6.A DIRECTORS AND SENIOR MANAGEMENT

Board of Directors of our General Partner

As required by law, our limited partnership agreement provides for the management and control of our partnership by a general partner rather than a board of directors and officers. Our General Partner serves as our partnership's general partner and has a board of directors. Our General Partner has sole responsibility and authority for the central management and control of our partnership, which is exercised through its board of directors in Bermuda.

The following table presents certain information concerning the current board of directors of our General Partner as of the date of this annual report on Form 20-F:

<u>Name and Municipality of Residence⁽¹⁾</u>	<u>Age</u>	<u>Position</u>	<u>Principal Occupation</u>
Anne Schaumburg ⁽³⁾ Short Hills, New Jersey	72	Chair	Director
Jeffrey Blidner Toronto, Canada	73	Director	Vice Chairman of Brookfield Asset Management
William Cox ⁽²⁾ Pembroke, Bermuda	59	Director	Business Executive
Roslyn Kelly ⁽³⁾ London, United Kingdom	49	Director	Senior Managing Director of Mediobanca
John Mullen ⁽²⁾ Sydney, Australia	66	Director	Director, Telstra Limited
Daniel Muñoz Quintanilla ⁽³⁾ Mexico City, Mexico	48	Director	Director
Rajeev Vasudeva ⁽²⁾ London, United Kingdom	62	Director	Senior Advisor of Egon Zehnder

(1) The business address for each of the directors is 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda.

(2) Member of the nominating and governance committee. William Cox is the chair of the nominating and governance committee.

(3) Member of the audit committee. Daniel Muñoz Quintanilla is the chair of the audit committee and is our audit committee financial expert.

Anne Schaumburg. Anne has served as a director of our General Partner since November 3, 2008 and was appointed as Chair on February 7, 2020. Anne also serves on the board of directors of BIPC. She has been a member of the board of directors of NRG Energy, Inc., a power generation company listed on NYSE, since 2005. From 1984 until her retirement in 2002, Anne was a Managing Director and senior banker in the Global Energy Group of Credit Suisse First Boston. Anne has worked in the investment banking industry for 28 years specializing in the power sector. Anne ran Credit Suisse's Power Group from 1994 to 1999, prior to its consolidation with Natural Resources and Project Finance, where she was responsible for assisting clients on advisory and finance assignments. Her transaction expertise, across the spectrum of utility and unregulated power, includes mergers and acquisitions, debt and equity capital market financings, project finance and leasing, utility disaggregation and privatizations. Anne is a graduate of the City University of New York.

Jeffrey Blidner. Jeffrey has served as a director of our General Partner since 2008. Jeffrey is a Vice Chairman of Brookfield Asset Management and is responsible for Brookfield's private client business. Jeffrey is Chair of the general partner of Brookfield Renewable Partners L.P., Chair of the general partner of Brookfield Business Partners L.P. and Chair of Brookfield Renewable Corporation. He also serves as a director of Brookfield Asset Management, the general partner of Brookfield Property Partners L.P., BIPC and Canary Wharf. Prior to joining Brookfield in 2000, Jeffrey was a senior partner at a Canadian law firm. Jeffrey's practice focused on merchant banking transactions, public offerings, mergers and acquisitions, management buy-outs and private equity transactions. Jeffrey received his LLB from Osgoode Hall Law School and was called to the Bar in Ontario as a Gold Medalist. Mr. Blidner is not considered an independent director because of his role at Brookfield.

William Cox. William has served as a director of our General Partner since November 3, 2016. William also serves on the board of directors of BIPC. He is the President and Chairman of Waterloo Properties in Bermuda; a fifth generation family owned business which operates real estate and retail investment companies in Bermuda. He has developed large scale, commercial projects in Bermuda and operates a successful group of retail operations. William graduated from Saltus Grammar School, where he served as Chairman of the Board of Trustees and completed his education at Lynchburg College in Virginia.

Roslyn Kelly. Roslyn has served as a director of our General Partner since February 7, 2020. Roslyn also serves on the board of directors of BIPC. She is a senior managing director in Mediobanca's Alternative Asset Management Group, based in London. As part of her role, Roslyn is a member of both the EXCOs of Cairn Capital, a London based diversified credit asset manager, and RAM Active Investments, a Geneva based systematic equity fund. She has fulfilled various investment banking and portfolio management roles throughout her career within several large global financial institutions. Roslyn holds a BBS in Finance from Trinity College, Dublin and an MBA from Georgetown University, McDonough School of Business.

John Mullen. John was appointed as a director of the General Partner on May 5, 2021. John also serves on the board of directors of BIPC. John is a professional director and has extensive international transportation and logistics experience with more than two decades in senior positions with multinationals including most recently as Managing Director and Chief Executive Officer of Asciano Ltd from 2011 to 2016. His experience includes 10 years with the TNT Group – two years of those as its Chief Operating Officer. From 1991 to 1994, he held the position of Chief Executive Officer of TNT Express Worldwide. John joined Deutsche Post DHL Group in 1994, becoming Chief Executive Officer of DHL Express Asia Pacific in 2002 and joint Chief Executive Officer, DHL Express in 2005. He was then Global Chief Executive Officer, DHL Express, from 2006 to 2009. John has been a non-executive Director of Telstra, an Australian telecommunications and media company, since July 2008, and is currently Chairman of Telstra and of Toll Group, a transport and logistics company owned by Japan Post. John holds a Bachelor of Science degree from the University of Surrey in the U.K., is also a member of the Australian Graduate School of Management and a Councillor of the Australian National Maritime Museum.

Daniel Muñiz Quintanilla. Daniel has served as a director of our General Partner since August 1, 2019. Daniel also serves on the board of directors of BIPC. He is a seasoned business executive who has held senior positions with multinational mining and infrastructure companies for over a decade. Most recently, he was Managing Director and Executive Vice President of Americas Mining Corporation, the holding company of the Mining Division of Grupo Mexico, S.A.B. de C.V. He served as a member of the Board of Directors and was the Executive Vice President of Southern Copper Corporation, a subsidiary of Americas Mining Corporation, where he led several successful mergers and acquisitions, joint ventures and other similar transactions. He has also held the roles of Executive President and Chief Executive Officer of Industrial Minera Mexico S.A. de C.V., the Underground Mining Division of Grupo Mexico, and Chief Financial Officer of Grupo Mexico.

Rajeev Vasudeva. Rajeev has served as a director of our General Partner since August 1, 2019. Rajeev also serves on the board of directors of BIPC. He has advised global organizations on appointing, assessing and developing leaders over the last two decades. He had a 25-year career with Egon Zehnder, the global leadership advisory firm, as a Partner in the India and UK, culminating in his appointment as the Chief Executive Officer of the firm for five years from 2014-2019. Prior to being appointed CEO, he was the Partner-in-charge for global operations, technology and financial performance. His consulting engagements were primarily focused on serving clients in the Telecom and Technology sector. During his initial career, he worked as a management consultant with Price Waterhouse and Touche Ross in India and the U.S. Rajeev currently serves as the Chair of Centum Learning Ltd., an Ed-tech company, and also serves on the board of Pidilite Industries Ltd., a specialty chemicals company, listed on the Bombay Stock Exchange and is a member of the Nomination and Remuneration Committee. Rajeev is a qualified Chartered Accountant and lawyer and holds an MBA from the University of Michigan, Ann Arbor, USA.

Our Management

Our General Partner does not employ any of the individuals who carry out the management and activities of our business, other than employees of our operating subsidiaries. Instead, members of Brookfield’s senior management and other individuals from Brookfield Asset Management’s global affiliates are drawn upon to fulfill the Service Provider’s obligations to provide us with management services under our Master Services Agreement. Brookfield currently has approximately 1,000 investment professionals and 180,000 operating employees in more than 30 countries around the world. Our partnership’s operating subsidiaries currently employ approximately 44,000 individuals globally. The following table presents certain information concerning the core senior management team that is principally responsible for our operations and their positions with the Service Provider as of the date of this annual report on Form 20-F:

<u>Name</u>	<u>Age</u>	<u>Years of Experience in relevant industry or role</u>	<u>Years at Brookfield</u>	<u>Current Position with the Service Provider</u>
Sam Pollock	55	32	27	Chief Executive Officer
David Krant	35	14	10	Chief Financial Officer
Ben Vaughan	50	24	21	Chief Operating Officer

Each of the members of this team has substantial deal origination and execution expertise, having put together numerous consortiums, partnerships and joint ventures for large complex transactions. Members of this team have also been integral in building and developing Brookfield's utilities, transport, midstream and data operations. Set forth below is biographical information for Messrs. Pollock, Krant and Vaughan:

Sam Pollock. Sam is a Managing Partner of Brookfield Asset Management and Chief Executive Officer of the Service Provider. Sam has also been a director of TWC Enterprises since 2008. Since 2006, Sam has led Brookfield's expansion into the infrastructure sector and is responsible for the formulation and execution of the operating and investment strategy for Brookfield's infrastructure business. Sam joined Brookfield Asset Management in 1994 and, prior to his current role, was broadly responsible for Brookfield's investment initiatives acting as Brookfield Asset Management's Chief Investment Officer. Sam is a Chartered Professional Accountant and holds a business degree from Queen's University.

David Krant. David was appointed to the role of Chief Financial Officer of the Service Provider, effective March 1, 2021. David has been with the Brookfield organization since 2012 and with Brookfield Infrastructure since 2015. In this time, he has performed a number of critical roles in a finance and operations capacity. Prior to joining Brookfield, David was in the Assurance and Advisory group at a global public accounting firm. David holds a CPA, CA designation and a Bachelor of Commerce (Hons) degree in finance and accounting, from the School of Business and Economics at Wilfrid Laurier University.

Ben Vaughan. Ben is a Managing Partner of Brookfield Asset Management and Chief Operating Officer of the Service Provider. Since joining Brookfield in 2001, Ben has helped achieve a track record of driving value in its portfolio companies through growth initiatives, increasing cash flows and mitigating risks. Prior to his current role, Ben held a series of executive positions within Brookfield's Renewable Group, helping grow the business through organic development projects and building a scalable commercial and operating platform. In addition to his role in the renewable power business, Ben has lived in Brazil and played a key role in Brookfield's investment activities across South America. Ben holds a Bachelor of Commerce degree from Queen's University in Canada and is a Chartered Professional Accountant. He currently serves on several public and private portfolio company boards.

See also information contained in this annual report on Form 20-F under Item 6.C "Board Practices," Item 3.D "Risk Factors—Risks Relating to our Relationship with Brookfield," Item 6.A "Directors and Senior Management" and Item 7.B "Related Party Transactions."

Our Master Services Agreement

The Service Recipients have entered into a Master Services Agreement pursuant to which the Service Provider has agreed to provide or arrange for other service providers to provide management and administration services to our partnership and the other Service Recipients. The operating entities are not a party to the Master Services Agreement.

The following is a summary of certain provisions of our Master Services Agreement and is qualified in its entirety by reference to all of the provisions of the agreement. Because this description is only a summary of the Master Services Agreement, it does not necessarily contain all of the information that you may find useful. We therefore urge you to review the Master Services Agreement in its entirety. Our Master Services Agreement is available electronically on the website of the SEC at www.sec.gov and SEDAR at www.sedar.com and is available to our unitholders and preferred unitholders as described under Item 10.C "Material Contracts" and Item 10.H "Documents on Display."

Appointment of the Service Provider and Services Rendered

Under our Master Services Agreement, the Service Recipients have appointed the Service Provider, as the service provider, to provide the following services, or arrange for their provision by an appropriate service provider:

- causing or supervising the carrying out of all day-to-day management, secretarial, accounting, banking, treasury, administrative, liaison, representative, regulatory and reporting functions and obligations;
- establishing and maintaining or supervising the establishment and maintenance of books and records;
- identifying, evaluating and recommending to the Service Recipients acquisitions or dispositions from time-to-time and, where requested to do so, assisting in negotiating the terms of such acquisitions or dispositions;
- recommending and, where requested to do so, assisting in the raising of funds whether by way of debt, equity or otherwise, including the preparation, review or distribution of any prospectus or offering memorandum in respect thereof and assisting with communications support in connection therewith;
- recommending to the Service Recipients suitable candidates to serve on the boards of directors or their equivalents of the operating entities;
- making recommendations with respect to the exercise of any voting rights to which the Service Recipients are entitled in respect of the operating entities;
- making recommendations with respect to the payment of dividends or other distributions by the Service Recipients, including distributions by our partnership to our unitholders;
- monitoring and/or oversight of the applicable Service Recipient's accountants, legal counsel and other accounting, financial or legal advisors and technical, commercial, marketing and other independent experts, and managing litigation in which a Service Recipient is sued or commencing litigation after consulting with, and subject to the approval of, the relevant board of directors or its equivalent;
- attending to all matters necessary for any reorganization, bankruptcy proceedings, dissolution or winding up of a Service Recipient, subject to approval by the relevant board of directors or its equivalent;
- supervising the timely calculation and payment of taxes payable, and the filing of all tax returns due, by each Service Recipient;
- causing the Service Recipients' annual consolidated financial statements and quarterly interim financial statements to be: (i) prepared in accordance with generally accepted accounting principles or other applicable accounting principles for review and audit at least to such extent and with such frequency as may be required by law or regulation; and (ii) submitted to the relevant board of directors or its equivalent for its prior approval;

- making recommendations in relation to and effecting the entry into insurance of each Service Recipient's assets, together with other insurances against other risks, including directors and officers insurance as the relevant service provider and the relevant board of directors or its equivalent may from time to time agree;
- arranging for individuals to carry out the functions of principal executive, accounting and financial officers for our partnership only for purposes of applicable securities laws;
- providing individuals to act as senior officers of Service Recipients as agreed from time-to-time, subject to the approval of the relevant board of directors or its equivalent;
- advising the Service Recipients regarding the maintenance of compliance with applicable laws and other obligations; and
- providing all such other services as may from time-to-time be agreed with the Service Recipients that are reasonably related to the Service Recipient's day-to-day operations.

Notwithstanding the foregoing all investment advisory services (as defined in the Master Services Agreement) must be provided solely to the Holding LP.

The Service Provider's activities are subject to the supervision of the board of directors or equivalent governing body of our General Partner and of each of the other Service Recipients, as applicable. The relevant governing body remains responsible for all investment and divestment decisions made by the Service Recipient.

Any Service Provider may, from time to time, appoint an affiliate of Brookfield to act as a new Service Provider under our Master Services Agreement, effective upon the execution of a joinder agreement by the new Service Provider.

Management Fee

Pursuant to the Master Services Agreement, on a quarterly basis, we pay a base management fee, to the Service Provider equal to 0.3125% (1.25% annually) of the market value of our partnership. BIPC reimburses us for its proportionate share of such fee. BIPC's proportionate share of the base management fee is calculated based on the weighted average units and BIPC exchangeable shares outstanding after retroactively adjusting for the special distribution. For purposes of calculating the base management fee, the market value of our partnership is equal to the aggregate value of all our outstanding units (assuming full conversion of Brookfield's limited partnership interests in Brookfield Infrastructure into units), preferred units and securities of the other Service Recipients (including the BIPC exchangeable shares and the Exchangeable units) that are not held by Brookfield Infrastructure, plus all outstanding third party debt with recourse to a Service Recipient, less all cash held by such entities. Brookfield Infrastructure Special LP, a subsidiary of Brookfield, also receives incentive distributions based on the amount by which quarterly distributions on Holding LP units (other than Holding LP Class A Preferred Units), as well as economically equivalent securities of the other Service Recipients, including Brookfield Infrastructure, exceed specified target levels as set forth in Holding LP's limited partnership agreement, which specified target levels were amended in connection with the special distribution.

The table below sets forth the management fees for the years ended December 31, 2021, 2020 and 2019, respectively.

<u>US\$ MILLIONS</u>	<u>For the year ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Base management fee	\$ 394	\$ 302	\$ 270

To the extent that under any other arrangement we are obligated to pay a base management fee (directly or indirectly through an equivalent arrangement) to the Service Provider (or any affiliate) on a portion of our capital that is comparable to the base management fee, the base management fee payable for each quarter in respect thereof will be reduced on a dollar for dollar basis by our proportionate share of the comparable base management fee (or equivalent amount) under such other arrangement for that quarter. For example, in conjunction with the consortium arrangements in respect of our South American electricity transmission operations, we pay to Brookfield our pro rata share of base management fees paid by the consortium. Pursuant to the Master Services Agreement, the base management fees paid pursuant to the consortium arrangements are creditable against the management fee payable under the Master Services Agreement. The base management fee will not be reduced by the amount of any incentive distribution payable by any Service Recipient or operating entity to the Service Provider (or any other affiliate) (for which there is a separate credit mechanism under the Holding LP’s limited partnership agreement), or any other fees that are payable by any operating entity to Brookfield for financial advisory, operations and maintenance, development, operations management and other services. See Item 7.B “Related Party Transactions—Other Services” and Item 7.B “Related Party Transactions—Incentive Distributions.”

Reimbursement of Expenses and Certain Taxes

We also reimburse the Service Provider for any out-of-pocket fees, costs and expenses incurred in the provision of the management and administration services. However, the Service Recipients are not required to reimburse the Service Provider for the salaries and other remuneration of its management, personnel or support staff who carry out any services or functions for such Service Recipients or overhead for such persons.

The relevant Service Recipient is required to pay the Service Provider all other out-of-pocket fees, costs and expenses incurred in connection with the provision of the services including those of any third party and to reimburse the Service Provider for any such fees, costs and expenses. Such out-of-pocket fees, costs and expenses include, among other things, (i) fees, costs and expenses relating to any debt or equity financing; (ii) out-of-pocket fees, costs and expenses incurred in connection with the general administration of any Service Recipient; (iii) taxes, licenses and other statutory fees or penalties levied against or in respect of a Service Recipient; (iv) amounts owed under indemnification, contribution or similar arrangements; (v) fees, costs and expenses relating to our financial reporting, regulatory filings and investor relations and the fees, costs and expenses of agents, advisors and other persons who provide services to or on behalf of a Service Recipient; and (vi) any other fees, costs and expenses incurred by the Service Provider that are reasonably necessary for the performance by the Service Provider of its duties and functions under the Master Services Agreement.

In addition, the Service Recipients are required to pay all fees, costs and expenses incurred in connection with the investigation, acquisition, holding or disposal of any acquisition that is made or that is proposed to be made by us. Where the acquisition or proposed acquisition involves a joint acquisition that is made alongside one or more other persons, the Service Provider will be required to allocate such fees, costs and expenses in proportion to the notional amount of the acquisition made (or that would have been made in the case of an unconsummated acquisition) among all joint investors. Such additional fees, expenses and costs represent out-of-pocket costs associated with investment activities that are undertaken pursuant to the Master Services Agreement.

The Service Recipients are also required to pay or reimburse the Service Provider for all sales, use, value added, withholding or other taxes or customs duties or other governmental charges levied or imposed by reason of the Master Services Agreement or any agreement it contemplates, other than income taxes, corporation taxes, capital taxes or other similar taxes payable by the Service Provider, which are personal to the Service Provider.

Termination

The Master Services Agreement has no fixed term. However, the Service Recipients may terminate the Master Services Agreement upon 30 days' prior written notice of termination from our General Partner to the Service Provider if any of the following occurs:

- the Service Provider defaults in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm to the Service Recipients and the default continues unremedied for a period of 30 days after written notice of the breach is given to the Service Provider;
- the Service Provider engages in any act of fraud, misappropriation of funds or embezzlement against any Service Recipient that results in material harm to the Service Recipients;
- the Service Provider is grossly negligent in the performance of its duties under the agreement and such negligence results in material harm to the Service Recipients; or
- certain events relating to the bankruptcy or insolvency of the Service Provider.

The Service Recipients have no right to terminate for any other reason, including if the Service Provider or Brookfield experiences a change of control. Our General Partner may only terminate the Master Services Agreement on behalf of our partnership with the prior unanimous approval of our General Partner's independent directors.

Our Master Services Agreement expressly provides that the agreement may not be terminated by our General Partner due solely to the poor performance or the underperformance of any of our operations.

The Service Provider may terminate the Master Services Agreement upon 30 days' prior written notice of termination to our General Partner if any Service Recipient defaults in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm and the default continues unremedied for a period of 30 days after written notice of the breach is given to the Service Recipient. The Service Provider may also terminate the Master Services Agreement upon the occurrence of certain events relating to the bankruptcy or insolvency of our partnership.

If the Master Services Agreement is terminated, the Licensing Agreements, the Relationship Agreement and any of Brookfield's obligations under the Relationship Agreement would also terminate. See Item 7.B "Related Party Transactions—Relationship Agreement" and Item 3.D "Risk Factors—Risks Relating to Our Relationship with Brookfield."

Indemnification and Limitations on Liability

Under the Master Services Agreement, the Service Provider has not assumed and will not assume any responsibility other than to provide or arrange for the provision of the services called for thereunder in good faith and will not be responsible for any action that the Service Recipients take in following or declining to follow the advice or recommendations of the Service Provider. The maximum amount of the aggregate liability of the Service Provider or any of its affiliates, or of any director, officer, employee, contractor, agent, advisor or other representative of the Service Provider or any of its affiliates, will be equal to the base management fee previously paid by the Service Recipients in the two most recent calendar years pursuant to the Master Services Agreement. The Service Recipients have also agreed to indemnify each of the Service Provider, Brookfield and their directors, officers, agents, members, partners, shareholders and employees to the fullest extent permitted by law from and against any claims, liabilities, losses, damages, costs or expenses (including legal fees) incurred by an indemnified person or threatened in connection with our respective businesses, investments and activities or in respect of or arising from the Master Services Agreement or the services provided by the Service Provider, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under the Master Services Agreement, to the fullest extent permitted by law, the indemnified persons will not be liable to the Service Recipients except for conduct that involved bad faith, fraud, willful misconduct, gross negligence or in the case of a criminal matter, action that the indemnified person knew to have been unlawful.

Outside Activities

Our Master Services Agreement does not prohibit the Service Provider or its affiliates from pursuing other business activities or providing services to third parties that compete directly or indirectly with us. For a description of related aspects of the relationship between Brookfield and the Service Recipients, see Item 7.B "Related Party Transactions—Relationship Agreement."

6.B COMPENSATION

Compensation

The directors of our General Partner also serve as directors of BIPC. For the year ended December 31, 2021, our General Partner paid each of its directors (other than the chairperson) \$125,000 per year for serving on its board of directors and various board committees. Each overlapping director received an annual retainer of \$15,000 for their service on BIPC's board and committees. Our General Partner during the year ended December 31, 2021 paid the chairperson of the board of directors an additional amount of \$50,000, making the chairperson's total remuneration for the 2021 fiscal year \$175,000. Members of our partnership's, and BIPC's, audit committee (other than the chairperson) were paid an additional \$10,000 by our General Partner during the year ended December 31, 2021 for serving in such positions. Also, during the year ended December 31, 2021 an additional amount of \$20,000 was paid to the chairperson of our partnership's, and BIPC's, audit committee, making the audit committee chairperson's total remuneration for the 2021 fiscal year \$160,000. Directors who are not independent due to their employment with Brookfield received no fees for their services on the board of our General Partner.

In coordination with BIPC, the nominating and governance committee periodically reviews board compensation in relation to its peers and other similarly sized companies and is responsible for approving changes in compensation for non-employee directors.

Our General Partner does not have any employees. Our partnership has entered into a Master Services Agreement with the Service Provider pursuant to which the Service Provider provides or arranges for other service providers to provide day-to-day management and administrative services for our partnership and the other Service Recipients. The fees payable under the Master Service Agreement are set forth under Item 6.A “Directors and Senior Management—Our Master Services Agreement—Management Fee.” In addition, Brookfield is entitled to receive incentive distributions from the Holding LP described under Item 7.B “Related Party Transactions—Incentive Distributions.”

Pursuant to the Master Service Agreement, members of Brookfield’s senior management and other individuals from Brookfield’s global affiliates are drawn upon to fulfill obligations under the Master Service Agreement. However, these individuals, including the Brookfield employees identified in the table under Item 6.A “Directors and Senior Management—Our Management,” are not compensated by our partnership or our General Partner. Instead, they will continue to be compensated by Brookfield.

6.C BOARD PRACTICES

Board Structure, Practices and Committees

The structure, practices and committees of our General Partner’s board of directors, including matters relating to the size, independence and composition of the board of directors, the election and removal of directors, requirements relating to board action and the powers delegated to board committees, are governed by our General Partner’s Bye-laws. Our General Partner’s board of directors is responsible for exercising the management, control, power and authority of the General Partner except as required by applicable law or the Bye-laws of the General Partner. The following is a summary of certain provisions of those Bye-laws that affect our partnership’s governance.

Size, Independence and Composition of the Board of Directors

Our General Partner’s board of directors is currently set at seven directors. The board may consist of between three and 11 directors or such other number of directors as may be determined from time-to-time by a resolution of our General Partner’s shareholders and subject to its Bye-laws. At least three directors and at least a majority of the directors holding office must be independent of our General Partner and Brookfield, as determined by the full board of directors using the standards for independence established by the NYSE.

If the death, resignation or removal of an independent director results in the board of directors consisting of less than a majority of independent directors, the vacancy must be filled promptly. Pending the filling of such vacancy, the board of directors may temporarily consist of less than a majority of independent directors and those directors who do not meet the standards for independence may continue to hold office. In addition, our General Partner’s Bye-laws provide that not more than 50% of the directors (as a group) or the independent directors (as a group) may be residents of any one jurisdiction (other than Bermuda and any other jurisdiction designated by the board of directors from time to time).

Our board mirrors the board of BIPC, except that there is one additional non-overlapping board member who serves on the board of BIPC to assist with, among other things, resolving any conflicts of interest that may arise from BIPC’s relationship with our partnership.

Election and Removal of Directors

Our General Partner's board of directors was appointed by its shareholder and each of its current directors will serve until the close of the next annual meeting of shareholders of our General Partner or his or her death, resignation or removal from office, whichever occurs first. Vacancies on the board of directors may be filled and additional directors may be added by a resolution of our General Partner's shareholders or a vote of the directors then in office. A director may be removed from office by a resolution duly passed by our General Partner's shareholders or, if the director has been absent without leave from three consecutive meetings of the board of directors, by a written resolution requesting resignation signed by all other directors then holding office. A director will be automatically removed from the board of directors if he or she becomes bankrupt, insolvent or suspends payments to his or her creditors or becomes prohibited by law from acting as a director.

Term Limits and Board Renewal

Our nominating and governance committee reviews and assesses the qualifications of candidates to join our board with the goal, among other things, of reflecting a balance between the experience that comes with longevity of service on our board and the need for renewal and fresh perspectives.

Our General Partner's board of directors does not have a mandatory age for the retirement of directors and there are no term limits nor any other mechanisms in place that operate to compel board turnover. While we believe that mandatory retirement ages, director term limits and other board turnover mechanisms are overly prescriptive, periodically adding new voices to our board can help us adapt to a changing business environment.

As such, the nominating and governance committee reviews the composition of our board on a regular basis in relation to approved director criteria and skill requirements and recommends changes as appropriate.

Board of Directors, Committees and Director Evaluation

Our General Partner's board of directors believes that a regular and formal process of evaluation improves the performance of our board as a whole, its committees and individual directors. Each year, a survey is sent to directors regarding the effectiveness of our board and its committees, inviting comments and suggestions on areas for improvement. The results of this survey are reviewed by the nominating and governance committee, which makes recommendations to our General Partner's board of directors as required. Each director also receives a list of questions for completing a self-assessment. The chair of our General Partner's board of directors also holds private interviews with each director annually to discuss the operations of our General Partner's board of directors and its committees and to provide any feedback on the individual director's contributions.

Action by the Board of Directors

Our General Partner's board of directors may take action in a duly convened meeting at which a quorum is present or by a written resolution signed by all directors then holding office. Our General Partner's board of directors holds a minimum of four meetings per year. When action is to be taken at a meeting of the board of directors, the affirmative vote of a majority of the votes cast is required for any action to be taken.

Transactions Requiring Approval by Independent Directors

Our General Partner's independent directors have approved a conflicts protocol which addresses the approval and other requirements for transactions in which there is greater potential for a conflict of interest to arise. These transactions include:

- the dissolution of our partnership;
- any material amendment to the Master Services Agreement, the Relationship Agreement, our Limited Partnership Agreement or the Holding LP's limited partnership agreement;
- any material service agreement or other arrangement pursuant to which Brookfield will be paid a fee, or other consideration other than any agreement or arrangement contemplated by the Master Services Agreement;
- acquisitions by us from, and dispositions by us to, Brookfield;
- determinations regarding the payment of fees under the Master Services Agreement in units of our partnership or the Holding LP or the deferral of incentive distributions under the Holding LP's limited partnership agreement;
- approval of the protocol governing the allocation of employees between our partnership and the Service Provider;
- any other material transaction involving us and Brookfield; and
- termination of, or any determinations regarding indemnification under, the Master Services Agreement.

Our conflicts protocol requires certain transactions including those described above to be approved by a majority of our General Partner's independent directors. Pursuant to our conflicts protocol, independent directors may grant approvals for any such transactions in the form of general guidelines, policies or procedures in which case no further special approval will be required in connection with a particular transaction or matter permitted thereby. See Item 7.B "Related Party Transactions—Conflicts of Interest and Fiduciary Duties".

Transactions in which a Director has an Interest

A director who directly or indirectly has an interest in a contract, transaction or arrangement with our General Partner, our partnership or certain of our affiliates is required to disclose the nature of his or her interest to the full board of directors. Such disclosure may take the form of a general notice given to the board of directors to the effect that the director has an interest in a specified company or firm and is to be regarded as interested in any contract, transaction or arrangement which may after the date of the notice be made with that company or firm or its affiliates. A director may participate in any meeting called to discuss or any vote called to approve the transaction in which the director has an interest and any transaction approved by the board of directors will not be void or voidable solely because the director was present at or participates in the meeting in which the approval was given provided that the board of directors or a board committee authorizes the transaction in good faith after the director's interest has been disclosed or the transaction is fair to our General Partner and our partnership at the time it is approved.

Transactions Requiring Unitholder Approval

Unitholders have consent rights with respect to certain fundamental matters and on any other matters that require their approval in accordance with applicable securities laws and stock exchanges rules. See Item 10.B “Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership Agreement”.

Service Contracts

There are no service contracts with directors that provide benefit upon termination of employment.

Director Unit Ownership Requirements

We believe that directors of the General Partner can better represent our unitholders if they have economic exposure to our partnership themselves. We expect that directors of the General Partner hold sufficient units such that the acquisition costs of our units held by such directors is equal to at least two times their annual retainer, as determined by the board of directors of the General Partner from time to time. Directors of the General Partner are required to meet this requirement within five years of their date of appointment.

Audit Committee

Our General Partner’s board of directors is required to establish and maintain at all times an audit committee that operates pursuant to a written charter. The audit committee is required to consist solely of independent directors and each member must be financially literate and there will be at least one member designated as an audit committee financial expert. Not more than 50% of the audit committee members may be directors who are residents of any one jurisdiction (other than Bermuda and any other jurisdiction designated by the board of directors from time to time). The audit committee is responsible for assisting and advising our General Partner’s board of directors with matters relating to:

- our accounting and financial reporting processes;
- the integrity and audits of our financial statements;
- our compliance with legal and regulatory requirements; and
- the qualifications, performance and independence of our independent accountants.

The audit committee is also responsible for engaging our independent accountants, reviewing the plans and results of each audit engagement with our independent accountants, approving professional services provided by our independent accountants, considering the range of audit and non-audit fees charged by our independent accountants and reviewing the adequacy of our internal accounting controls. The audit committee charter is available on our website at <https://bip.brookfield.com/corporate-governance/governance-documents> and is available upon written request from our Corporate Secretary, at 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda. See also Item 6.A “Directors and Senior Management”.

Nominating and Governance Committee

Our General Partner's board of directors is required to establish and maintain at all times a nominating and governance committee that operates pursuant to a written charter. The nominating and governance committee is required to consist of a majority of independent directors and not more than 50% of the nominating and corporate governance committee members may be directors who are residents of any one jurisdiction (other than Bermuda and any other jurisdiction designated by the board of directors from time to time).

The nominating and governance committee is responsible for recommending the appointment by the sitting directors of a person to the office of director and for recommending a slate of nominees for election as directors by our General Partner's shareholders. The nominating and governance committee is also responsible for assisting and advising our General Partner's board of directors with respect to matters relating to the general operation of the board of directors, our partnership's governance, the governance of our General Partner and the performance of its board of directors and individual directors. Subsequent to dissolution of the compensation committee of the board of directors of the General Partner during the year ended December 31, 2013, the nominating and governance committee is also responsible for reviewing and making recommendations to the board of directors of the General Partner concerning the remuneration of directors and committee members and supervising any changes in the fees to be paid pursuant to the Master Services Agreement. The nominating and governance committee charter is available on our website at <https://bip.brookfield.com/corporate-governance/governance-documents> and is available upon written request from our Corporate Secretary, at 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda.

Indemnification and Limitations on Liability

Our Limited Partnership Agreement

Bermuda law permits the partnership agreement of a limited partnership, such as our partnership, to provide for the indemnification of a partner, the officers and directors of a partner and any other person against any and all claims and demands whatsoever, except to the extent that the indemnification may be held by the courts of Bermuda to be contrary to public policy, such as in instances of fraud, dishonesty and bad faith, or to the extent that Bermuda law prohibits indemnification against personal liability that may be imposed under specific provisions of Bermuda law. Bermuda law also permits a partnership to pay or reimburse an indemnified person's expenses in advance of a final disposition of a proceeding for which indemnification is sought. See Item 10.B "Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership Agreement—Indemnification; Limitations on Liability" for a description of the indemnification arrangements in place under our Limited Partnership Agreement.

Our General Partner's Bye-laws

Bermuda law permits the Bye-laws of an exempted company limited by shares, such as our General Partner, to provide for the indemnification of its officers, directors and shareholders and any other person designated by the company against any and all claims and demands whatsoever, except to the extent that the indemnification may be held by the courts of Bermuda to be contrary to public policy, such as in instances of fraud, dishonesty and bad faith, or to the extent that Bermuda law prohibits indemnification against personal liability that may be imposed under specific provisions of Bermuda law. Bermuda company law also permits an exempted company limited by shares to pay or reimburse an indemnified person's expenses in advance of a final disposition of a proceeding for which indemnification is sought.

Under our General Partner's Bye-laws, our General Partner is required to indemnify, to the fullest extent permitted by law, its affiliates, directors, officers, resident representative, shareholders and employees, any person who serves on a governing body of the Holding LP or any of its subsidiaries and certain others against any and all losses, claims, damages, liabilities, costs or expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, incurred by an indemnified person in connection with our partnership's investments and activities or in respect of or arising from their holding such positions, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under our General Partner's Bye-laws, (i) the liability of such persons has been limited to the fullest extent permitted by law and except to the extent that their conduct involves bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful; and (ii) any matter that is approved by the independent directors will not constitute a breach of any duties stated or implied by law or equity, including fiduciary duties. Our General Partner's Bye-laws require it to advance funds to pay the expenses of an indemnified person in connection with a matter in which indemnification may be sought until it is determined that the indemnified person is not entitled to indemnification.

Insurance

Our partnership has the benefit of insurance coverage under which the directors of our General Partner are insured, subject to the limits of the policy, against certain losses arising from claims made against such directors by reason of any acts or omissions covered under the policy in their respective capacities as directors of our General Partner, including certain liabilities under securities laws.

Canadian Insider Reporting

Our partnership is not subject to Canadian insider reporting requirements due to its status as a "SEC Foreign Issuer" under Canadian securities laws. However, our partnership does not rely on the exemption that is available to it from the insider reporting requirements of Canadian securities laws.

6.D EMPLOYEES

Our partnership does not employ any of the individuals who carry out the management and other non-operational activities of our partnership. The personnel that carry out these activities are employees of Brookfield, and their services are provided to our partnership or for our benefit under our Master Services Agreement. For a discussion of the individuals from Brookfield's management team that are expected to be involved in our infrastructure business, see Item 6.A "Directors and Senior Management—Our Management."

6.E SHARE OWNERSHIP

Each of our directors and officers of our General Partner own less than one percent of our units. See also the information contained in this annual report on Form 20-F under Item 7.B "Related Party Transactions—Distribution Reinvestment Plan."

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A MAJOR SHAREHOLDERS

The following table presents information regarding the beneficial ownership of our units by each entity that we know beneficially owns more than 5% of our units as at December 31, 2021.

Name and Address	Units Outstanding	
	Units Owned ⁽¹⁾	Percentage ⁽²⁾
Brookfield Asset Management Inc. ^{(3),(4)}	137,982,130 ⁽³⁾	31.1 % ⁽³⁾
Bank of Montreal and its affiliates ⁽⁵⁾	21,906,646 ⁽⁵⁾	7.2 % ⁽⁵⁾
Capital World Investors ⁽⁶⁾	19,659,851 ⁽⁶⁾	6.4 % ⁽⁶⁾

- Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Units relating to securities currently exercisable or exercisable within 60 days of the date of this table are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person.*
- The percentages shown are based on 305,265,498 units outstanding as of December 31, 2021 and in the case of Brookfield Asset Management, 137,732,485 additional units upon exchange of all of the Redeemable Partnership Units and BIPC exchangeable shares beneficially owned by Brookfield Asset Management.*
- Brookfield Asset Management may be deemed to be the beneficial owner of 137,982,130 of our units that it holds through wholly-owned subsidiaries, constituting approximately 31.1% of the issued and outstanding units, assuming that all of the Redeemable Partnership Units and BIPC exchangeable shares beneficially owned by Brookfield Asset Management are exchanged for our units. This amount includes 249,645 of our units beneficially held directly or indirectly by Brookfield Asset Management. In addition, BAM Partners Trust (the "BAM Partnership") may be deemed a beneficial owner of our units that are beneficially owned by Brookfield Asset Management. The business address of Brookfield Asset Management and the BAM Partnership is Brookfield Place, 181 Bay Street, Suite 300, P.O. Box 762, Toronto, Ontario, Canada, M5J 2T3.*
- Brookfield's economic interest in our partnership is approximately 27.2% on a fully exchanged basis.*
- Based on a Schedule 13G filed by Bank of Montreal on February 11, 2022. The business address of Bank of Montreal is 1 First Canadian Place, Toronto, Ontario, Canada M5X 1A1.*
- Based on a Schedule 13G filed by Capital World Investors on February 15, 2022. The business address of Capital World Investors is 333 South Hope Street, 55th Fl, Los Angeles, CA 90071.*

Our major unitholders have the same voting rights as all other holders of our units.

Recent Changes in Unit Ownership

On April 6, 2021, Partners Limited completed the transfer of 85,120 class B limited voting shares of Brookfield Asset Management, representing 100% of such shares, to the BAM Partnership. As a result of this transaction, Partners Limited no longer beneficially owns the units that are directly or indirectly held by Brookfield Asset Management as indicated in the table above.

Record Ownership

As of December 31, 2021, 47,366 of our outstanding units were held by 486 holders of record in the United States, not including The Depository Trust Company ("DTC"). As of December 31, 2021, DTC was the holder of record of 94,864,800 units.

7.B RELATED PARTY TRANSACTIONS

Relationship with Brookfield

We are an affiliate of Brookfield. We have entered into a number of agreements and arrangements with Brookfield in order to enable us to be established as a separate entity and pursue our vision of being a leading owner and operator of high quality infrastructure assets. While we believe that this ongoing relationship with Brookfield provides us with a strong competitive advantage as well as access to opportunities that would otherwise not be available to us, we operate very differently from an independent, stand-alone entity. We describe below these relationships as well as potential conflicts of interest (and the methods for resolving them) and other material considerations arising from our relationship with Brookfield.

See also the information contained in this annual report on Form 20-F under Item 3.D “Risk Factors—Risks Relating to our Relationship with Brookfield,” Item 4.C “Organizational Structure,” Item 6.A “Directors and Senior Management”, Item 7.A “Major Shareholders” and Note 33, “Related Party Transactions” in our financial statements included in this annual report on Form 20-F.

Relationship Agreement

Our partnership, the Holding LP, the Holding Entities, the Service Provider and Brookfield have entered into an agreement, referred to as the Relationship Agreement, which governs aspects of the relationship among them. Pursuant to the Relationship Agreement, Brookfield Asset Management has agreed that we serve as the primary (though not exclusive) vehicle through which Brookfield makes future infrastructure related acquisitions that are suitable for our strategy and objectives. Our acquisition strategy focuses on large scale transactions, for which we believe there is less competition and where Brookfield has sufficient influence or control so that our operations-oriented approach can be deployed to create value. Due to similar asset characteristics and capital requirements we believe that the infrastructure industry will evolve like the real estate industry in which assets are commonly owned through consortiums and partnerships of institutional equity investors and owner/operators such as ourselves. Accordingly, an integral part of our strategy is to participate with institutional investors in Brookfield-sponsored or co-sponsored consortiums for single asset acquisitions and as a partner in or alongside Brookfield-sponsored or co-sponsored partnerships that target acquisitions that suit our profile. Brookfield has a strong track record of leading such consortiums and partnerships and actively managing underlying assets to improve performance. Brookfield agreed that it will not sponsor such arrangements that are suitable for us in the infrastructure sector unless we are given an opportunity to participate.

Brookfield's commitment to us and our ability to take advantage of opportunities is subject to a number of inherent limitations such as our financial capacity, the suitability of the acquisition in terms of the underlying asset characteristics and its fit with our strategy, limitations arising from the tax and regulatory regimes that govern our affairs and certain other restrictions. See Item 3.D "Risk Factors—Risks Relating to Our Relationship with Brookfield." Under the terms of the Relationship Agreement, our partnership, the Holding LP and the Holding Entities acknowledge and agree that, subject to providing us the opportunity to participate on the basis described above, Brookfield (including its directors, officers, agents, members, partners, shareholders and employees) is able to pursue other business activities and provide services to third parties that compete directly or indirectly with us. In addition, Brookfield has established or advised, and may continue to establish or advise, other entities that rely on the diligence, skill and business contacts of Brookfield's professionals and the information and acquisition opportunities they generate during the normal course of their activities. Our partnership, the Holding LP and the Holding Entities acknowledge and agree that some of these entities may have objectives that overlap with our objectives or may acquire infrastructure assets or businesses that could be considered appropriate acquisitions for us, and that Brookfield may have greater financial incentives to assist those other entities over us. Due to the foregoing, we expect to compete from time-to-time with Brookfield or other third parties for access to the benefits that we expect to realize from Brookfield's involvement in our business.

Since Brookfield has large, well established operations in real estate, timberlands and renewable power that are separate from us, Brookfield will not be obligated to provide us with any opportunities in these sectors. In addition, since Brookfield has granted an affiliate the right to act as the exclusive vehicle for Brookfield's timberland acquisitions in Eastern Canada and the Northeastern U.S., we will not be entitled to participate in timberland acquisitions in those geographic regions. Brookfield has also appointed an affiliate as its primary vehicle through which Brookfield will acquire renewable power assets on a global basis. In the event of the termination of the Master Services Agreement, the Relationship Agreement would also terminate, including Brookfield's commitments to provide us with acquisition opportunities, as described above.

Pursuant to the Relationship Agreement, Brookfield Asset Management has also agreed that any voting rights with respect to any operating entity that are held by entities over which it has control will be:

- voted in favor of the election of a director (or its equivalent) approved by the entity through which our interest in the relevant entity is held;
- withheld from voting for (or voted against, if applicable) the election of a director (or its equivalent) not approved by the entity through which our interest in the relevant entity is held; and
- voted in accordance with the direction of the entity through which our interest in the relevant entity is held with respect to the approval or rejection of the following matters relating to the operating entity, as applicable: (i) any sale of all or substantially all of its assets, (ii) any merger, amalgamation, consolidation, business combination or other material corporate transaction, except in connection with any internal reorganization that does not result in a change of control, (iii) any plan or proposal for a complete or partial liquidation or dissolution, or any reorganization or any case, proceeding or action seeking relief under any existing laws or future laws relating to bankruptcy or insolvency, (iv) any issuance of shares, units or other securities, including debt securities, or (v) any commitment or agreement to do any of the foregoing.

For these purposes, the relevant entity may maintain, from time-to-time, an approved slate of nominees or provide direction with respect to the approval or rejection of any matter in the form of general guidelines, policies or procedures in which case no further approval or direction will be required. Any such general guidelines, policies or procedures may be modified by the relevant entity in its discretion.

Under the Relationship Agreement, our partnership, the Holding LP and the Holding Entities have agreed that none of Brookfield or the Service Provider, nor any director, officer, agent, member, partner, shareholder or employee of Brookfield or the Service Provider, will be liable to us for any claims, liabilities, losses, damages, costs or expenses (including legal fees) arising in connection with the business, investments and activities in respect of or arising from the Relationship Agreement. The maximum amount of the aggregate liability of Brookfield, or of any director, officer, employee, contractor, agent, advisor or other representative of Brookfield, will be equal to the amounts previously paid in the two most recent calendar years by the Service Recipients pursuant to the Master Services Agreement.

Voting Agreements

Our partnership has entered into voting agreements (“Voting Agreements”) with Brookfield that permit our partnership (or our partnership’s designated affiliates) to direct all eligible votes with respect to approving or rejecting certain fundamental matters involving certain of our operations managed or controlled by Brookfield-related entities.

Pursuant to the Voting Agreements, Brookfield has agreed that any voting rights with respect to the entities that are the subject of the Voting Agreements will be voted in favor of the election of directors or officers (or their equivalent, if any) approved by our partnership (or our partnership’s designated affiliates). In addition, Brookfield has agreed that it will exercise any voting rights that are the subject of the Voting Agreements at the direction of our partnership (or our partnership’s designated affiliates) with respect to the following matters: (i) any sale of all or substantially all of its assets, (ii) any merger, amalgamation, consolidation, business combination or other material corporate transaction, except in connection with any internal reorganization that does not result in a change of control, (iii) any plan or proposal for a complete or partial liquidation or dissolution, or any reorganization or any case, proceeding or action seeking relief under any existing laws or future laws relating to bankruptcy or insolvency, (iv) any amendments to the applicable organizational documents, or (v) any commitment or agreement to do any of the foregoing. For these purposes, our partnership or our partnership’s designated affiliates, as applicable, may maintain, from time-to-time, an approved slate of nominees or provide direction with respect to the approval or rejection of any matter in the form of general guidelines, policies or procedures in which case no further approval or direction will be required. Any such slate of nominees or general guidelines, policies or procedures may be modified by our partnership or our partnership’s designated affiliates, as applicable, in their discretion.

Each Voting Agreement terminates (i) at such time that we cease to own any interest in the relevant entity, (ii) at such time that our General Partner (or its successors or permitted assigns) involuntarily ceases to be the general partner of our partnership, (iii) at such time that our partnership (or its successors or permitted assigns) involuntarily ceases to be the general partner of the Holding LP, (iv) at such time that the Infrastructure General Partner (or its successors or permitted assigns) involuntarily ceases to be the general partner of the Infrastructure Special LP, or (v) upon 30 days’ notice given by our partnership. In addition, any party to a Voting Agreement is permitted to terminate the Voting Agreement at such time that such a party provides notice that it has reasonably determined that, as a result of applicable regulation and through no fault of its own, continued participation in the Voting Agreement would have a material adverse effect on such party. The termination of a Voting Agreement with respect to one or more entity will not affect the validity or enforceability of the Voting Agreements with respect to any other entity.

The Voting Agreements also contain restrictions on transfers of the shares that Brookfield has agreed to vote in accordance with the direction of our partnership with respect to the approval or rejection of the matters noted above.

Services Provided under Our Master Services Agreement

The Service Recipients have entered into the Master Services Agreement pursuant to which the Service Provider has agreed to provide or arrange for other service providers to provide management and administration services to our partnership and the other Service Recipients. For example, Samuel Pollock, in his capacity as the Chief Executive Officer of the Service Provider, and David Krant, in his capacity as the Chief Financial Officer of the Service Provider, are the persons who perform the functions of our partnership's principal executive officer and principal financial officer, respectively. In exchange, the Service Provider is entitled to a base management fee. For a description of our Master Services Agreement, see Item 6.A "Directors and Senior Management—Our Master Services Agreement."

Other Services

Brookfield may provide to the operating entities services which are outside the scope of the Master Services Agreement under arrangements that are on market terms and conditions and pursuant to which Brookfield will receive fees. The services provided under these arrangements include financial advisory, operations and maintenance, development, operations management and other services. Pursuant to our conflict of interest guidelines, those arrangements may require prior approval by a majority of the independent directors, which may be granted in the form of general guidelines, policies or procedures. See "—Conflicts of Interest and Fiduciary Duties."

Preferred Shares

Brookfield has provided an aggregate of \$20 million of working capital to certain of our Holding Entities through a subscription for preferred shares of such Holding Entities. The preferred shares are entitled to receive a cumulative preferential dividend equal to 6% of their redemption value as and when declared by the board of directors of the applicable Holding Entity and are redeemable at the option of the Holding Entity, subject to certain limitations, at any time after the tenth anniversary of their issuance. Except for the preferred share of our primary U.S. Holding Entity, which is entitled to one vote, the preferred shares are not entitled to vote, except as required by law.

Redemption-Exchange Mechanism

One or more wholly-owned subsidiaries of Brookfield Asset Management that hold Redeemable Partnership Units (as hereinafter defined) have the right to require the Holding LP to redeem all or a portion of the Redeemable Partnership Units, subject to our partnership's right of first refusal, for cash in an amount equal to the market value of one of our units multiplied by the number of units to be redeemed (subject to certain adjustments). See Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Redemption-Exchange Mechanism." Taken together, the effect of the redemption right and the right of first refusal is that one or more wholly-owned subsidiaries of Brookfield Asset Management will receive our units, or the value of such units, at the election of our partnership. Should our partnership determine not to exercise its right of first refusal, cash required to fund a redemption of limited partnership interests of the Holding LP held by wholly-owned subsidiaries of Brookfield Asset Management will likely be financed by a public offering of our units.

BIP Registration Rights Agreement

Our partnership has entered into a registration rights agreement with Brookfield (the “BIP Registration Rights Agreement”) pursuant to which our partnership has agreed that, upon the request of Brookfield, our partnership will file one or more registration statements to register for sale under the United States Securities Act of 1933, as amended, any of our units held by Brookfield (including our units acquired pursuant to the Redemption-Exchange Mechanism). In the BIP Registration Rights Agreement we have agreed to pay expenses in connection with such registration and sales and have indemnified Brookfield for material misstatements or omissions in the registration statement.

BIPC Registration Rights Agreement

Upon completion of the special distribution, our partnership, BIPC and Brookfield entered into a registration rights agreement (the “BIPC Registration Rights Agreement”), which is comparable to the BIP Registration Rights Agreement. Under the BIPC Registration Rights Agreement, BIPC agreed that, upon the request of Brookfield, BIPC will file one or more registration statements or prospectuses to register for sale and qualify for distribution under applicable securities laws any of the BIPC Exchangeable Shares held by Brookfield. In the BIPC Registration Rights Agreement, BIPC agreed to pay expenses in connection with such registration and sales and will indemnify Brookfield for material misstatements or omissions in the registration statement.

Incentive Distributions

Brookfield holds a 0.37% interest in Holding LP through the Special General Partner Units held by Infrastructure Special LP and also serves as the General Partner. Infrastructure Special LP is entitled to receive incentive distributions from the Holding LP as a result of its ownership of the Special General Partner Units. In consideration for serving as the general partner of the partnership and special general partner of Holding LP, Brookfield is entitled to incentive distribution rights that are based on the amount by which quarterly distributions on Holding LP’s units (including securities such as BIPC exchangeable shares that are the economic equivalent of a unit, but excluding the Holding LP Class A Preferred Units) exceed specified target levels as set forth in the Holding LP’s limited partnership agreement. To the extent distributions on Holding LP’s units (including securities such as BIPC exchangeable shares that are the economic equivalent of a unit, but excluding the Holding LP Class A Preferred Units) exceed \$0.203 per quarter, the incentive distribution rights entitle Infrastructure Special LP to 15% of incremental distributions above this threshold. To the extent that distributions on Holding LP’s units (including securities such as BIPC exchangeable shares that are the economic equivalent of a unit, but excluding the Holding LP Class A Preferred Units) exceed \$0.22 per quarter, the incentive distribution rights entitle Infrastructure Special LP to 25% of incremental distributions above this threshold. The above thresholds of \$0.203 and \$0.22 were reduced on the completion of the special distribution to give effect to the special distribution, to \$0.1827 and \$0.1980. The value of the special distribution was not included in the relevant quarterly incentive distribution calculation. See Item 10.B “Memorandum and Articles of Association—Description of the Holding LP’s Limited Partnership Agreement—Distributions.”

The Infrastructure Special LP may, at its sole discretion, elect to reinvest incentive distributions in exchange for Redeemable Partnership Units.

To the extent that any Holding Entity or any operating entity pays to Brookfield any comparable performance or incentive distribution, the amount of any future incentive distributions will be reduced in an equitable manner to avoid duplication of distributions.

There was no increase to the Base Management Fee and incentive distribution fees paid by our partnership to the Service Provider in connection with the special distribution. BIPC is responsible for reimbursing us for our proportionate share of the Base Management Fee.

General Partner Distributions

Pursuant to our Limited Partnership Agreement, our General Partner is entitled to receive a general partner distribution equal to 0.01% of the total distributions on the units of our partnership. See Item 10.B “Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership Agreement.”

Special General Partner Distributions

Pursuant to the limited partnership agreement of the Holding LP, Infrastructure Special LP is also entitled to receive a special general partner distribution from the Holding LP equal to a share of the total distributions of the Holding LP in proportion to Infrastructure Special LP’s special general partnership interest in the Holding LP which is equal to 0.37% of the total distributions on the units of the Holding LP. See Item 10.B “Memorandum and Articles of Association—Description of the Holding LP’s Limited Partnership Agreement—Distributions.” In addition, it is entitled to receive the incentive distributions described above under “—Incentive Distributions.”

Distribution Reinvestment Plan

The Holding LP has a distribution reinvestment plan. Brookfield has advised our partnership that it may from time-to-time reinvest distributions it receives from the Holding LP in the Holding LP’s distribution reinvestment plan. In addition, our partnership adopted a distribution reinvestment plan which became effective on June 29, 2010. The following is a summary description of the principal terms of our partnership’s distribution reinvestment plan.

Pursuant to the distribution reinvestment plan, holders of our units may elect to have distributions paid on our units held by them automatically reinvested in additional units to be held for the account of the unitholder in accordance with the terms of the distribution reinvestment plan, provided that there are not any laws or governmental regulations in the unitholder’s jurisdiction that may limit or prohibit participation and, in the case of DTC participants, where DTC permits participation by participants. Distributions to be reinvested in our units under the distribution reinvestment plan will be reduced by the amount of any applicable withholding tax.

Distributions due to plan participants are paid to the plan agent, for the benefit of the plan participants and, if a plan participant has elected to have his or her distributions automatically reinvested, applied, on behalf of such plan participant, to the purchase of additional units. Such purchases are made from our partnership on the distribution date at a price per unit calculated by reference to the volume weighted average of the trading price for our units on the NYSE for the five trading days immediately preceding the date the relevant distribution is paid by our partnership (“Market Price”).

As soon as reasonably practicable after each distribution payment date, a statement of account is mailed to each participant setting out the amount of the relevant cash distribution reinvested, the applicable Market Price, the number of units purchased under the distribution reinvestment plan on the distribution payment date and the total number of units, computed to four decimal places, held for the account of the participant under the distribution reinvestment plan (or, in the case of DTC participants, DTC receives such statement on behalf of beneficial owners participating in the distribution reinvestment plan). While our partnership does not issue fractional units, a plan participant's entitlement to units purchased under the distribution reinvestment plan may include a fraction of a unit and such fractional units shall accumulate. A cash adjustment for any fractional units is paid by the plan agent upon the withdrawal from or termination by a plan participant of his or her participation in the distribution reinvestment plan or upon termination of the distribution reinvestment plan at price per unit calculated based upon the closing price of our units on the NYSE on the trading day immediately preceding such withdrawal or termination. A registered holder may, at any time, obtain unit certificates for any number of whole units held for the participant's account under the distribution reinvestment plan by notifying the plan agent. Certificates for units acquired under the distribution reinvestment plan are not issued to participants unless specifically requested. Prior to pledging, selling or otherwise transferring units held for a participant's account (except for sales of units through the plan agent), a registered holder must request that his or her units be electronically transferred to his or her brokerage account or a unit certificate be issued. The automatic reinvestment of distributions under the distribution reinvestment plan does not relieve participants of any income tax obligations applicable to such distributions. No brokerage commissions are payable in connection with the purchase of our units under the distribution reinvestment plan and all administrative costs are borne by our partnership.

Unitholders are able to terminate their participation in the distribution reinvestment plan by providing, or by causing to be provided, notice to the plan agent. Such notice, if actually received by the plan agent no later than five business days prior to a record date, will have effect in respect of the distribution to be made as of such date. Thereafter, distributions to such unitholders will be in cash. In addition, unitholders may request that all or part of their units be sold. When units are sold through the plan agent, a holder will receive the proceeds less a handling charge and any brokerage trading fees. Our partnership is able to amend, modify, suspend or terminate our distribution reinvestment plan, at any time, but such actions will have no retroactive effect that would prejudice a participant's interest. The plan agent will notify participants in writing of any amendments or modifications to our distribution reinvestment plan that in our partnership's opinion may materially prejudice participants.

Our partnership does not intend to reinvest distributions it receives from the Holding LP in the Holding LP's distribution reinvestment plan except to the extent that holders of our units elect to reinvest distributions pursuant to our distribution reinvestment plan. Brookfield has advised our partnership that it may from time-to-time reinvest distributions it receives from the Holding LP pursuant to the Holding LP's distribution reinvestment plan. The units of the Holding LP to be issued to Brookfield under the distribution reinvestment plan will become subject to the Redemption-Exchange Mechanism and may therefore result in Brookfield acquiring additional units of our partnership. See Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Redemption-Exchange Mechanism."

Indemnification Arrangements

Subject to certain limitations, Brookfield and its directors, officers, agents, members, partners, shareholders and employees generally benefit from indemnification provisions and limitations on liability that are included in our Limited Partnership Agreement, our General Partner's Bye-laws, the Holding LP's limited partnership agreement, our Master Services Agreement and other arrangements with Brookfield. See Item 6.A "Directors and Senior Management—Our Master Services Agreement," Item 10.B "Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership Agreement—Indemnification; Limitations of Liability" and Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Indemnification; Limitations of Liability."

Licensing Agreements

Our partnership and the Holding LP have each entered into a Licensing Agreement with Brookfield pursuant to which Brookfield has granted a non-exclusive, royalty-free license to use the name "Brookfield" and the Brookfield logo. Other than under this limited license, we do not have a legal right to the "Brookfield" name and the Brookfield logo in the United States and Canada.

We will be permitted to terminate the Licensing Agreements upon 30 days' prior written notice if Brookfield defaults in the performance of any material term, condition or agreement contained in the agreement and the default continues for a period of 30 days after written notice of termination of the breach is given to Brookfield. Brookfield may terminate the Licensing Agreements effective immediately upon termination of our Master Services Agreement or with respect to any licensee upon 30 days' prior written notice of termination if any of the following occurs:

- the licensee defaults in the performance of any material term, condition or agreement contained in the agreement and the default continues for a period of 30 days after written notice of termination of the breach is given to the licensee;
- the licensee assigns, sublicenses, pledges, mortgages or otherwise encumbers the intellectual property rights granted to it pursuant to the Licensing Agreement;
- certain events relating to a bankruptcy or insolvency of the licensee; or
- the licensee ceases to be an affiliate of Brookfield.

A termination of a Licensing Agreement with respect to one or more licensee will not affect the validity or enforceability of the agreement with respect to any other licensees.

Conflicts of Interest and Fiduciary Duties

Brookfield is a global alternative asset manager with significant assets under management and a long history of owning and operating assets and businesses across various industries, sectors geographies and strategies. As noted throughout this annual report on Form 20-F, a key element of our partnership's strategy, and the strategy of our investment activities, and of the Brookfield sponsored vehicles, consortiums and/or partnerships (including private funds, joint ventures and similar arrangements, collectively, "Brookfield Accounts") in which we invest, is to leverage Brookfield's experience, expertise, broad reach, relationships and position in the market for investment opportunities and deal flow, financial resources, access to capital markets and operating needs. Brookfield believes that this is in the best interests of our partnership and those of Brookfield Accounts in which we invest. However, being part of this broader platform, as well as activities and other considerations relating to Brookfield Accounts, gives rise to actual and potential conflicts of interest between Brookfield Infrastructure, our unitholders and Brookfield Accounts in which we invest, on the one hand, and Brookfield and/or other Brookfield Accounts, on the other hand. These actual or potential conflicts of interest may not be resolved in the most favorable manner to the interests of Brookfield Infrastructure and/or of Brookfield Accounts in which we invest.

The discussion below describes certain of the actual and potential conflicts of interest that are expected to arise between Brookfield Activities (as defined below), on the one hand, and Brookfield's management of us and Brookfield Accounts in which we invest, on the other hand. These conflicts of interest are not a complete list or explanation of all actual and potential conflicts of interest that could arise. While Brookfield acts in good faith to resolve potential conflicts in a manner that is fair and equitable taking into account the facts and circumstances known to it at the time, there can be no assurance that any recommendation or determination made by Brookfield will be most beneficial or favorable to us or Brookfield Accounts in which we invest, or would not have been different if additional information were available to it. Potential conflicts of interest generally will be resolved (i) in accordance with (A) the principles summarized herein and as described in the relevant Brookfield Form ADV and (B) Brookfield's policies for adequately addressing potential conflicts considerations that arise in managing its business activities, including our conflicts protocols that have been approved by our independent directors; or (ii) alternatively, in Brookfield's sole discretion, in a manner specifically approved by our independent directors.

Brookfield's activities include, among others: (i) investment and asset management; (ii) managing and investing reinsurance capital; (iii) sponsoring, offering and managing private and public investment vehicles that invest in the global fixed income, currency, commodity, equities, private equity and other markets; and (iv) developing, constructing, owning, managing, operating and servicing real estate, renewable power, infrastructure and other companies and assets, including among others residential, commercial, storage and mixed-use real estate, data centers, transportation facilities, electric utilities, industrial and manufacturing facilities, energy companies, metals and mining companies, timberlands and agrilands, natural gas pipelines, and other assets; providing capital and financing solutions, as well as financial advisory, business development and other financial services; and other activities (collectively, "Brookfield Activities"). It is expected that our partnership and Brookfield Accounts in which we invest will benefit from Brookfield's expertise, market positioning and connectivity that arise from Brookfield Activities. At the same time, in the ordinary course of its business, Brookfield's and other Brookfield Accounts' interests are expected to conflict with the interests of our partnership and Brookfield Accounts in which we invest, notwithstanding Brookfield's direct or indirect participation in our partnership, our partnership's investments and Brookfield Accounts in which we invest. While Brookfield expects that its expertise as a global real asset operator will directly impact the ability of Brookfield Infrastructure and the Brookfield Accounts in which we invest to identify, access and assess investment opportunities, and that we and the Brookfield Accounts' investments will benefit from the greater Brookfield ecosystem, there can be no assurance of any such successful collaboration or synergies. A lack of successful collaboration or synergies, whether as a result of concerns related to conflicts or otherwise, could impact Brookfield Infrastructure's ability to successfully implement its strategies or achieve its investment objectives.

Investors should note that our Limited Partnership Agreement contains provisions that, subject to applicable law, (i) reduce or modify the duties (including fiduciary or other duties owed to our partnership and the unitholders) to which Brookfield would otherwise be subject, (ii) waive duties or consent to conduct of Brookfield that might not otherwise be permitted pursuant to such duties and (iii) limit the remedies of unitholders with respect to breaches of such duties. Additionally, our Limited Partnership Agreement contains exculpation and indemnification provisions that, subject to the specific exceptions therein, provide that Brookfield and its affiliates and our directors will be held harmless and indemnified for matters relating to the operation of our partnership, including matters that may involve one or more potential or actual conflicts of interest. The governing documents of Brookfield Accounts in which we invest contain similar provisions.

As describe further below under "*Resolution of Conflicts*", our conflicts management policy was put in place in recognition of the benefit to our partnership of our relationship with Brookfield and our intent to seek to maximize the benefits from this relationship. The policy generally provides for potential conflicts to be resolved on the basis of transparency and, in certain circumstances, third-party validation and approvals. Addressing conflicts of interest is complex, and it is not possible to predict all of the types of conflicts that may arise over time. Accordingly, the conflicts management policy focuses on addressing the principal activities that are expected to give rise to potential and/or actual conflicts of interest, including our investment activities, our participation in Brookfield Accounts, transactions with Brookfield (and Brookfield Accounts), and engagements of Brookfield affiliates. Pursuant to our conflicts management policy, certain conflicts of interest do not require the approval of our General Partner's independent directors provided they are addressed in accordance with pre-approved parameters, while other conflicts require the specific approval of our General Partner's independent directors. By acquiring our units, each investor will be deemed to have acknowledged the existence of these actual and potential conflicts of interest and to have waived any and all claims with respect to them and any actions taken or proposed to be taken in respect of them. Conflicts may not be resolved in a manner that is favorable to Brookfield Infrastructure, Brookfield Accounts in which we invest or our unitholders. Prospective investors are encouraged to seek the advice of independent legal counsel in evaluating the conflicts involved in an investment in our units and the operation of our partnership.

As described elsewhere herein, we pursue investment opportunities and investments in various ways, including indirectly through investments in Brookfield Accounts or directly by investing alongside Brookfield Accounts or otherwise. Any references in this Item 7.B “Related Party Transactions-Conflicts of Interest and Fiduciary Duties” to our investments, assets, expenses, portfolio companies or other terms should be understood to mean such terms held, incurred or undertaken directly by us or indirectly by us through our investment in one or more Brookfield Accounts. Any references in this Item 7.B “Related Party Transactions-Conflicts of Interest and Fiduciary Duties” to “Brookfield Infrastructure”, “we”, “us” or “our” should be understood to include BIPC.

ALLOCATION OF INVESTMENT OPPORTUNITIES

- **Allocation of Investment Opportunities.** Brookfield provides investment advice and performs related services for itself and other Brookfield Accounts, which are similar to the advice provided and services performed by Brookfield for Brookfield Infrastructure and Brookfield Accounts in which we invest. Brookfield and Brookfield Accounts have (and future Brookfield Accounts will have) investment mandates that overlap with those of Brookfield Infrastructure and Brookfield Accounts in which we invest and will compete with and have, priority over Brookfield Infrastructure (and Brookfield Accounts in which we invest) in respect of particular investment opportunities. As a result, certain opportunities sourced by Brookfield that would otherwise be suitable for us Brookfield Infrastructure (and/or the Brookfield Accounts in which we invest) are not expected to be available to us, we will receive a smaller allocation of such opportunities than would otherwise have been the case, or we will receive an allocation of such opportunities on different terms than Brookfield or other Brookfield Accounts (which may be less favorable to Brookfield Infrastructure (and Brookfield Accounts in which we invest) than otherwise would have been the case).

Among others, Brookfield manages and participates in, and will in the future manage and participate in, Brookfield Accounts that invest (via debt, equity and other investments) in real estate, infrastructure, renewable power, private equity and other companies and assets, similar to Brookfield Infrastructure, and that follow investment mandates that overlap with, compete with, complement and/or relate to the investment mandates of Brookfield Infrastructure and of Brookfield Accounts in which we invest. In addition, certain Brookfield Accounts pursue (and future Brookfield Accounts will pursue) investment mandates that are different than those of Brookfield Infrastructure (and of Brookfield Accounts in which we invest).

As a general matter, other Brookfield Accounts will have priority over Brookfield Infrastructure in respect of investment opportunities that are suitable and appropriate for their investment mandates. It is expected that Brookfield Infrastructure will participate in these opportunities by investing in Brookfield Accounts to the extent suitable and appropriate for our investment mandate, as determined by Brookfield from time to time in its sole discretion and as approved by our General Partner’s independent directors.

Where the investment mandates of Brookfield Infrastructure (or of Brookfield Accounts in which we invest) overlap with the investment mandates of one or more other Brookfield Accounts and investment opportunities are to be allocated among two or more such accounts (e.g., because one account does not have priority rights with respect to such opportunities), Brookfield will allocate investment opportunities on a basis that it believes is fair and equitable taking into account all of the facts and circumstances. These will include one or more of the following factors, including among others: (i) the size, nature and type of the opportunity (including the risk and return profiles of the investment, expected holding period and other attributes), (ii) the nature of the investment mandates (including investment focus, objectives, strategies, guidelines, limitations, and target rates of return) of the Brookfield Accounts, (iii) the relative amounts of capital available for investment, (iv) principles of diversification of assets, (v) the expected future capacity of the accounts, (vi) cash and liquidity needs (including for pipeline, follow-on and other opportunities), (vii) the availability of other appropriate or similar investment opportunities and (viii) other portfolio management considerations deemed relevant by Brookfield (including, among others, legal, regulatory, tax structuring, compliance, investment-specific, timing and similar considerations). The factors considered by Brookfield in allocating investments among Brookfield Accounts with overlapping investment mandates may change over time (including to consider new, additional factors) and different factors could be emphasized or be considered less relevant with respect to different investments. In some cases, this will result in certain transactions being shared among two or more Brookfield Accounts, while in other cases it will result in one or more Brookfield Accounts being excluded from an investment entirely.

As a result of the foregoing considerations, Brookfield Infrastructure and Brookfield Accounts in which we invest generally will receive a smaller allocation of investment opportunities than would otherwise have been the case and may not, in certain circumstances, participate in opportunities that it (or Brookfield Accounts in which we invest) otherwise would have participated in, in each case for example if it (or Brookfield Accounts in which we invest) had pursued their investment activities differently and/or outside of Brookfield's broader investment platform. However, as noted throughout this Form 20-F, it is a key element of Brookfield Infrastructure's strategy to leverage Brookfield's experience, expertise, broad reach, relationships and position in the market for investment opportunities, deal flow, financial resources, access to capital markets and operating needs, which we believe is in the best interests of Brookfield Infrastructure and Brookfield Accounts in which we invest.

- **Incentive to Allocate Investment Opportunities to Certain Brookfield Accounts Over Other Brookfield Accounts.** In certain circumstances, Brookfield will have an aggregate economic interest in one Brookfield Account, including a co-investment account or other Brookfield Account, that is greater than (or that is expected to be greater than) its aggregate economic interest in another Brookfield Account, which would result in higher economic benefit to Brookfield from allocating investment opportunities to such Brookfield Account relative to other Brookfield Accounts (including the partnership and Brookfield Accounts in which we invest). Brookfield’s economic interest in a Brookfield Account will depend on, among others, its right to receive incentive-based compensation, management fees and/or other fees or compensation from the Brookfield Account, as well as its economic investment in such Brookfield Account (if any). For example, Brookfield is not required to offset certain transaction fees, break-up fees and other compensation that it is entitled to from an investment against management fees owed by certain co-investment accounts. In addition, Brookfield expects to enter into formal and/or informal arrangements (including with one or more co-investors and/or strategic investors) pursuant to which Brookfield will benefit economically, directly or indirectly, from offering investment opportunities to those investors, including by increasing the attractiveness of investing in Brookfield Accounts more broadly. As a result, Brookfield generally is incentivized to allocate a greater number (or portions) of investment opportunities to certain investors and/or Brookfield Accounts over others than would otherwise be the case in the absence of differing economic interests in Brookfield Accounts. In addition, Brookfield’s allocation of investment opportunities could benefit Brookfield in other ways, including increased attractiveness of the units of, and commitments to, other Brookfield Accounts.
- **Allocation of Co-Investments.** From time to time, to the extent Brookfield determines, in its discretion, that an investment opportunity that is to be allocated to Brookfield Infrastructure or a Brookfield Account in which we are invested exceeds the amount that is advisable or appropriate for the partnership or such Brookfield Account (which will, in some cases, as determined by Brookfield in its sole discretion, be less than the maximum investment amount permitted by the partnership’s or the relevant Brookfield Account’s mandates), Brookfield may, in its sole and absolute discretion, offer to one or more other investors the ability to participate in such opportunity as a co-investor on such terms and conditions as Brookfield determines. Potential co-investors could include among others, unitholders of the partnership, investors in other Brookfield Accounts, Brookfield Accounts, Brookfield employees, Brookfield, the Related-Party Investor, and/or one or more third parties. The partnership, as an investor in Brookfield Accounts, is expected to receive (and accept) opportunities to co-invest alongside Brookfield Accounts in which it is invested. In addition, Brookfield may offer potential co-investment opportunities to potential co-investors that are potentially of strategic benefit to the applicable investment opportunity, Brookfield Infrastructure and/or the relevant Brookfield Account as a whole (“**Strategic Co-Investor**”). Co-investment opportunities may be offered to Strategic Co-Investors irrespective of whether the available investment opportunity exceeds the amount that would otherwise be appropriate for Brookfield Infrastructure or the relevant Brookfield Account, and therefore, participation of a Strategic Co-Investor will reduce the amount of the investment opportunity available to Brookfield Infrastructure or the relevant Brookfield Account.

Where Brookfield determines to offer a co-investment opportunity to one or more potential co-investors, Brookfield generally has broad discretion in determining to whom and in what relative amounts to allocate the co-investment opportunity. A decision regarding the allocation of a co-investment opportunity will be made based on the then-existing facts-and-circumstances and then-existing factors deemed relevant by Brookfield in its sole discretion (including factors that require subjective decision-making by Brookfield), and could be different from those used in determining the allocation of any other co-investment opportunity.

Brookfield may determine, on behalf of Brookfield Infrastructure, that Brookfield Infrastructure will not, or cannot, participate (either at all or up to its full proportionate amount) in a co-investment opportunity. Brookfield may assign Brookfield Infrastructure's right to participate in a co-investment opportunity to any other individual or entity.

In addition, Brookfield may determine to provide priority rights with respect to all or a select geographic, industry or other subset of future co-investment opportunities of a particular Brookfield Account to certain investors or other persons (but not to Brookfield Infrastructure and other similarly situated investors) pursuant to contracts or other arrangements with such investors or other persons. Brookfield may form and manage one or more investment vehicles or accounts through which investors or other persons would participate in co-investment opportunities. Inclusion in, and the terms of, such a program will be determined by Brookfield in its discretion, which may include some or all of the factors described above.

The allocation of co-investment opportunities raises certain potential conflicts of interest, including that Brookfield is incentivized to allocate such opportunities in a manner that benefits Brookfield economically by virtue of fees and other compensation that will be payable to Brookfield by the co-investors and/or by encouraging co-investors to enter into a relationship, or expand their relationship, with Brookfield. Historical allocation decisions are not necessarily indicative of future allocation decisions and the actual number of co-investment opportunities made available to the partnership (in connection with its investments in Brookfield Accounts) may be significantly higher or lower than those made available to other co-investors (including other Brookfield Accounts, Brookfield employees, and Brookfield). Notwithstanding the foregoing incentives, Brookfield endeavors at all times to allocate co-investment opportunities in a fair and equitable manner consistent with its fiduciary duties and disclosures set out in the relevant Brookfield Account's governing documents.

In addition, there is no requirement that any co-investment offered by a Brookfield Account be made or disposed of at the same time or on the same terms for each co-investor. For example, investors may participate in co-investment opportunities at a different time than Brookfield Infrastructure, which will also impact returns realized by such co-investors relative to Brookfield Infrastructure.

Where the partnership agrees to participate in a co-investment opportunity, it generally will be liable for costs related to the opportunity to the extent it is not consummated. See "*Co-Investment Expenses*" and "*Facilitation of Co-Investments*" below. Co-investors' returns with respect to co-investments made alongside the partnership or a Brookfield Account in which the partnership invests may exceed the returns of the partnership and/or the relevant Brookfield Account, particularly co-investors that are subject to reduced management fees, carry distributions and/or similar compensation payable to Brookfield with respect to such co-investments.

Certain investors in Brookfield Accounts are expected to have contractual or other rights to participate in co-investments. As a general matter, investing in Brookfield Infrastructure does not entitle any unitholder to allocations of co-investment opportunities (either alongside the partnership or any other Brookfield Account) and unitholders generally will not have any right to receive co-investment opportunities.

- **Co-Investment Expenses.** Co-investors (including Brookfield Infrastructure to the extent it co-invests in an opportunity offered by a Brookfield Account in which it invests) will typically bear their *pro rata* share of fees, costs and expenses related to the discovery, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging and disposition of co-investments and, in certain cases, may be required to pay their *pro rata* share of fees, costs and expenses related to potential investments that are not consummated, such as broken deal expenses (including “reverse” breakup fees).

In managing a Brookfield Account (including Brookfield Infrastructure or a Brookfield Account in which we invest), Brookfield endeavors to allocate such fees, costs and expenses on a fair and equitable basis. Notwithstanding the foregoing, certain co-investors may not agree to pay or otherwise bear fees, costs and expenses related to unconsummated co-investments. In addition, in certain circumstances, potential co-investors will not bear such fees, costs and expenses, because they have not yet been identified (or their anticipated allocation has not yet been identified) as of the time the potential investment ceases to be pursued, are not yet committed to such potential investment or are not contractually required to bear such fees, costs and expenses. In those events, such fees, costs and expenses will be considered operating expenses and be borne by us (in connection with co-investment investments offered by the Brookfield Account); *provided that*, in all instances, Brookfield Infrastructure and Brookfield, in their capacity as co-investors or prospective co-investors alongside a Brookfield Account, intend to bear their *pro rata* share of such fees, costs and expenses based on the amount they have committed to co-invest as of the time a binding offer is made by the Brookfield Account. In addition, Brookfield Infrastructure will bear the costs and expenses of drafting form agreements used to facilitate investments by co-investors alongside Brookfield Infrastructure (in connection with co-investment opportunities that we offer) and our *pro-rata* share of such costs and expenses incurred by other Brookfield Accounts in which we are invested.

- **Facilitation of Investments.** From time to time, in order to facilitate investment activities in a timely and efficient manner, Brookfield, another Brookfield Account, or Brookfield Infrastructure will fund deposits or incur other costs and expenses (including by use of loan facilities to consummate, support, guarantee or issue letters of credit) in respect of an investment that ultimately will be shared with or made entirely by another Brookfield Account (including Brookfield Accounts in which we invest), Brookfield Infrastructure, or by co-investors. These financing arrangements are provided to facilitate investments that Brookfield has determined to be in our best interests. But for these forms of support, Brookfield Infrastructure or Brookfield Accounts in which we invest could lose investment opportunities if, for example, a Brookfield Account has not yet closed its fundraising period or if co-investors have not yet been identified. Brookfield believes that facilitating investments in this manner and by investors that are part of Brookfield’s platform or that have demonstrated a consistent and long-term commitment to Brookfield provides benefits overall to Brookfield Infrastructure and improves the attractiveness of our units through its ability to rely on Brookfield’s expertise, financial resources, access to capital and deep relationships in the market. These arrangements, however, give rise to conflicts considerations.

Under these arrangements, the relevant investor (whether Brookfield, another Brookfield Account, Brookfield Infrastructure or a co-investor) will be expected to reimburse the relevant financing provider (whether Brookfield, another Brookfield Account or Brookfield Infrastructure) for the deposits and other fees, costs and expenses incurred, as well as carrying charges applicable to such funding activity pursuant to the relevant Brookfield Account's governing documents. An investor is expected to repay any amounts that come due and payable under loan facilities or letters of credit issued for its benefit, although there can be no assurance that any such investor will bear such fees, costs and expenses or not default on its obligations to repay such amounts, in which case, such amounts may be borne disproportionately by Brookfield Infrastructure (or a Brookfield Account in which we are invested) if we (or the Brookfield Account) are the financing provider. In certain situations, such as short term funding durations, these arrangements will not include any interest or other compensation payable to the party funding the investment, as deemed appropriate by Brookfield, in its discretion, under the circumstances.

In addition, from time to time Brookfield Infrastructure (or a Brookfield Account in which invest) will provide interim debt or equity financing (including emergency funding or as part of a follow-on investment) for the purpose of bridging a potential co-investment or a follow-on investment related to an existing co-investment (including prior to allocating and/or syndicating the co-investment or follow-on investment, as applicable, to co-investors) but only to the extent that interest between the interests of Brookfield Infrastructure (or the Brookfield Account) would have been permitted to make such investment. In connection with any such interim investment, Brookfield Infrastructure (or the relevant Brookfield Account) may hedge its currency, interest rate or other exposure and, as a result, incur hedging or borrowing costs. There is no guarantee that any co-investor will ultimately bear the costs or expenses associated with any such hedging or borrowing, and Brookfield Infrastructure (or Brookfield Account in which we invest) may be exposed to losses from currency exchange rate fluctuations, hedge gains or losses and/or additional expenses. Even where Brookfield Infrastructure (or Brookfield Account in which we invest) hedges currency or other exposure attributable to co-investors' portion of an investment, such hedges are expected to be imperfect and Brookfield Infrastructure (or Brookfield Account) may accordingly be exposed to losses. Fluctuations in exchange rates during the time an interim investment is held by Brookfield Infrastructure (or Brookfield Account in which we invest) prior to acquisition by co-investors may affect the portion of the investment that is acquired by co-investors or the price paid for such co-investment. Brookfield Infrastructure (or Brookfield Account in which we invest) will bear risks associated with the investment, currency exchange rates, interest rates and other factors during the term it holds the investment.

Where Brookfield Infrastructure (or Brookfield Account in which we invest) acquires an investment on behalf of co-investors (including a follow-on investment), the terms of the sale of such investment to co-investors may not be favorable to Brookfield Infrastructure (or Brookfield Account) and may result in better terms for such co-investors than Brookfield Infrastructure (or Brookfield Account). For example, co-investors may not agree to reimburse Brookfield Infrastructure (or Brookfield Account in which we invest) for expenses incurred in connection with an investment. Similarly, if an investment depreciates during the period when Brookfield Infrastructure (or Brookfield Account in which we invest) holds it, co-investors may negotiate a lower price and we (or Brookfield Account) may take a loss on the portion of an investment we were holding on behalf of co-investors. In these types of situations, Brookfield Infrastructure (or Brookfield Account in which we invest) may nonetheless sell the investment to co-investors on the terms negotiated by such co-investors at the relevant time in the event that Brookfield determines it is in our best interest, for example out of a desire to reduce our exposure to such investment or to include other participants in the investment.

- **Client and Other Relationships.** Brookfield has long-term relationships with a significant number of institutions, corporations and other market participants (collectively, “Brookfield Client Relationships”). These Brookfield Client Relationships hold and pursue investments similar to the investments that are held and pursued by Brookfield Infrastructure and Brookfield Accounts in which we invest, but are not required to consult with Brookfield regarding such activities and/or offer Brookfield opportunities to invest with them.

As a result, Brookfield Client Relationships compete with Brookfield Infrastructure (and Brookfield Accounts in which we invest) for investment opportunities. In determining whether to pursue a particular opportunity on behalf of Brookfield Infrastructure or a Brookfield Account in which we invest, Brookfield will consider (among other things) these relationships and their potential impact on the availability or pricing of opportunities, and there may be certain opportunities that are not be pursued on behalf of Brookfield Infrastructure or a Brookfield Account in which we invest in view of such relationships and their impact on the availability and/or pricing of the opportunity.

In addition, Brookfield Infrastructure (or Brookfield Accounts in which we invest) may invest with or alongside (via joint ventures or similar arrangements) or otherwise jointly pursue investment opportunities with Brookfield Client Relationships, which will influence decisions made by Brookfield with respect to such investments, including in connection with governance and control over, and major decisions regarding, the investments.

At all times, Brookfield will act and make decisions on behalf of Brookfield Accounts (including the partnership) that it believes are in the Brookfield Account’s (and the partnership’s) best interests, taking into account all facts and circumstances that it deems relevant, including potential participation by Brookfield Client Relationships in the pursuit or the consummation of certain investments.

- **Conflicts with Secondary Funds.** Brookfield sponsors, manages and invests in certain Brookfield Accounts that focus on making secondary investments (such Brookfield Accounts, “Secondary Funds”), including investments in (a) third-party general partner led recapitalizations of closed-end funds, joint ventures, other investment vehicles, and assets where the third-party general partner maintains the day-to-day responsibility for the assets, (b) limited partner interests in commingled investment vehicles at discount to NAV, (c) co-investments in specific assets alongside the general partner or its managed vehicles at preferential rates, and (d) structured solutions and/or preferred equity plays (collectively, “Secondary Investments”). These Secondary Investments may be subject to significant governance, control and/or minority protection rights in favor of the Secondary Funds. Brookfield Infrastructure, Brookfield Accounts in which we invest and portfolio investments are expected to compete with such third party general partners and their managed vehicles for investment opportunities and are expected to manage competing assets. For example, in a competitive auction process, the third-party general partner (and/or its managed vehicles), on the one hand, and Brookfield Infrastructure and/or Brookfield Accounts in which we invest, on the other hand, could be potential bidders. Similarly, a third-party general partner (and/or its managed vehicles) could invest in an asset that competes with an asset held by Brookfield Infrastructure or a Brookfield Account in which we invest for market share or other matters.

In order to mitigate potential conflicts of interest in these situations, Brookfield may but will not be obligated to take one or more of the following actions (as it determines in its sole discretion): (i) causing the Secondary Fund to remain passive in, or recuse itself from, a situation in which it is otherwise entitled to vote, which would mean that the Secondary Fund defers to the decision or judgment of the third-party general partner or third-party investor(s) in its managed vehicles with respect to certain decisions; (ii) causing the Secondary Fund to hold only non-controlling interests in an investment without governance rights; (iii) referring the matter to one or more persons that is not affiliated with Brookfield; (iv) consulting with and seeking the consent of Brookfield Infrastructure's independent directors or the advisory committee of the Brookfield Account in which we are invested and/or Secondary Fund (as deemed appropriate by Brookfield) on such matter; or (v) establishing ethical screens or information barriers (which can be temporary and of limited purpose) designed to separate Brookfield investment professionals to act independently on behalf of the Secondary Fund, on the one hand, and Brookfield Infrastructure and/or the Brookfield Accounts in which we invest, on the other hand, in each case with support of separate legal counsel and other advisers.

- **Pursuit of Investment Opportunities by Certain Non-Controlled Affiliates.** Certain companies affiliated with Brookfield (a) are controlled, in whole or in part, by persons other than Brookfield, including, for example, joint ventures or similar arrangements with third parties where Brookfield does not have complete control, and/or (b) do not coordinate or consult with Brookfield with respect to investment decisions (together, "Non-Controlled Affiliates"). Such Non-Controlled Affiliates could have investment objectives which overlap with Brookfield Infrastructure's or Brookfield Accounts' in which we invest and conflicts are likely arise therefrom. For example, from time to time such Non-Controlled Affiliates or investment vehicles managed by such Non-Controlled Affiliates will pursue investment opportunities which are suitable for Brookfield Infrastructure's or Brookfield Accounts in which we invest but which are not made available to us or such Brookfield Accounts since such Non-Controlled Affiliates do not consult with and/or are not controlled by Brookfield.

CONFLICTS RELATING TO INVESTMENTS

As noted throughout this Form 20-F, Brookfield Infrastructure is expected to benefit from its affiliation with Brookfield and Brookfield's expertise and resources. Brookfield believes that operating within its integrated investment platform is in the best interests of all of its clients, including Brookfield Infrastructure and Brookfield Accounts in which we invest. However, being part of the broader Brookfield platform gives rise to actual and potential conflicts.

- **Advice to Other Brookfield Accounts May Conflict with Brookfield Infrastructure's Interests.** In light of the extensive scope of Brookfield's investment and related business activities: (i) Brookfield and its personnel will give advice, and take actions, with respect to current or future Brookfield Accounts, Brookfield and/or the Related-Party Investor that could compete or conflict with the advice Brookfield gives to Brookfield Infrastructure and/or Brookfield Accounts in which we are invested, or that could involve a different timing or nature of action than that taken with respect to Brookfield Infrastructure and/or Brookfield Accounts in which we are invested, and (ii) investments by Brookfield Accounts, Brookfield and/or the Related-Party Investor could have the effect of diluting or otherwise disadvantaging the values, prices and/or investment strategies of Brookfield Infrastructure and/or Brookfield Accounts in which we are invested. For example, when another Brookfield Account either manages or implements a portfolio decision ahead of, or contemporaneously with, portfolio decisions for Brookfield Infrastructure and/or Brookfield Accounts in which Brookfield Infrastructure is invested, market impact, liquidity constraints and/or other factors could result in us receiving less favorable results, paying higher transaction costs, or being otherwise disadvantaged.

In making certain decisions with regard to our investments or of Brookfield Accounts in which we are invested that compete with or differ from the interests of one or more other Brookfield Accounts, Brookfield and/or the Related-Party Investor, Brookfield could face certain conflicts of interest between the interests of Brookfield Infrastructure (and/or Brookfield Accounts in which we are invested) and the interests of such other Brookfield Accounts, Brookfield and/or the Related-Party Investor. These potential conflicts will be exacerbated in situations where Brookfield is entitled to higher fees from other Brookfield Accounts than from us and/or Brookfield Accounts in which we are invested, where portfolio managers making an allocation decision are entitled to higher performance-based compensation from other Brookfield Accounts than from us and/or Brookfield Accounts in which we are invested, where Brookfield (and/or the Related-Party Investor) has larger proprietary investments in other Brookfield Accounts than in Brookfield Infrastructure and/or Brookfield Accounts in which we are invested, or where there are capacity constraints with respect to a particular strategy or opportunity as a result of, for example, position limits and/or regulatory reporting obligations applicable to Brookfield. In addition, as an investment changes over time, additional conflicts of interest are expected to arise, including as a result of earlier investment allocation decisions. Investment and divestment decisions made with respect to other Brookfield Accounts, Brookfield and/or the Related-Party Investor may be made without regard to the interests of Brookfield Infrastructure and/or Brookfield Accounts in which we are invested, even where such decisions are informed by our (direct or indirect) investment activities and/or adversely affect us (directly or indirectly).

Subject to applicable law and our conflicts management policy, Brookfield from time to time will cause Brookfield Infrastructure or a Brookfield Account in which we are invested to invest in securities, bank loans or other obligations of companies or assets affiliated with or advised by Brookfield or in which Brookfield, the Related-Party Investor or another Brookfield Account has an equity, debt or other interest, or to engage in investment transactions that result in Brookfield, the Related-Party Investor or a Brookfield Account getting an economic benefit, being relieved of obligations or divested of investments. For example, from time to time we make debt or equity investments in entities which are expected to use the proceeds of such investment to repay loans from Brookfield or a Brookfield Account. Depending on the circumstances, Brookfield or such Brookfield Account would benefit if Brookfield Infrastructure invested more money, thus providing sufficient funds to repay Brookfield or the Brookfield Account, or it would benefit if the loans remained outstanding and Brookfield or such Brookfield Account continued to receive payment under the existing loans, if the loans were on attractive terms (including an attractive interest rate) from the perspective of Brookfield or such Brookfield Account. Alternatively, from time to time Brookfield and/or Brookfield Account(s) are in the position of making an investment that could be used to repay loans from Brookfield Infrastructure, which would present the opposite conflict. In situations where we pursue (or a Brookfield Account in which we invest) a take-private, asset purchase or other material transaction with an issuer in which Brookfield, the Related-Party Investor or another Brookfield Account is invested, it could result in a benefit to Brookfield, the Related-Party Investor or the Brookfield Account. In situations where our activities (or the activities of a Brookfield Account in which we are invested) enhance the profitability of Brookfield, the Related-Party Investor or a Brookfield Account with respect to their investments and related activities, Brookfield could take its, the Related-Party Investor's or the Brookfield Account's interests into consideration in connection with actions it takes on behalf of Brookfield Infrastructure or the Brookfield Account in which we are invested.

Notwithstanding the foregoing, Brookfield will determine the appropriate investment decision for each Brookfield Account (including us and Brookfield Accounts in which we are invested) in a manner that it believes is in such account's best interests, taking into account the Brookfield Account's investment mandate, interests and governing documents, Brookfield's investment guidelines, protocols and fiduciary duties, and applicable facts and circumstances.

Certain Brookfield Accounts (and/or portfolio companies of such Brookfield Accounts) could, in the normal course of managing their business activities, provide investment banking and other advisory services to (i) third parties with respect to assets that Brookfield Infrastructure (or a Brookfield Account in which the partnership is invested) has an investment in or is pursuing an investment in and/or (ii) issuers in which Brookfield Infrastructure (or a Brookfield Account in which we are invested) desires to invest in or transact with. The interests of such Brookfield Accounts (and/or portfolio companies of such Brookfield Accounts) in such circumstances could conflict with those of Brookfield Infrastructure (or a Brookfield Account in which the partnership is invested), and we (or a Brookfield Account in which the partnership is invested) could compete with such Brookfield Accounts (or their clients) in pursuing certain investments. Brookfield has implemented information barrier protocols designed to adequately address these conflicts considerations.

- **Allocation of Personnel.** Brookfield will devote such time as it deems necessary to conduct the business affairs of Brookfield Infrastructure and each Brookfield Account in which we invest in an appropriate manner. However, the various teams and personnel working on one Brookfield Account will also work on matters related to other Brookfield Accounts. Accordingly, conflicts may arise in the allocation of personnel among Brookfield Infrastructure and other Brookfield Accounts and such other strategies. For example, certain of the investment professionals who are expected to devote their business time to Brookfield Infrastructure are also contractually required to, and will, devote substantial portions of their business time to the management and operation of other Brookfield Accounts, and such circumstances may result in conflicts of interest for such portfolio managers and/or other personnel who are in a similar position.

- **Integrated Investment Platform, Information Sharing and related Trading Restrictions.** As noted elsewhere herein, Brookfield is a global alternative asset manager with significant assets under management and a long history of owning, managing and operating assets, businesses and investment vehicles across various industries, sectors, geographies and strategies. Except as otherwise noted, Brookfield generally manages its investment and business lines in an integrated fashion with no information barriers that other firms may implement to separate certain investment teams so that one team's activities won't restrict or otherwise influence the other's. Brookfield believes that managing its investment and asset management platforms in an integrated fashion is in the best interests of Brookfield Accounts, including Brookfield Infrastructure and Brookfield Accounts in which we invest, by enabling them to leverage Brookfield's experience, expertise, broad reach, relationships and position in the market for investment opportunities and deal flow, financial resources, access to capital markets and management and operating needs. Among other things, Brookfield will have access to information across its platform relating to business operations, trends, budgets, customers and/or users, assets, funding and other metrics that is used by Brookfield to identify and/or evaluate potential investments for Brookfield Infrastructure and Brookfield Accounts in which we invest and to facilitate the management of investments, including through operational improvements. Brookfield believes that managing its broader investment and asset management platform in an integrated fashion, which includes sharing of information and data obtained through the platform, provides Brookfield Accounts with greater transaction sourcing, investment and asset management capabilities, and related synergies, including the ability to better anticipate macroeconomic and other trends, and make more informed decisions for Brookfield Accounts (including Brookfield Infrastructure and Brookfield Accounts in which we invest).

At the same time, this level of integration results in certain regulatory, legal, contractual and other considerations that, under certain circumstances, restrict certain activities that would not otherwise arise if Brookfield managed its platform in a different fashion (e.g., in a walled environment) and that Brookfield is required to manage in the ordinary course. For example, from time to time, our ability (and the ability of Brookfield Accounts in which we are invested) to buy or sell certain securities will be restricted by applicable securities laws, regulatory requirements, information held by Brookfield, contractual obligations applicable to Brookfield, and potential reputational risks relating to Brookfield and Brookfield Accounts (including Brookfield Infrastructure and Brookfield Accounts in which we invest), as well as Brookfield's internal policies designed to comply with these and similar requirements. As a result, from time to time, Brookfield will not engage in transactions or other activities for, or enforce certain rights in favor of, Brookfield Infrastructure (and/or Brookfield Accounts in which we are invested) due to Brookfield's activities outside Brookfield Infrastructure (and/or Brookfield Accounts in which we are invested) regulatory requirements, policies, and reputational risk assessments.

Brookfield will possess material, non-public information about companies that will limit our (and Brookfield Accounts) ability to buy and sell securities related to those companies (or, potentially, other companies) during certain times. For example, Brookfield makes control investments in various companies and assets across its platform and its personnel take seats on boards of directors of, or have board of directors observer rights with respect to, portfolio companies in which Brookfield invests (including on behalf of Brookfield Accounts in which we are invested). In addition, Brookfield often obtains confidential information relating to investment opportunities that it considers across its platform. As a result, Brookfield will be limited and/or restricted in its ability to trade in securities of companies about which it has material non-public information, even if the information was not obtained for the benefit of the Brookfield Account that is restricted from making the investment. This will adversely affect our ability to make and/or dispose of certain investments during certain times.

Furthermore, Brookfield, Brookfield businesses that are separated by information barriers (e.g., PSG and Oaktree) and their accounts, and Brookfield Accounts (including Brookfield Infrastructure) are deemed to be affiliates for purposes of certain laws and regulations. As such, it is anticipated that, from time to time, Brookfield, Brookfield businesses that are separated by information barriers and their accounts, and Brookfield Accounts will have positions (which in some cases will be significant) in one or more of the same issuers. As such, Brookfield needs to aggregate such investment holdings for certain securities laws purposes (including trading restrictions under Rule 144 under the Securities Act, complying with reporting obligations under Section 13 of the Exchange Act and the reporting and short-swing profit disgorgement obligations under Section 16 of the Exchange Act) and other regulatory purposes (including (i) public utility companies and public utility holding companies; (ii) bank holding companies; (iii) owners of broadcast licenses, airlines, railroads, water carriers and trucking concerns; (iv) casinos and gaming businesses; and (v) public service companies (such as those providing gas, electric or telephone services)). Consequently, activities by Brookfield, Brookfield businesses that are separated by information barriers, and/or other Brookfield Accounts could result in earlier public disclosure of investments by Brookfield Infrastructure and/or Brookfield Accounts that we are invested in, restrictions on transactions by Brookfield Infrastructure and/or Brookfield Accounts that we are invested in (including the ability to make or dispose of certain investments at certain times), adverse effects on the prices of investments made by Brookfield Infrastructure and/or Brookfield Accounts that we are invested in, potential short-swing profit disgorgement, penalties and/or regulatory remedies, or otherwise create conflicts of interests for Brookfield Infrastructure and/or Brookfield Accounts that we are invested in.

As a result of the foregoing, Brookfield could restrict, limit or reduce the amount of Brookfield Infrastructure's investments (or investments of Brookfield Accounts that we are invested in) under certain circumstances. In addition, certain of the investments made by Brookfield Infrastructure or Brookfield Accounts in which we invest could become subject to legal and/or other restrictions on transfer following their acquisition. When faced with the foregoing limitations, Brookfield will generally avoid exceeding the threshold because exceeding the threshold could have an adverse impact on the ability of Brookfield to efficiently conduct its business activities. Brookfield could also reduce our (and Brookfield Accounts') interest in, or restrict Brookfield Infrastructure (or Brookfield Accounts in which we are invested) from participating in, an investment opportunity that has limited availability or where Brookfield has determined to cap its aggregate investment in consideration of certain regulatory or other requirements so that other Brookfield Accounts that pursue similar investment strategies are able to acquire an interest in the investment opportunity. Brookfield could determine not to engage in certain transactions or activities which may be beneficial to us (or Brookfield Accounts in which we are invested) because engaging in such transactions or activities in compliance with applicable law would result in significant cost to, or administrative burden on, Brookfield or create the potential risk of trade or other errors.

In addition, certain potential conflicts considerations will arise for Brookfield in managing its investment and asset management platform in an integrated fashion. For example, in seeking to manage business activities efficiently across all Brookfield Accounts, Brookfield could determine, in its discretion, to apply certain restrictions during certain times to certain Brookfield Accounts, but not to others, taking into account the relevant facts and circumstances it deems appropriate. Moreover, while Brookfield will have or obtain information from across the platform (including all Brookfield Accounts and/or their portfolio companies, strategies, businesses and operations), Brookfield also will use such information for the benefit of its own business and investment activities as well as those of Brookfield Accounts.

Operating in an integrated environment is also expected to result in Brookfield, Brookfield Accounts and/or portfolio companies taking positions that are different from, and potentially adverse to, positions taken for Brookfield Infrastructure, Brookfield Accounts in which we are invested or their portfolio companies, or result in Brookfield, Brookfield Account and/or portfolio companies benefiting from the business and investment activities of Brookfield Infrastructure and/or Brookfield Accounts in which we invest (or vice versa). For example, Brookfield's ability to invest on behalf of another Brookfield Account or itself in a particular company could be enhanced by information obtained from the investment activities of Brookfield Infrastructure or Brookfield Accounts in which we invest. These integrated platform synergies are expected to provide material benefits to Brookfield, Brookfield Accounts and portfolio companies and Brookfield's affiliates and related parties, including those that are managed independently and their accounts, without compensation to the Brookfield Accounts whose information is being used, because Brookfield shares information regarding Brookfield Accounts and/or portfolio companies with its affiliates and related parties. For example, Brookfield shares investment research prepared in connection with portfolio company investments by Brookfield Accounts with other members of Brookfield's platform and their accounts at no cost (in accordance with information barriers and related protocols). See "*Oaktree*" and "*Brookfield's Public Securities Group*" below. While Brookfield believes information sharing across its platform benefits Brookfield Accounts overall by leveraging Brookfield's long operating history, broad reach and expertise across sectors and geographies, this practice gives rise to conflicts because Brookfield has an incentive to pursue and manage investments for Brookfield Infrastructure (and Brookfield Accounts in which we invest) that have data and information that can be utilized in a manner that benefits Brookfield, Brookfield Accounts and/or their portfolio companies across the whole platform, including investments that Brookfield would not otherwise have made or investments on terms less favorable than Brookfield otherwise would have sought in the ordinary course.

While Brookfield will manage its investment and asset management platform in an integrated basis, there is no assurance that the investment professionals managing the investment activities of Brookfield Infrastructure and/or Brookfield Accounts in which we invest will have access to and/or knowledge of all information that Brookfield is privy to at any given point in time. Conversely, operating in an integrated environment may provide Brookfield with access to and knowledge of information that Brookfield may have obtained in connection with an investment for another Brookfield Account, which may provide benefits to such other Brookfield Accounts that would not exist but for its position within Brookfield's platform. Brookfield will not be under any obligation or other duty to make all such information available for the benefit of Brookfield Infrastructure, Brookfield Accounts in which we invest and/or any portfolio companies.

- **Data Management.** To the extent it deems necessary or appropriate, in its sole discretion, Brookfield expects to provide data management services to us and our investments and/or other Brookfield Accounts and their portfolio companies (collectively, “Data Holders”). Such services could include, among other things, assistance with obtaining, analyzing, curating, processing, packaging, organizing, mapping, holding, transforming, enhancing, marketing and selling data for monetization through licensing and/or sale arrangements with third parties and/or directly with Data Holders. To the extent provided, these services would be subject to the limitations discussed below and applicable contractual and/or legal obligations or limitations, including on the use of material non-public information. Moreover, where an arrangement is with Brookfield Infrastructure or one of our investments, we would directly or indirectly bear our appropriate share of related compensation. In addition, in Brookfield’s sole discretion, data from one Data Holder may be pooled with data from other Data Holders, subject to applicable laws and regulations (including privacy laws and regulations), and any revenues arising from such pooled data sets would be allocated among Brookfield and the applicable Data Holders on a fair and equitable basis as determined by Brookfield in its sole discretion, with Brookfield able to make corrective allocations should it determine subsequently that such corrections were necessary or advisable.

Brookfield’s compensation for any data management services could include a percentage of the revenues generated through any licensing and/or sale arrangements, fees, royalties and cost and expense reimbursement (including start-up costs and allocable overhead associated with personnel working on relevant matters (including salaries, benefits and other similar expenses)). This compensation will not offset management or other fees or otherwise be shared with the Data Holders, Brookfield Infrastructure, other Brookfield Accounts, their portfolio companies or unitholders. Brookfield may share the products from its data management services within Brookfield (including other Brookfield Accounts and/or their portfolio companies) at no charge and, in such cases, the Data Holders are not expected to receive any financial or other benefit from having provided their data to Brookfield. The provision of data management services will create incentives for Brookfield to pursue and make investments that generate a significant amount of data, including on behalf of Brookfield Infrastructure and Brookfield Accounts in which we are invested. While all investments will be within our (or the relevant Brookfield Account’s) investment mandate and consistent with our (or the relevant Brookfield Account’s) investment objectives, they could include investments that Brookfield might not otherwise have made or investments on terms less favorable than Brookfield otherwise would have sought to obtain had it not been providing data management services.

- **Conflicts among Portfolio Companies and Brookfield Accounts.** There will be conflicts between Brookfield Infrastructure, Brookfield Accounts in which we invest and/or one of our (direct or indirect) investments, on the one hand, and Brookfield, other Brookfield Accounts and/or one or more of their investments, on the other hand. For example, a portfolio company of another Brookfield Account may be a competitor, customer, service provider or supplier of one or more of our (direct or indirect) investments. In such circumstances, the other Brookfield Account and/or portfolio company thereof are likely to take actions that have adverse consequences for Brookfield Infrastructure, Brookfield Accounts in which we are invested and/or one of our (direct or indirect) investments, such as seeking to increase their market share to our detriment, withdrawing business from our investment in favor of a competitor that offers the same product or service at a more competitive price, or increasing prices of their products in their capacity as a supplier to our (direct or indirect) investment, or commencing litigation against our (direct or indirect) investment. In addition, in such circumstances, Brookfield may not pursue certain actions on behalf of Brookfield Infrastructure, Brookfield Accounts in which we are invested or our (direct or indirect) portfolio companies, which could result in a benefit to another Brookfield Account (or vice versa).

- **Investments with Related Parties.** In light of the extensive scope of Brookfield's activities, in certain circumstances we will invest (directly or indirectly through a Brookfield Account) in assets or companies in which Brookfield, the Related-Party Investor and/or other Brookfield Accounts (including a co-investment account) hold an equity or debt position or in which Brookfield, the Related-Party Investor or another Brookfield Account invests (either in equity or debt positions) subsequent to our investment. For example, from time to time Brookfield and/or another Brookfield Account will: (i) enter into a joint transaction with us; (ii) in their discretion, invest alongside us; (iii) be borrowers of certain investments or lenders in respect of Brookfield Infrastructure; and/or (iv) invest in different levels of an issuer's capital structure. As a result of the various conflicts and related issues described herein, we could sustain (direct or indirect) losses during periods in which Brookfield or other Brookfield Accounts achieve profits generally or with respect to particular investments, or could achieve lower profits or higher losses than would have been the case had the conflicts described herein not existed.

In situations in which Brookfield and/or another Brookfield Account holds an interest in an investment that differs from that of Brookfield Infrastructure, conflicts of interest, including among others those described below, will arise.

Brookfield, the Related-Party Investor and/or other Brookfield Accounts could dispose of their interests in applicable investments at different times and on different terms than us (or a Brookfield Account in which we are invested), including in situations where Brookfield and/or other Brookfield Accounts facilitated an investment with a view to reselling their portion of such investment to third parties following the closing of the transaction (which could, in certain situations, result in Brookfield and/or the other Brookfield Account receiving compensation for (or related to) such sale) or where Brookfield and/or the other Brookfield Account seek to reallocate capital to other opportunities, de-risk exposures, or otherwise manage their investments differently than Brookfield Infrastructure (or a Brookfield Account in which we are invested), which could have an adverse effect on the value and/or liquidity of our investment. In any such circumstances, Brookfield and/or the other Brookfield Accounts will likely sell interests at different values, and possibly higher values, than we (or a Brookfield Account in which we are invested) will be able to when disposing of the applicable investment. Where we invest alongside Brookfield or another Brookfield Account, we may desire to manage our investment differently than Brookfield and/or the other Brookfield Account, but may be restrained from doing so because of circumstances relating to Brookfield and/or the other Brookfield Account.

Brookfield, the Related-Party Investor and other Brookfield Accounts invest in a broad range of asset classes throughout the corporate capital structure, including debt positions (either junior or senior to our positions) and equity securities (either common or preferred). It is likely that we will, or one of our (direct or indirect) investments will, hold an interest in one part of a company's capital structure while Brookfield, the Related-Party Investor and/or another Brookfield Account or its portfolio company holds an interest in another or has invested on different terms. This would result in Brookfield, the Related-Party Investor and/or other Brookfield Accounts holding interests that are more senior in priority to that of Brookfield Infrastructure (or a Brookfield Account in which we are invested), which gives rise to conflicts. In situations where the company or asset experiences financial distress, bankruptcy or a similar situation, our interest (or the interest of a Brookfield account in which we are invested) could be subordinated to interests of Brookfield, the Related-Party Investor and/or other Brookfield Accounts with interests that are more senior in priority to ours (or a Brookfield Account in which we are invested). The conflicts between such parties and Brookfield Infrastructure will be more pronounced where the asset is near default on existing loans and Brookfield Infrastructure (or a Brookfield Account in which we are invested) does not have the ability or otherwise decides not to make additional investments in the asset in order to sustain its position in the asset. In this case, Brookfield, the Related-Party Investor and/or other Brookfield Accounts could, for a relatively small investment, obtain a stake in the asset or take over the management of (and risk relating to) such asset to the detriment of Brookfield Infrastructure.

Moreover, from time to time, we, a Brookfield Account in which we are invested, Brookfield and/or another Brookfield Account could jointly acquire a portfolio of assets with a view to dividing up the assets in accordance with the relevant investment mandates. In this circumstance, Brookfield will determine the terms and conditions relating to the investment, including the purchase price associated with each asset, which price may not represent the price we (or a Brookfield Account in which we are invested) would have paid if we or the Brookfield Account in which we are invested had acquired only the assets we (or the Brookfield Account in which we are invested) ultimately retain. In certain circumstances, Brookfield Infrastructure (or a Brookfield Account in which we are invested) could have residual liability for assets that were allocated to Brookfield or another Brookfield Account, including potential tax liabilities. These types of transactions will not require the approval of the unitholders. Furthermore, from time to time, we, a Brookfield Account in which we are invested, Brookfield and/or a Brookfield Account will jointly enter into a binding agreement to acquire an investment. If Brookfield or such Brookfield Account is unable to consummate the investment, we (or a Brookfield Account in which we are invested) could be subject to additional liabilities, including the potential loss of any deposit or the obligation to fund the entire investment. Similarly, to the extent that indebtedness in connection with an investment is structured such that both Brookfield Infrastructure (or a Brookfield Account in which we are invested), Brookfield and/or another Brookfield Account are jointly responsible on a cross-collateralized, joint borrower, joint guarantor or similar basis for the repayment of the indebtedness, the failure of Brookfield and/or the other Brookfield Account to repay such indebtedness or meet other obligations could result in Brookfield Infrastructure (or a Brookfield Account in which we are invested) being required to fund more than their pro rata share of the indebtedness.

If Brookfield or another Brookfield Account participates as a lender in borrowings by Brookfield Infrastructure, a Brookfield Account in which we are invested or portfolio companies, Brookfield's (or the other Brookfield Account's) interests may conflict with the interests of Brookfield Infrastructure, the Brookfield Account in which we are invested and/or the applicable portfolio company. In this situation, Brookfield Infrastructure's assets may be pledged to such Brookfield Account as security for the loan. In its capacity as a lender, Brookfield or the relevant Brookfield Account may act in its own interest, without regard for the interests of Brookfield Infrastructure, the Brookfield Account in which we are invested, our portfolio companies or the unitholders, which may materially and adversely affect Brookfield Infrastructure, the Brookfield Account in which we are invested and our portfolio companies and, in certain circumstances such as an event of default, ultimately may result in realization of assets held by Brookfield Infrastructure, Brookfield Account in which we are invested, at a loss of the entire investment. In addition, if Brookfield is a party to a transaction or an agreement with Brookfield Infrastructure, a Brookfield Account in which we are invested or an underlying investment to provide services or financing to us, the Brookfield Account in which we are invested or the underlying investment, Brookfield will have the sole right to, through or on behalf of Brookfield Infrastructure, the Brookfield Account in which we are invested or an underlying investment either (i) take any action to implement the agreement, enforce any provisions thereof or any rights of Brookfield Infrastructure thereunder, terminate the agreement pursuant to any right of termination provided in such agreement, give required notices or give or make any approval, consent, decision or waiver under such agreement or (ii) nominate a third- party to approve any action or inaction to be taken with respect to any such related party transaction or agreement.

In situations in which Brookfield and/or another Brookfield Account holds an interest in an investment that differs from that of Brookfield Infrastructure and/or the Brookfield Account in which we are invested, conflicts of interest will arise in connection with, among other things, the following: (i) the nature, timing and terms of each account's investment, (ii) the allocation of control and other governance rights among the accounts, (iii) the strategic objectives or timing underlying each account's investments, (iv) differing disposition rights, views and/or needs for all or part of an investment, and/or (v) resolution of liabilities in connection with an investment among the accounts. These conflicts result from various factors, including, among other things, investments in different levels of the capital structure, different measurements of control, different risk profiles, different rights with respect to disposition alternatives, different investment objectives, strategies and horizons and different target rates of return as well as rights in connection with co-investors.

As noted above, from time to time Brookfield Infrastructure and/or a Brookfield Account in which we are invested, on the one hand, and Brookfield and other Brookfield Accounts (including co-investment accounts), on the other hand, will invest in different classes or types of securities of the same company (or other assets, instruments or obligations issued by such company) or otherwise on different terms thereby creating divergent interests. For example, if the company or asset invested in experiences financial distress, bankruptcy or a similar situation, our interest may be subordinated or otherwise adversely affected by virtue of Brookfield's or another Brookfield Account's involvement and actions relating to their investment to the extent their interest is more senior to, or has different contractual rights than, the interest of Brookfield Infrastructure and/or the Brookfield Account in which we are invested. In these situations, Brookfield will face conflicts in managing each side's investment with a view to maximizing its value and, in connection therewith, pursuing or enforcing rights or activities. At all times, Brookfield will seek to treat each account (including Brookfield Infrastructure and/or the Brookfield Account in which we are invested) fairly, reasonably and consistent with its investment mandate in pursuing and managing these investments. However, these factors could result in our (direct and indirect) interests and those of Brookfield and other Brookfield Accounts being managed differently under certain circumstances and Brookfield Infrastructure and/or the Brookfield Account in which we are invested realizing different returns (including, possibly lower returns) on their investment than Brookfield and/or other Brookfield Accounts on theirs.

In addition, Brookfield is expected to advise other Brookfield Accounts with respect to different parts of the capital structure of an investment. As a result, Brookfield could pursue or enforce rights or activities, or refrain from pursuing or enforcing rights or activities, with respect to a particular investment in which Brookfield Infrastructure and/or a Brookfield Account in which we are invested has a position. Brookfield Infrastructure and/or a Brookfield Account in which we are invested could be negatively affected by these activities, and transactions on behalf of Brookfield Infrastructure and/or a Brookfield Account in which we are invested could be executed at prices or terms that are less favorable than would otherwise have been the case. In addition, in the event that Brookfield and/or other Brookfield Accounts hold voting securities of an issuer in which we (directly or indirectly) hold loans, bonds, or other credit-related securities, Brookfield or such other Brookfield Accounts could have the right to vote on certain matters that could have an adverse effect on the positions held by Brookfield Infrastructure or Brookfield Accounts in which we invest.

As a result of the various conflicts and related issues described above, we could sustain (direct or indirect) losses during periods in which Brookfield or other Brookfield Accounts achieve profits generally or with respect to particular holdings, or could achieve lower profits or higher losses than would have been the case had the conflicts described above not existed.

In order to mitigate potential conflicts of interest in these situations, Brookfield could but will not be obligated to take actions on behalf of itself, the Related-Party Investor, Brookfield Infrastructure and/or other Brookfield Accounts, including among others one or more of the following as it determines in its sole discretion: (i) forbearance of rights, such as causing Brookfield, the Related-Party Investor, Brookfield Infrastructure and/or other Brookfield Accounts to remain passive in a situation in which it is otherwise entitled to vote, which could mean that Brookfield, the Related-Party Investor, Brookfield Infrastructure, a Brookfield Account in which we are invested and/or other Brookfield Accounts, as applicable) defer to the decision or judgment of an independent, third-party investor in the same class of securities with respect to decisions regarding defaults, foreclosures, workouts, restructurings, and/or similar matters, including actions taken by a trustee or administrative or other agent of the investment, such as a release, waiver, forgiveness or reduction of any claim for principal or interest, extension of maturity date or due date of any payment of any principal or interest, release or substitution of any material collateral, release, waiver, termination or modification of any material provision of any guaranty or indemnity, subordination of any lien, and release, waiver or permission with respect to any covenants; (ii) causing Brookfield, the Related-Party Investor, Brookfield Infrastructure, a Brookfield Account in which we are invested and/or other Brookfield Accounts to hold only non-controlling interests in any such investment; (iii) referring the matter to one or more persons that is not affiliated with Brookfield, such as a third-party loan servicer, administrative agent or other agent to review and/or approve of an intended course of action; (iv) consulting with and/or seeking approval of the independent directors of our General Partner on such matter (and similar bodies of other accounts); (v) establishing ethical screens or information barriers (which can be temporary and of limited purpose) designed to separate Brookfield investment professionals to act independently on behalf of Brookfield Infrastructure (or a Brookfield Account in which we are invested), on the one hand, and Brookfield, the Related-Party Investor and/or other Brookfield Accounts, on the other hand, in each case with support of separate legal counsel and other advisers; (vi) seeking to ensure that Brookfield, the Related-Party Investor, Brookfield Infrastructure, a Brookfield Account in which we are invested, and/or other Brookfield Accounts own interests in the same securities or financial instruments and in the same proportions so as to preserve an alignment of interests; and/or (vii) causing Brookfield, the Related-Party Investor, Brookfield Infrastructure, a Brookfield Account in which we are invested, and/or other Brookfield Accounts to divest of an investment that it otherwise could have held on to, including without limitation causing Brookfield Infrastructure (or a Brookfield Account in which we are invested) to sell its position to Brookfield or another Brookfield Account (or vice versa).

At all times, Brookfield will endeavor to treat all Brookfield-managed accounts (including Brookfield Infrastructure and any Brookfield Account in which we are invested) fairly, equitably and consistent with its investment mandate in pursuing and managing in these investments. However, there can be no assurance that any action or measure pursued by Brookfield will be feasible or effective in any particular situation, or that its own interests won't influence its conduct, and it is possible that the outcome for Brookfield Infrastructure (or a Brookfield Account in which we are invested) will be less favorable than otherwise would have been the case if Brookfield did not face these conflicts of interest. That outcome may include including realizing different returns (including, possibly lower returns) on our investments than Brookfield, the Investment Affiliate and/or other Brookfield Accounts do on theirs. In addition, the actions and measures that Brookfield pursues are expected to vary based on the particular facts and circumstances of each situation and, as such, there will be some degree of variation and potentially inconsistency in the manner in which these situations are addressed.

- **Investment Platforms.** A Brookfield Account, alone or co-investing alongside other Brookfield Accounts or third parties may create or acquire assets that will serve as a platform for investment in a particular sector, geographic area or other niche (such arrangements, “Investment Platforms”). In the case of such Investment Platforms, Brookfield Infrastructure (or a Brookfield Account in which we are invested) may rely on the existing management, board of directors and other shareholders of such companies, which may include representation of other financial investors with whom Brookfield Infrastructure or such Brookfield Account is not affiliated and whose interests may conflict with the interests of Brookfield Infrastructure or such Brookfield Account. In other cases, Brookfield Infrastructure (or a Brookfield Account in which we are invested) may recruit a management team to pursue a new Investment Platform expected to lead to the formation of a future Investment Platform. A Brookfield Account (including Brookfield Infrastructure) may also form a new portfolio company and recruit a management team to build the Investment Platform through acquisitions and organic growth. Brookfield Infrastructure, a Brookfield Account in which we are invested or the Investment Platform, as applicable, will bear the expenses of such management team, including any overhead expenses, employee compensation, diligence expenses or other related expenses in connection with backing the management team or building out the Investment Platform. Such expenses may be borne directly by a Brookfield Account (as broken-deal expenses, if applicable) or indirectly as a Brookfield Account in which we bears the start-up and ongoing expenses of the newly formed Investment Platform. In certain cases, the services provided by such management team may overlap with the services provided by Brookfield to such Brookfield Account. The compensation of management of an Investment Platform may include interests in the profits of the Investment Platform, including profits realized in connection with the disposition of an asset, and co-investments alongside the relevant Brookfield Account. Although an Investment Platform may be controlled by a Brookfield Account, members of the management team will not be treated as employees of Brookfield for purposes of the Governing Documents, and none of the expenses, profit interests or other arrangements described above will offset management fees.
- **Insurance and Reinsurance Capital.** Brookfield currently manages, and expects in the future to manage, one or more Brookfield Accounts that focus on investing insurance- and reinsurance-related capital (“Brookfield Insurance Accounts”). Among other things, Brookfield Insurance Accounts are expected to invest in securities of issuers affiliated with Brookfield Accounts, including securities issued by portfolio companies such as investment grade, high-yield and other debt securities. For example, from time to time, Brookfield Insurance Accounts could invest in asset backed securities, commercial mortgage backed securities, and other debt securities and instruments issued (as part of a financing, refinancing or similar transaction) by Brookfield Infrastructure, a Brookfield Account in which we are invested and/or portfolio companies. Brookfield Insurance Accounts could also provide financing to parties that purchase investments from a Brookfield Account in which we are invested.

Brookfield Insurance Accounts’ investments generally will be made on terms determined to be arm’s length market terms (based on terms negotiated with third-party investors or terms that Brookfield otherwise determines to be consistent with arm’s length market terms). However, Brookfield Insurance Accounts’ investments in debt securities and/or instruments will result in Brookfield Insurance Accounts and other Brookfield Accounts (such as Brookfield Infrastructure or Brookfield Accounts in which we are invested) being invested in different levels of an issuer’s capital structure. These situations will give rise to conflicts of interests and potential adverse impacts on Brookfield Infrastructure, which are described in more detail (including as to the manner in which Brookfield will manage these situations) in “Investments with Related Parties” above.

Because Brookfield manages Brookfield Insurance Accounts, certain transactions (such as, for example, cross trades or other transactions involving Brookfield Infrastructure (or a Brookfield Account in which we are invested), on the one hand, and a Brookfield Insurance Account, on the other hand) present conflicts of interest. No transaction involving Brookfield Infrastructure (or a Brookfield Account in which we are invested or a portfolio company), on the one hand, and a Brookfield Insurance Account, on the other hand, will require approval of our General Partner's independent directors, unless otherwise determined by Brookfield in its sole discretion, or the unitholders.

- **Pricing.** Brookfield Infrastructure's investments in securities of issuers affiliated with Brookfield Accounts, including debt securities issued by portfolio companies, generally will be made on terms Brookfield determines to be arm's length market terms in its sole discretion. Brookfield Infrastructure will have an interest in obtaining the lowest possible price for these securities, while the other Brookfield Account will have an interest in obtaining the highest. This situation gives rise to conflicts of interest. Brookfield expects that Brookfield Infrastructure will rely on opinions and guidance provided by underwriters, distributors and/or third-party advisors regarding whether the overall terms of the offering (including price) are consistent with arm's length market terms as well as natural market dynamics involved in pricing the offerings.
- **Financing to Counterparties of Brookfield Accounts.** There may be situations in which Brookfield or a Brookfield Account will offer and/or commit to provide financing to one or more third parties that are expected to bid for and/or purchase an investment (in whole or in part) from a Brookfield Account in which we are invested. This type of financing could be provided through pre-arranged financing packages arranged and offered by Brookfield or a Brookfield Account to potential bidders in the relevant sales process or otherwise pursuant to bilateral negotiations between one or more bidders and Brookfield and/or the Brookfield Account. For example, where a Brookfield Account in which we are invested seeks to sell an investment (in whole or in part) to a third party in the normal course, Brookfield or a Brookfield Account may offer the third party debt financing to facilitate its bid and potential purchase of the investment.

This type of arrangement will only be offered in situations in which Brookfield believes it is neutral to or provides benefits to the Brookfield Account in which we are invested by supporting third parties in their efforts to successfully bid for and/or acquire our investments. However, acquisition financing arranged and offered by Brookfield and/or Brookfield Accounts also creates potential conflicts of interest. In particular, Brookfield's or the Brookfield Account's participation as a potential lender in the sales process could create an incentive to select a third-party bidder that uses financing arranged by Brookfield or a Brookfield Account to our potential detriment.

In order to mitigate potential conflicts of interest in these situations, Brookfield generally will seek to take one or more of the following actions, among others, as it determines in its sole discretion in satisfaction of its duties to the Brookfield Account in which we are invested: (i) offer investments for sale in the normal course via competitive and blind bidding processes designed to maximize the sales value for the Brookfield Account in which we are invested, (ii) engage one or more independent advisers, such as sell-side bankers, on behalf of the Brookfield Account in which we are invested to administer and facilitate a commercially fair and equitable sales process, (iii) consult with and/or seek approval of the investors in the Brookfield Account in which we are invested (or their advisory committee) with respect to a recommended and/or intended course of action; (iv) establish ethical screens or information barriers (which can be temporary and of limited purpose) to separate the Brookfield investment professionals that act on behalf of the Brookfield Account in which we are invested, on the one hand, from the Brookfield investment professionals that act on behalf of Brookfield and/or the Brookfield Account arranging and offering the acquisition financing, on the other hand, and (v) such other actions that Brookfield deems necessary or appropriate taking into account the relevant facts-and-circumstances. However, there can be no assurance that any particular action will be feasible or effective in any particular situation, or that Brookfield's own interests won't influence its conduct, and it is possible that the outcome for the Brookfield Account in which we are invested will be less favorable than otherwise would have been the case if Brookfield did not face these conflicts of interest. In addition, the actions that Brookfield pursues are expected to vary based on the particular facts and circumstances of each situation and, as such, there will be some degree of variation and potentially inconsistency in the manner in which these situations are addressed.

In addition, in certain situations Brookfield may accept a bid for an investment from a bidder that received acquisition financing from Brookfield or a Brookfield Account that is at a lower price than an offer that it received from a party that has independent financing sources. For example, although price is often the deciding factor in selecting whom to sell an investment to, other factors frequently influence the seller, including, among other things, closing conditions, lack of committed financing sources, regulatory or other consent requirements, and such other factors that increase the risk of the higher-priced bidder being able to complete or close the transaction under the circumstances. Brookfield could therefore cause a Brookfield Account in which we are invested to sell an asset to a third party that has received financing from Brookfield or another Brookfield Account, even when such third party has not offered the most attractive price.

In exercising its discretion hereunder, Brookfield will seek to ensure that the Brookfield Account in which we are invested obtains the most favorable sale package (including sales price and certainty and speed of closing) on the basis of a commercially fair and equitable sales process. However, no sale of an investment (in whole or in part) involving acquisition financing provided by Brookfield or a Brookfield Account will require approval by Brookfield Infrastructure or the unitholders.

- **Linked Transactions/Arrangements.** Brookfield intends from time to time to contract with third parties for various linked business transactions and/or arrangements as a part of broader business or other similar relationships with such third parties. Such transactions and/or arrangements (and related benefits) generally will be for the benefit of Brookfield’s broader business platform and will be allocated in accordance with Brookfield’s allocation guidelines in a fair and reasonable manner. In connection with these transactions and/or arrangements, Brookfield will allocate certain transactions among various Brookfield Accounts, including Brookfield Infrastructure and Brookfield Accounts in which we are invested, and may in connection therewith commit Brookfield Infrastructure and such Brookfield Accounts to purchase and/or backstop certain services or products provided by such third parties. In addition, Brookfield expects to receive discounts and other special economic benefits in respect of the services and/or products provided by the third parties, which will be allocated among Brookfield and various Brookfield Accounts in a fair and reasonable manner, including Brookfield and Brookfield Accounts that do not participate in providing goods and/or services to the third parties.
- **Investments by Brookfield Personnel.** Brookfield personnel that participate in Brookfield’s advisory business activities, including partners, officers and other employees of Brookfield (“Brookfield Personnel”), are permitted to buy and sell securities or other investments for their own or their family members’ accounts (including through Brookfield Accounts), subject to the limitations described below. Positions are likely to be taken by such Brookfield Personnel that are the same, different from, or made at different times than positions taken directly or indirectly for us and Brookfield Accounts in which we are invested. To reduce the possibility of (i) potential conflicts between our investment activities and those of Brookfield Personnel, and (ii) our activities being materially adversely affected by Brookfield Personnel’s personal trading activities, Brookfield has established policies and procedures relating to personal securities trading. To this end, Brookfield Personnel that participate in managing our investment activities are generally restricted from engaging in personal trading activities (unless such activities are conducted through accounts over which Brookfield Personnel have no influence or control), and other personnel generally must pre-clear proposed personal trades. In addition, Brookfield’s policies include prohibitions on insider trading, front running, trading in securities that are on Brookfield’s securities watch list, trading in securities that are subject to a black-out period and other restrictions.
- **Investments by the Related-Party Investor.** Certain executives and former executives of Brookfield own a substantial majority of an investment vehicle (the “Related-Party Investor”) whose investment mandate is managed by Brookfield. The Related-Party Investor’s investment mandate generally focuses on liquid securities and includes, among other things, equity, debt and other investments in Brookfield and third-party companies, which are made directly and through separate accounts managed by Brookfield, Oaktree and PSG. The Related-Party Investor’s investments include, among other things, interests in companies that Brookfield Infrastructure and other Brookfield Accounts have invested in, are investing in, are invested in and/or will in the future invest in, including in certain cases investments made alongside Brookfield Infrastructure and other Brookfield Accounts.

There is no information barrier between the personnel managing the Related-Party Investor’s activities and the rest of Brookfield (with the exception of Oaktree and PSG, which are walled off). Brookfield has adopted protocols designed to ensure that the Related-Party Investor’s activities do not materially conflict with or adversely affect the activities of Brookfield Infrastructure (or any other Brookfield Account) and to ensure that Brookfield Infrastructure’s (and other Brookfield Accounts’) interests are, to the extent feasible, prioritized relative to the Related-Party Investor’s interests, including among others in connection with the allocation of investment opportunities and the timing of execution of investments.

- **Brookfield’s Public Securities Group.** Brookfield is an active participant, as agent and principal, in the global fixed income, currency, commodity, equities and other markets. Certain of Brookfield’s investment activities are managed independently of, and carried out without any reference to, the management of Brookfield Infrastructure and other Brookfield Accounts. For example, Brookfield invests, trades or makes a market in the equity, debt or other interests of certain companies without regard to the impact of such activities on us, other Brookfield Accounts and their portfolio companies. In particular, Brookfield’s Public Securities Group (“PSG”), manages investment funds and accounts that invest in public debt and equity markets. There is currently an information barrier in place pursuant to which Brookfield and PSG manage their investment operations independently of other and do not generally share information relating to such investment activities. Consequently, Brookfield and PSG generally do not consult each other about, or have awareness of, investment decisions made by the other, and neither is subject to any internal approvals over its investment decisions by any person who would have knowledge of the investment decisions of the other. As a result, PSG will not share with Brookfield investment opportunities that could be suitable for Brookfield Infrastructure or any other Brookfield Account and Brookfield Infrastructure (or Brookfield Accounts in which we invest) will have no rights with respect to such opportunities. In addition, in certain circumstances, funds and/or accounts managed by PSG will hold an interest in one of our (or Brookfield Accounts) investments (or potential investments). In such situations, PSG funds and/or accounts could benefit from our activities (and the activities of Brookfield Accounts in which we invest). In addition, as a result of different investment objectives and views, PSG is likely to manage its interests in a way that is different from Brookfield Infrastructure and Brookfield Accounts in which we invest (including, for example, by investing in different portions of an issuer’s capital structure, short selling securities, voting securities in a different manner, and/or selling its interests at different times than us or Brookfield Accounts in which we invest).

The potential conflicts of interest described herein are magnified as a result of the information sharing barrier, because Brookfield’s investment teams will not be aware of, and will not have the ability to mitigate, ameliorate or avoid, such conflicts. Brookfield has discretion at any time, and without notice to our unitholders, to remove or modify such information barrier. In the event that the information barrier is removed or modified, Brookfield would be subject to certain protocols, obligations and restrictions in managing Brookfield Infrastructure and other Brookfield Accounts, including, for example, conflicts-management protocols, and certain potential investment-related limits and restrictions.

Breaches (including inadvertent breaches) of the information barrier and related internal controls by Brookfield and/or PSG could result in significant consequences to Brookfield (and PSG) as well as have a significant adverse impact on Brookfield Infrastructure and/or Brookfield Accounts that we are invested in, including (among others) potential regulatory investigations and claims for securities laws violations in connection with our direct and/or indirect investment activities. These events could have adverse effects on Brookfield’s reputation, result in the imposition of regulatory or financial sanctions, negatively impact Brookfield’s ability to provide investment management services to Brookfield Accounts, all of which could result in negative financial impact to the investment activities of Brookfield Infrastructure and/or Brookfield Accounts that we are invested in.

- **Oaktree.** Brookfield holds a significant interest in Oaktree Capital Group, LLC (together with its affiliates, “Oaktree”). Oaktree is a global investment manager with significant assets under management, emphasizing an opportunistic, value-oriented and risk-controlled approach to investments in credit, private equity, real assets and listed equities. Brookfield and Oaktree operate their respective investment businesses largely independently pursuant to an information barrier, with each remaining under its current brand and led by separate management and investment teams.

We expect that Brookfield, Brookfield Accounts (including Brookfield Infrastructure and Brookfield Accounts that we are invested in) and their portfolio companies, will engage in activities and have business relationships that give rise to conflicts (and potential conflicts) of interest between them, on the one hand, and Oaktree, Oaktree-managed funds and accounts (collectively, “Oaktree Accounts”) and their portfolio companies, on the other hand. For so long as Brookfield and Oaktree manage their investment operations independently of each other pursuant to an information barrier, Oaktree, Oaktree Accounts and their respective portfolio companies generally will not be treated as affiliates of Brookfield Infrastructure, Brookfield, Brookfield Accounts and their portfolio companies, and conflicts (and potential conflicts) considerations, including in connection with allocation of investment opportunities, investment and trading activities, and agreements, transactions and other arrangements entered into with Oaktree, Oaktree Accounts and their portfolio companies, generally will be managed as summarized herein.

There is (and in the future will continue to be) some degree of overlap in investment strategies and investments pursued by Brookfield Infrastructure, Brookfield Accounts in which we invest and Oaktree Accounts. Nevertheless, Brookfield does not expect to coordinate or consult with Oaktree with respect to investment activities and/or decisions. This absence of coordination and consultation, and the information barrier described above, will in some respects serve to mitigate conflicts of interests between Brookfield Infrastructure and Brookfield Accounts in which we invest, on the one hand, and Oaktree Accounts, on the other hand; however, these same factors also will give rise to certain conflicts and risks in connection with our and Oaktree’s investment activities, and make it more difficult to mitigate, ameliorate or avoid such situations. For example, because Brookfield and Oaktree are not expected to coordinate or consult with each other about investment activities and/or decisions, and neither Brookfield nor Oaktree is expected to be subject to any internal approvals over its investment activities and decisions by any person who would have knowledge and/or decision-making control of the investment decisions of the other, Oaktree Accounts will be entitled to pursue investment opportunities that are suitable for Brookfield Infrastructure and Brookfield Accounts that we invest in, but which are not made available to us or those Brookfield Accounts. Brookfield Infrastructure and Brookfield Accounts that we invest in, on the one hand, and Oaktree Accounts, on the other hand, are also expected to compete, from time to time, for the same investment opportunities. Such competition could, under certain circumstances, adversely impact the purchase price of our (direct and/or indirect) investments. Oaktree will have no obligation to, and generally will not, share investment opportunities that may be suitable for Brookfield Infrastructure and Brookfield Accounts that we invest in with Brookfield, and Brookfield Infrastructure and Brookfield Accounts that we invest in will have no rights with respect to any such opportunities.

Oaktree will not be restricted from forming or establishing new Oaktree Accounts, such as additional funds or successor funds. Moreover, Brookfield expects to provide Oaktree, from time to time, with (i) access to marketing-related support, including, for example, strategy sessions, introductions to investor relationships and other marketing facilitation activities, and (ii) strategic oversight and business development support, including general market expertise and introductions to market participants such as portfolio companies, their management teams and other relationships. Certain such Oaktree Accounts could compete with or otherwise conduct their affairs without regard to whether or not they adversely impact Brookfield Infrastructure and/or Brookfield Accounts that we invest in. Oaktree could provide similar information, support and/or knowledge to Brookfield, and the conflicts (and potential conflicts) of interest described above will apply equally in those circumstances.

As noted, Oaktree Accounts will be permitted to make investments of the type that are suitable for Brookfield Infrastructure and Brookfield Accounts that we invest in without the consent of Brookfield. From time to time, Brookfield Infrastructure and/or Brookfield Accounts that we invest in, on the one hand, and Oaktree Accounts, on the other hand, are expected to purchase or sell an investment from each other, as well as jointly pursue one or more investments. In addition, from time to time, Oaktree Accounts are expected to hold an interest in an investment held by (or potential investment of) Brookfield Infrastructure and/or Brookfield Accounts that we invest in, and/or subsequently purchase (or sell) an interest in an investment held by Brookfield Infrastructure and/or Brookfield Accounts that we invest in and/or subsequently purchase (or sell) an interest in an investment held by (or potential investment of) Brookfield Infrastructure and/or Brookfield Accounts that we are invested in, including in different parts of the capital structure. For example, we (or a Brookfield Account that we are invested in) may hold an equity position in a company while an Oaktree Account holds a debt position in the company. In such situations, Oaktree Accounts could benefit from our (direct or indirect) activities.

Conversely, Brookfield Infrastructure and/or Brookfield Accounts that we are invested in could be adversely impacted by Oaktree's activities. In addition, as a result of different investment objectives, views and/or interests in investments, it is expected that Oaktree will manage certain Oaktree Accounts' interests in a way that is different from the interests of Brookfield Infrastructure and/or Brookfield Accounts that we are invested in (including, for example, by investing in different portions of an issuer's capital structure, short selling securities, voting securities or exercising rights it holds in a different manner, and/or selling its interests at different times than Brookfield Infrastructure and/or Brookfield Accounts that we are invested in), which could adversely impact our (direct and/or indirect) interests. Oaktree and Oaktree Accounts are also expected to take positions, give advice and provide recommendations that are different, and potentially contrary to those which are taken by, or given or provided to, Brookfield Infrastructure and/or Brookfield Accounts that we are invested in, and are expected to hold interests that potentially are adverse to those held by Brookfield Infrastructure (directly or indirectly). Brookfield Infrastructure and/or Brookfield Accounts that we are invested in, on the one hand, and Oaktree Accounts, on the other hand, will in certain cases have divergent interests, including the possibility that the interests of Brookfield Infrastructure and/or Brookfield Accounts that we are invested in are subordinated to Oaktree Accounts' interests or are otherwise adversely affected by Oaktree Accounts' involvement in and actions related to the investment. Oaktree will not have any obligation or other duty to make available for the benefit of Brookfield Infrastructure and/or Brookfield Accounts that we are invested in any information regarding its activities, strategies and/or views.

The potential conflicts of interest described herein are expected to be magnified as a result of the lack of investment information sharing and coordination between Brookfield and Oaktree. Investment teams managing the activities of Brookfield Infrastructure and/or Brookfield Accounts that we are invested in are not expected to be aware of, and will not have the ability to manage, mitigate, ameliorate or avoid, such conflicts. This will be the case even if they are aware of Oaktree's investment activities through public information.

Brookfield and Oaktree may decide, at any time and without notice to Brookfield Infrastructure or our unitholders, to remove or modify the information barrier between Brookfield and Oaktree. In the event that the information barrier is removed or modified, it would be expected that Brookfield and Oaktree will adopt certain protocols designed to address potential conflicts and other considerations relating to the management of their investment activities in a different or modified framework.

Breaches (including inadvertent breaches) of the information barrier and related internal controls by Brookfield and/or Oaktree could result in significant consequences to Brookfield (and Oaktree) as well as have a significant adverse impact on Brookfield Infrastructure and/or Brookfield Accounts that we are invested in, including (among others) potential regulatory investigations and claims for securities laws violations in connection with our direct and/or indirect investment activities. These events could have adverse effects on Brookfield's reputation, result in the imposition of regulatory or financial sanctions, negatively impact Brookfield's ability to provide investment management services to Brookfield Accounts, all of which could result in negative financial impact to the investment activities of Brookfield Infrastructure and/or Brookfield Accounts that we are invested in.

To the extent that the information barrier is removed or otherwise ineffective and Brookfield has the ability to access analysis, models and/or information developed by Oaktree and its personnel, Brookfield will not be under any obligation or other duty to access such information or effect transactions for Brookfield Infrastructure and/or Brookfield Accounts that we are invested in in accordance with such analysis and models, and in fact may be restricted by securities laws from doing so. Brookfield may make investment decisions that differ from those it would have made if it had pursued such information, which may be disadvantageous to us and/or Brookfield Accounts that we are invested in.

As noted in "*Transactions among Portfolio Companies*" below, portfolio companies of Brookfield Accounts that we are invested in are and will be counterparties in agreements, transactions and other arrangements with other Brookfield Accounts (including their portfolio companies) for the provision of goods and services, purchase and sale of assets and other matters that would otherwise be transacted with independent third parties. Similarly, portfolio companies of Brookfield Accounts that we are invested in are and will be counterparties in arrangements with Oaktree, Oaktree Accounts and/or their portfolio companies to the extent practicable pursuant to the information barrier. These arrangements will give rise to the same potential conflicts considerations (and be resolved in the same manner) as set out in "*Transactions among Portfolio Companies*".

This does not purport to be a complete list or explanation of all actual or potential conflicts that could arise as a result of Brookfield's investment in Oaktree, and additional conflicts not yet known by Brookfield or Oaktree could arise in the future and those conflicts will not necessarily be resolved in favor of Brookfield Infrastructure's interests (or the interests of Brookfield Accounts in which we are invested). Because of the extensive scope of Brookfield's and Oaktree's activities and the complexities involved in managing certain aspects of their existing businesses, the policies and procedures to identify and resolve such conflicts of interest will continue to be developed over time.

- **Cross Trades and Principal Trades.** From time to time, subject to and in accordance with applicable law and the terms of our conflicts management policy, Brookfield expects (but is under no obligation) to effect cross trades and/or principal transactions pursuant to which we (or Brookfield Accounts in which we are invested) purchase investments from or sell investments to Brookfield and/or other Brookfield Accounts. Pursuant to applicable law and our conflicts management policy, certain of these transactions will require approval of our General Partner's independent directors, which approval will be deemed to constitute the approval of, and be binding upon, Brookfield Infrastructure and all unitholders.

In light of the potential conflicts of interest and regulatory considerations relating to cross trades and/or principal transactions, including among others Brookfield's conflicting division of loyalties and responsibilities to the parties in these transactions, Brookfield has developed policies and procedures in order to guide the effecting of such transactions. However, there can be no assurance that such transactions will be effected, or that such transactions will be affected in the manner that is most favorable to Brookfield Infrastructure (or a Brookfield Account in which we are invested) as a party to any such transaction. For the avoidance of doubt, transactions among portfolio companies of Brookfield Accounts in which we are invested and portfolio companies of other Brookfield Accounts and/or Oaktree Accounts that get effected in the ordinary course will not be treated as cross trades or principal transactions and will not require approval of our General Partner's independent directors or any other consent. See "*Transactions among Portfolio Companies*" below.

- **Warehousing Investments.** From time to time, Brookfield, a Brookfield Account or Brookfield Infrastructure will "warehouse" certain investments on behalf of other Brookfield Accounts in which we expect to invest, i.e., Brookfield, a Brookfield Account or Brookfield Infrastructure will make an investment on behalf of another Brookfield Account in which we expect to invest and transfer it to the Brookfield Account at a later date at cost plus a pre-agreed interest rate after the Brookfield Account has raised sufficient capital, including financing to support the acquisition. In the event that the applicable Brookfield Account does not raise sufficient capital and/or obtain sufficient financing to purchase the warehoused investment and we cannot find another buyer for the investment (in connection with warehoused arrangements that we provide), we or a Brookfield Account in which we are invested would be forced to retain the investment, the value of which may have increased or declined.
- **Excess Funds Liquidity Arrangement with Related Parties.** We have an arrangement in place with Brookfield pursuant to which we lend Brookfield excess funds from time to time and it lends us excess funds from time to time. This arrangement is intended to enhance the use of excess funds between us and Brookfield when the lender has excess funds and the borrower has a business need for the capital (including, without limitation, to fund operating and/or investment activities and/or to pay down higher cost capital), and provides: (i) to the lender, a higher rate of return on the funds than it otherwise would be able to achieve in the market and (ii) to the borrower, a lower cost of funds than it otherwise would be able to obtain in the market.

Brookfield, in its capacity as our service provider, determines when it is appropriate for us to lend excess funds to, or borrow excess funds from, Brookfield. Brookfield has similar arrangements with other affiliates for whom it serves in one or more capacities, including (among others) promoter, principal investor and investment manager. It is therefore possible that, from time to time and to the extent that Brookfield determines this to be in the best interests of the parties: (i) funds that are placed on deposit with Brookfield by Brookfield Infrastructure will, in the discretion of Brookfield on a case-by-case basis, be lent on to other affiliates of Brookfield and (ii) funds that are placed on deposit with Brookfield by other Brookfield affiliates will, in the discretion of Brookfield on a case-by-case basis, be lent on to Brookfield Infrastructure. Because the interest rates charged are reflective of the credit ratings of the applicable borrowers, any loans by Brookfield to its affiliates, including Brookfield Infrastructure (as applicable), generally will be at higher interest rates than the rates then applicable to any balances deposited with Brookfield by Brookfield Infrastructure or other Brookfield affiliates (as applicable). These differentials are approved according to protocols described below. Accordingly, Brookfield also benefits from these arrangements and will earn a profit as a result of the differential in lending rates.

Amounts we lend to or borrow from Brookfield pursuant to this arrangement generally are repayable at any time upon either side's request, and Brookfield generally ensures that the borrower has sufficient available capital from another source in order meet potential repayment demands. As noted above, Brookfield determines the interest rate to be applied to borrowed/loaned amounts taking into account each party's credit rating and the interest rate that would otherwise be available to it in similar transactions on an arms' length basis with unrelated parties.

Conflicts of interest arising for Brookfield under this arrangement have been approved by our General Partner's independent directors in accordance with our protocol for resolving potential conflicts of interest.

- **Arrangements with Brookfield.** Our relationship with Brookfield involves a number of arrangements pursuant to which Brookfield provides various services to Brookfield Infrastructure, including access to financing arrangements and investment opportunities, and Brookfield Infrastructure supports Brookfield Accounts and their portfolio companies in various ways. Certain of these arrangements were effectively determined by Brookfield in the context of the spin-off, and could contain terms that are less favorable than those which otherwise might have been negotiated between unrelated parties. However, Brookfield believes that these arrangements are in the best interests of Brookfield Infrastructure and Brookfield Accounts in which we invest.

Circumstances may arise in which these arrangements will need to be amended or new arrangements will need to be entered into, and conflicts of interest between Brookfield Infrastructure and Brookfield will arise in negotiating such new or amended arrangements. Any such negotiations will be subject to review and approval by our General Partner's independent directors.

Brookfield is generally entitled to share in the returns generated by our operations, which creates an incentive for it to assume greater risks when making decisions for Brookfield Infrastructure than it otherwise would in the absence of such arrangements. In addition, our investment in and support of Brookfield Accounts and their portfolio companies provides Brookfield with certain ancillary benefits, such as satisfying Brookfield's commitment to invest in such accounts (which Brookfield would otherwise need to satisfy from different sources), assisting Brookfield in marketing Brookfield Accounts and facilitating more efficient management of their portfolio companies' operations.

- **Limited Liability of Brookfield.** The liability of Brookfield and its officers and directors is limited under our arrangements with them, and we have agreed to indemnify Brookfield and its officers and directors against claims, liabilities, losses, damages, costs or expenses which they may face in connection with those arrangements, which may lead them to assume greater risks when making decisions than they otherwise would if such decisions were being made solely for Brookfield's own account, or may give rise to legal claims for indemnification that are adverse to the interests of our unitholders and preferred unitholders.

DECISIONS MADE AND ACTIONS TAKEN THAT MAY RAISE POTENTIAL CONFLICTS OF INTEREST

Due to the broad scope of Brookfield's activities and the scale of its advisory, asset management and related business, Brookfield is required to make decisions and take actions on behalf of a wide variety of private funds, clients (including Brookfield Infrastructure), and affiliates. As discussed below, the diversity of Brookfield's platform is expected to provide benefits overall to each entity that is a part of it. However, from time to time, Brookfield's decisions and actions will necessarily favor one client over another, including in a manner disadvantageous to Brookfield Infrastructure and Brookfield Accounts we invest in.

- **Reputational Considerations.** Given the nature of its broader platform, Brookfield has an interest in preserving its reputation, including with respect to our status as a publicly traded vehicle and, in certain circumstances, such reputational considerations may conflict with the interests of Brookfield Infrastructure (or a Brookfield Account in which we are invested). Brookfield will likely make decisions on behalf of Brookfield Infrastructure (or a Brookfield Account in which we are invested) for reputational reasons that it would not otherwise make absent such considerations. For example, Brookfield may limit transactions and activities on behalf of Brookfield Infrastructure (or a Brookfield Account in which we are invested) for reputational or other reasons, including where Brookfield provides (or may provide) advice or services to an entity involved in such activity or transaction, where another Brookfield Account is or may be engaged in the same or a related activity or transaction to that being considered on behalf of Brookfield Infrastructure (or a Brookfield Account in which we are invested), where another Brookfield Account has an interest in an entity involved in such activity or transaction, or where such activity or transaction on behalf of or in respect of Brookfield Infrastructure (or a Brookfield Account in which we are invested) could affect Brookfield, Brookfield Accounts or their activities.

- **Allocation of Expenses.** In the normal course of managing its business activities, Brookfield allocates costs and expenses among itself, Brookfield Accounts (including Brookfield Infrastructure and Brookfield Accounts in which we are invested) and portfolio companies of Brookfield Accounts as appropriate and in accordance with internal policies. Examples of expenses allocated across Brookfield Accounts (and expected to be allocated in part to Brookfield Infrastructure and Brookfield Accounts in which we are invested) include investor reporting systems and software, technology services, accounting, group insurance policies, portfolio and investment tracking and monitoring systems, trade order management system and legal, tax, compliance, operations and other similar expenses that relate to Brookfield Accounts (including the expenses of both internal and external legal, tax and compliance personnel). Expenses are allocated by Brookfield in its good faith judgment, which is inherently subjective, among Brookfield Accounts that benefit from such expenses. Certain costs and expenses, such as costs and expenses relating to support services performed for the benefit of Brookfield Infrastructure by Brookfield personnel and/or third party service providers, may be aggregated together with similar costs and expenses applicable to other Brookfield Accounts and split among Brookfield Infrastructure and such other Brookfield Accounts in a manner determined by Brookfield, in its sole discretion, to be fair and reasonable (which may include, among other possible methodologies, allocating based on the relative sizes of the relevant Brookfield Accounts). In these cases, such aggregation will result in Brookfield Infrastructure and/or Brookfield Accounts in which we are invested bearing a portion of costs and expenses that relate to services performed for the benefit of other Brookfield Accounts (while such other Brookfield Accounts will bear a portion of costs and expenses that relate to services performed for Brookfield Infrastructure). Any such allocation could result in Brookfield Infrastructure bearing higher portion of such costs and expenses than it would under a different allocation methodology.

Certain expenses are suitable for only Brookfield Infrastructure or another Brookfield Account and, in such case, are allocated to such vehicle. In other situations, expenses are allocated to Brookfield Infrastructure and other Brookfield Accounts despite the fact that such expenses may not directly relate to Brookfield Infrastructure and such Brookfield Accounts, may also benefit other Brookfield Accounts in the future and/or ultimately not benefit Brookfield Infrastructure (and Brookfield Accounts that we invest in) at all, including for example expenses relating to a specific legal, regulatory, tax, commercial or other issue, structure and/or negotiation (which may include services by Brookfield personnel and/or third party service providers). Brookfield will allocate such expenses among Brookfield Accounts (including Brookfield Infrastructure) based on factors it deems reasonable in its discretion, regardless of the extent to which other Brookfield Accounts ultimately benefit from such issue, structure and/or negotiation. Expenses incurred in connection with an issue, structure or negotiation not directly related to a Brookfield Account may nonetheless be allocated to the Brookfield Account, even if incurred prior to the existence of the Brookfield Account. Similarly, expenses that are expected to be borne by a particular investor or a third party may be allocated to a Brookfield Account (including Brookfield Infrastructure) to the extent such costs and expenses are not ultimately charged to or paid by such investor or third party, including, for example, costs and expenses related to a transfer of an interest in a Brookfield Account or bespoke reporting or other similar arrangements.

In addition, where a potential investment is pursued on behalf of one or more Brookfield Accounts, including Brookfield Infrastructure, the Brookfield Accounts that ultimately make the investment (or, in the case of a potential investment that is not consummated, the Brookfield Accounts that Brookfield determines, in its discretion, ultimately would have made the investment) will generally bear the expenses related to such investment (including broken deal costs, in the case of an investment that is not consummated). Examples of broken-deal expenses include (i) research costs, (ii) fees and expenses of legal, financial, accounting, consulting or other advisers (including the Manager or its affiliates) in connection with conducting due diligence or otherwise pursuing a particular non-consummated transaction, (iii) fees and expenses in connection with arranging financing for a particular non-consummated transaction, (iv) travel costs, (v) deposits or down payments that are forfeited in connection with, or amounts paid as a penalty for, a particular non-consummated transaction and (vi) other expenses incurred in connection with activities related to a particular non-consummated transaction.

Brookfield will make expense allocation decisions in its discretion and may modify or change its allocation methodologies and policies from time to time to the extent it determines such modifications or changes are necessary or advisable, which could result in Brookfield Infrastructure and/or Brookfield Accounts in which we invest bearing less (or more) expenses than otherwise would have been the case without such modifications.

New types of operating expenses could arise in the ordinary course and Brookfield will allocate such expenses to us and Brookfield Accounts in which we invest as appropriate. In addition, although organizational expenses of Brookfield Accounts in which we invest are generally subject to a cap, certain operating expenses, which are not subject to a cap, include costs related to organizational matters, such as costs and expenses relating to distributing and implementing elections pursuant to any “most favored nations” clauses in investor side letters, and fees, costs and expenses of anti-money laundering and/or “know your customer” compliance, tax diligence expenses and costs and expenses of ongoing related procedures.

Brookfield has engaged a compliance consulting firm and may engage similar firms to provide services in connection with investor relations operations, including the review of diligence and marketing materials. The expenses relating to these services are allocated to Brookfield Accounts.

- **Affiliated and Related-Party Services and Transactions.** Where it deems appropriate and relevant, Brookfield intends to perform or provide (or cause a Brookfield Account to perform or provide) a variety of different services or products to Brookfield Infrastructure, Brookfield Accounts in which we invest and their portfolio companies that would otherwise be provided by independent third parties, including among others lending and loan special servicing; development oversight; development management; investment banking (including participation by Brookfield-affiliated broker-dealers in the underwriting syndicates for securities issuances by Brookfield Accounts or the portfolio companies of Brookfield Accounts); advisory; consulting; entitlement; acting as alternative investment fund manager or other similar type of manager in jurisdictions where such services are beneficial; the placement and provision of insurance policies and coverage, including risk retention and/or insurance captives; development; construction and design (including oversight thereof); real estate and property management (and oversight thereof); leasing, power marketing, operational, legal, financial, compliance, tax, back office, environmental, social and governance related services, brokerage, corporate secretarial, accounting, human resources, bank account management; transaction support; fund administration; accounting and reporting (including coordinating onboarding, due diligence, reporting and other administrative services with third-party administrators and placement agents) and other financial operations services, hedging and other treasury services and capital markets services, services relating to the use of entities that maintain a permanent residence in certain jurisdictions, data management services and other services or products (such services, collectively, “Affiliate Services”).

To the extent that Brookfield or a Brookfield Account provides Affiliate Services to us, a Brookfield Account and/or any portfolio company, Brookfield or the Brookfield Account (as applicable) will receive fees (which could include incentive compensation): (i) at rates approved by the Brookfield Account that receives the services pursuant to an Affiliate Services rate schedule (the “**Rate Schedule**”); (ii) at rates for the relevant service that Brookfield reasonably believes are consistent with arm’s length market rates at the time of entering into the Affiliate Services engagement (the “Affiliate Service Rate”); (iii) at cost (including an allocable share of internal costs) plus an administrative fee of 15%; or (iv) at any other rates with the approval of our General Partner’s independent directors (for services provided to the partnership) and with the approval of the relevant Brookfield Account’s investors or their advisory committee (for services provided to a Brookfield Account in which we are invested or a portfolio company thereof).

Brookfield Infrastructure is currently, and expects to be in the future, engaged to provide certain Affiliate Services to Brookfield Accounts and assets and/or portfolio companies thereof (including Brookfield Accounts in which Brookfield Infrastructure is invested). When Brookfield Infrastructure is engaged to provide Affiliate Services, such services will generally be provided at cost (including an allocable share of internal costs) plus an applicable administrative fee, which is expected to be lower than prevailing arm’s length market rates for the services. This reduced level of compensation earned by Brookfield Infrastructure is and will be offset in part by the corresponding benefit Brookfield Infrastructure will receive as an investor in the Brookfield Accounts receiving the Affiliate Services (i.e., in the form of lower operational costs borne by the Brookfield Accounts).

In furtherance of the foregoing, Brookfield Infrastructure intends to have strategic or operations professionals with established industry expertise advise on a range of activities related to infrastructure development investments and assets, including participating in the origination, identification, assessment, pursuit, coordination, underwriting, execution and consummation of infrastructure development opportunities. Such activities give rise to certain conflicts of interests and while such activities are similar to those services provided by other Brookfield Affiliates in their capacity as manager of a Brookfield Account, they otherwise would have been provided by independent third parties in this context. Moreover, while as noted above the compensation payable by the Brookfield Account or applicable investment or asset to Brookfield Infrastructure in respect of the Affiliate Services provided by Brookfield Infrastructure is expected to be lower than prevailing arm's length market rates, Brookfield Infrastructure will not receive any portion of Brookfield's management fee for such activities, and Brookfield's management fee will not be offset as a result of such activities.

For the avoidance of doubt, where Brookfield (or a Brookfield Account, as applicable) is engaged to provide Affiliate Services in connection with a portfolio company of another Brookfield Account, the amount charged or allocated (whether such Affiliate Services are provided in accordance with the Rate Schedule, at the Affiliate Service Rate cost plus an administrative fee, or otherwise may include performance-based compensation for certain employees and the cost of such performance-based compensation will be paid by the applicable portfolio company, and (ii) a pass-through of costs including (a) compensation for personnel (including salary and incentive compensation), expenses (including human resources, rent and office services, talent acquisition, professional development, travel, professional fees), and other benefits, as reasonably allocated, and (b) information technology hardware, computing power or storage, software licenses and related ancillary and information technology personnel costs incurred in providing the service, in addition to any fees charged for the service (and the passed-through costs may be substantial relative to the fees charged for the service and will, in certain cases, be based on estimates made by Brookfield in its sole discretion in good faith). In certain situations, personnel will provide an Affiliate Service to multiple assets (including assets not owned by Brookfield Infrastructure or Brookfield Accounts in which we invest) or multiple Brookfield Accounts, in which case only a portion of the applicable costs would be passed through to Brookfield Infrastructure and Brookfield Accounts in which we are invested.

Brookfield expects (but will not be obligated) to utilize a number of different methodologies (that it determines, in its sole discretion, to be fair and reasonable) to determine the portion of pass-through and other costs to be allocated to one or more Brookfield Accounts and/or their investments in respect of Affiliate Services, including those provided by Brookfield, Brookfield Infrastructure and/or another Brookfield Account. The methodologies utilized for allocating costs will include one or more of the following methodologies as well as other methodologies deemed fair and reasonable by Brookfield over time: (i) the amount of time spent by employees providing such services (including on the basis of estimates and at a blended rate); (ii) the relative size of the assets, portfolio companies and/or potential investments receiving such service; and (iii) the estimated level of effort required to provide a service relative to other services provided by the same employees (for instance, the allocation of costs for employees providing financial reporting services could be allocated based on the estimated level of effort required for audited financial statements versus unaudited financials).

At all times, Brookfield (on behalf of the service provider) will endeavor to make these determinations fairly, reasonably and in an impartial manner. However, there can be no assurance that any determination will accurately reflect the actual value of Affiliate Services provided (including by Brookfield Infrastructure) in any particular situation, or that its own interests won't influence its determinations, or that a different methodology would not have also been fair and reasonable and that such other methodology would not yield a different result. Moreover, it is possible that a Brookfield Account (including one in which Brookfield Infrastructure is invested) will bear a larger portion of costs than it otherwise would have if Brookfield did not face the conflicts of interest discussed herein. In addition, the methodologies that Brookfield utilizes are expected to vary based on the particular facts and circumstances of each situation and, as such, there will be some degree of variation in the manner in which situations are addressed.

Where Affiliate Services are in place prior to Brookfield Infrastructure's (or a Brookfield Account's) ownership of an investment and cannot be amended without the consent of an unaffiliated third party, we (or the Brookfield Account, as applicable) will inherit the pre-existing fee rates for such Affiliate Services until (i) such time at which third-party consent is no longer required or (ii) a Brookfield Account seeks consent to amend such rates. Accordingly, while a Brookfield Account may seek consent of the unaffiliated third party to amend any pre-existing fee rates, Brookfield will be incentivized to seek to amend the pre-existing fee arrangement in certain circumstances and dis-incentivized to do so in others. For example, Brookfield will be incentivized to seek consent to amend the rate in circumstances where the amended fee would be higher than the pre-existing rate, and conversely may choose not to (and will not be required to) seek consent to amend any pre-existing fee rates if the amended rate would be lower than the pre-existing rate.

Compensation for Affiliate Services payable to Brookfield will not be shared with us or unitholders (or offset against management fees) and may be substantial. The fee potential, both current and future, inherent in a particular transaction could be an incentive for Brookfield to seek to refer or recommend a transaction to us or Brookfield Accounts in which we are invested. Furthermore, providing services or products to Brookfield Infrastructure, a Brookfield Account in which we are invested and/or portfolio companies will enhance Brookfield's relationships with various parties, facilitate additional business development and enable Brookfield to obtain additional business and generate additional revenue.

The foregoing requirements and limitations will not apply to transactions for services or products between investments of Brookfield Accounts in which we are invested and portfolio companies of other Brookfield Accounts, Oaktree and Oaktree Accounts, which are described in further detail below (though Brookfield could nonetheless determine, in its sole discretion, to use Affiliate Service Rates, cost plus an administrative fee or otherwise in these situations).

If an Affiliate Service is charged at the Affiliate Service Rate, Brookfield will determine the Affiliate Service Rate for each Affiliate Service in good faith at the time of engagement. The determination of the Affiliate Service Rate will be based on one or more factors, including, among other things: (i) the rate that one or more comparable service providers (which may or may not be a competitor of Brookfield or a Brookfield Account) charge third-parties for the similar services (at the time of determination), (ii) market knowledge (which may be based on inquiries with one or more market participants), (iii) the rate charged by Brookfield (or a Brookfield Account) to a third-party for similar services (or the methodology used to set such rates), (iv) advice of one or more third-party agents or consultants, (v) commodity or other rate forecasting, (vi) rates required to meet certain regulatory requirements or qualify for particular governmental programs, (vii) in the case of services which Brookfield provides as part of a syndicate, such as investment banking or brokerage services, the rate that is determined by a third party member of the syndicate, or (viii) other subjective and/or objective metrics deemed relevant by Brookfield in its sole discretion. To the extent Brookfield retains the services of a third-party consultant or agent to assist in determining an Affiliate Service Rate, the fees and cost of such third-party consultant/agent will be an expense borne by Brookfield Infrastructure and other Brookfield Accounts (as applicable). While Brookfield will determine in good faith each Affiliate Service Rate at the time of the relevant engagement as set out above, there will likely be variances in the marketplace for similar services based on an array of factors that affect providers and rates for services, including, but not limited to, loss leader pricing strategies or other marketing and competitive practices, integration efficiencies, geographic market differences, and the quality of the services provided. There can be no assurances that the Affiliate Service Rate charged by Brookfield (or Brookfield Infrastructure) for any Affiliate Service will not be greater (or lower) than the rate charged by certain similarly situated service providers for similar services in any given circumstance. In addition, the Affiliate Service Rate charged for any Affiliate Service at any given time following the relevant engagement may not match a then-current market rate because the market rate for the service may have increased or decreased over time.

For the avoidance of doubt, fees and allocable share of costs may be charged for Affiliate Services (whether in accordance with the Rate Schedule, Affiliate Service Rates, costs plus an administrative fee, or otherwise) in advance based on estimated budgets (including estimates regarding costs), expected services, estimated relative sizes of the assets and/or businesses, and/or estimated time periods, and to the extent determined by Brookfield to be required or warranted will be subject to true-up once the relevant Affiliate Services are complete or periodically throughout the services period for any material adjustments.

In addition, Brookfield and its personnel from time to time receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the partnership and Brookfield Accounts in which we are invested which do not reduce management fees and are not otherwise shared with Brookfield Infrastructure, unitholders and/or investments. Such benefits will inure exclusively to Brookfield and/or its personnel receiving them, even if they are significant or difficult to value and even though the cost of the underlying service is borne as an expense by Brookfield Infrastructure, Brookfield Accounts and/or portfolio companies. For example, expenses incurred in connection with airline travel or hotel stays typically result in “miles” or “points” or credit in loyalty/status programs and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Brookfield and/or such personnel (and not Brookfield Infrastructure, unitholders, Brookfield Accounts and/or portfolio companies) even though the cost of the underlying service is borne by Brookfield Infrastructure, Brookfield Accounts and/or portfolio companies. Similarly, the volume of work that service providers receive from Brookfield, which include those from Brookfield Infrastructure, Brookfield Accounts in which we are invested and portfolio companies, results in discounts for such services that Brookfield will benefit from, while Brookfield Infrastructure, Brookfield Accounts and/or portfolio companies will not be able to benefit from certain discounts that apply to Brookfield. Brookfield also makes available certain discount programs to its employees as a result of Brookfield’s relationship with portfolio companies and their relationships (e.g., “friends and family” discounts that are not available to unitholders). The size of these discounts on products and services provided by portfolio companies (and, potentially, customers or suppliers of such portfolio companies) could be significant. The potential to receive such discounts could provide an incentive for Brookfield to cause Brookfield Infrastructure, a Brookfield Account in which we are invested and/or a portfolio company to enter into transactions that would or would not have otherwise been entered into in the absence of these arrangements and benefits. Financial benefits that Brookfield and its personnel derive from such transactions will generally not be shared with Brookfield Infrastructure, unitholders and/or portfolio companies. Brookfield may also offer referral bonuses to its employees who refer customers to assets owned by Brookfield Infrastructure and other Brookfield Accounts. Finally, Brookfield personnel expect to develop industry knowledge and technical expertise from their activities on behalf of Brookfield Infrastructure and Brookfield Accounts, the benefits of which will inure exclusively to Brookfield and its personnel and which will not reduce management fees or expenses.

Brookfield may take its own interests into account in considering and making determinations regarding the matters outlined above.

From time to time, Brookfield may terminate any Affiliate Services arrangement or contracts related thereto, including those with Brookfield Infrastructure and/or Brookfield Accounts in which we invest (either because we wish to terminate the arrangement or because Brookfield or another Brookfield Account or portfolio company thereof wishes to do so), which may include early termination prior to the expiration of any such arrangement or contract. In such instances, Brookfield will seek to act in the best interests of the Brookfield Accounts (including Brookfield Infrastructure), taking into account the applicable facts and circumstances at such time, including the approach Brookfield would expect to take in similar circumstances with a third party.

- **Transactions among Portfolio Companies.** In addition to any Affiliate Services provided by Brookfield or the partnership (as described above), certain of our investments and/or portfolio companies of Brookfield Accounts in which we are invested will in the ordinary course of business provide services or goods to, receive services or goods from, lease space to or from, or participate in agreements, transactions or other arrangements with (including the purchase and sale of assets and other matters that would otherwise be transacted with independent third parties), portfolio companies owned by other Brookfield Accounts and/or Oaktree Accounts. Some of these agreements, transactions and other arrangements would not have been entered into but for the affiliation or relationship with Brookfield and, in certain cases, are expected to replace agreements, transactions and/or arrangements with third parties. These agreements, transactions and other arrangements will involve payment and/or receipt of fees, expenses and other amounts and/or other benefits to or from the portfolio companies of such other Brookfield Accounts and/or Oaktree Accounts (including, in certain cases, performance-based compensation). In certain cases, Brookfield's investment thesis with respect to an investment will include attempting to create value by actively facilitating relationships between the investment and portfolio companies or assets owned by other Brookfield Accounts and/or Oaktree Accounts. In these and other cases, these agreements, transactions and other arrangements will be entered into either with active participation by Brookfield (and/or Oaktree) or the portfolio companies' management teams independent of Brookfield. While such arrangements and/or transactions and the fees or compensation involved have the potential for inherent conflicts of interest, Brookfield believes that the access to Brookfield (including portfolio companies of Brookfield Accounts and Oaktree Accounts) enhances our capabilities (and the capabilities of Brookfield Accounts in which we are invested) and is an integral part of our (and other Brookfield Accounts') operations.

Portfolio companies of Brookfield Accounts and Oaktree Accounts generally are not Brookfield's and Brookfield Infrastructure's affiliates for purposes of our governing agreements. As a result, the restrictions and conditions contained therein that relate specifically to Brookfield and/or our affiliates do not apply to arrangements and/or transactions among portfolio companies of Brookfield Accounts and/or Oaktree Accounts, even if we (or a Brookfield Account) have a significant economic interest in a portfolio company and/or Brookfield ultimately controls it. For example, in the event that a portfolio company of one Brookfield Account enters into a transaction with a portfolio company of another Brookfield Account (or an Oaktree Account), such transaction generally would not trigger potential cross trade, principal transaction and/or other affiliate transaction considerations.

In all cases in which Brookfield actively participates in such agreements, transactions or other arrangements, Brookfield will seek to ensure that the agreements, transactions or other arrangements are in the best interests of the applicable Brookfield Accounts' portfolio companies, with terms to be determined in good faith as fair, reasonable and equitable under the circumstances. However, there can be no assurance that the terms of any such agreement, transaction or other arrangement will be executed on an arm's length basis, be as favorable to the applicable portfolio company as otherwise would be the case if the counterparty were not related to Brookfield, or be the same as those that other Brookfield Accounts' portfolio companies receive from the applicable counterparty. In some circumstances, our investments and portfolio companies of Brookfield Accounts in which we are invested may receive better terms from a portfolio company of another Brookfield Account or an Oaktree Account than from an independent counterparty. In other cases, these terms may be worse.

All such agreements, transactions or other arrangements described in this section are expected to be entered into in the ordinary course without obtaining consent of our General Partner's independent directors or unitholders or of investors in other Brookfield Accounts and such arrangements will not impact the management fee payable to Brookfield or any fee for Affiliate Services payable to Brookfield or a Brookfield Account (i.e., the portfolio companies will be free to transact in the ordinary course of their businesses without limitations, including by charging their ordinary rates for the relevant services or products).

Furthermore, Brookfield, PSG, Oaktree, Brookfield Accounts, Oaktree Accounts and/or their portfolio companies will from time to time make equity or other investments in companies or businesses that provide services to or otherwise contract with Brookfield Infrastructure, Brookfield Accounts in which we are invested and/or their portfolio companies. In particular, Brookfield has in the past entered into, and expects to continue to enter into, relationships with companies in the technology, real assets services and other sectors and industries in which Brookfield has broad expertise and knowledge, whereby Brookfield or a Brookfield Account acquires an equity or other interest in such companies that may, in turn, transact with Brookfield Infrastructure, Brookfield Accounts in which we are invested and/or their portfolio companies. For example, Brookfield and Brookfield Accounts invest in companies that develop and offer products that are expected to be of relevance to Brookfield Infrastructure, Brookfield Accounts in which we are invested and portfolio companies (as well as to third-party companies operating in similar sectors and industries). In connection with such relationships, Brookfield expects to refer, introduce or otherwise facilitate transactions between such companies and Brookfield Infrastructure, Brookfield Accounts in which we are invested and portfolio companies, which would result in benefits to Brookfield or Brookfield Accounts, including via increased profitability of the relevant company, as well as financial incentives and/or milestones which benefit Brookfield or a Brookfield Account (including through increased equity allotments), which are likely in some cases to be significant. Such financial incentives that inure to or benefit Brookfield and Brookfield Accounts pose an incentive for Brookfield to cause Brookfield Infrastructure, Brookfield Accounts in which we are invested and/or portfolio companies to enter into such transactions that may or may not have otherwise been entered into. Financial incentives derived from such transactions will generally not be shared with Brookfield Infrastructure or unitholders. Furthermore, such transactions are likely to contribute to the development of expertise, reputational benefits and/or the development of new products or services by Brookfield (or Oaktree, Brookfield Accounts, Oaktree Accounts, and portfolio companies), which Brookfield will seek to capitalize on to generate additional benefits that are likely to inure solely to Brookfield (or Oaktree, Brookfield Accounts, Oaktree Accounts, and portfolio companies) and not to Brookfield Infrastructure or the unitholders.

Brookfield (or the portfolio companies' management teams, as applicable) will seek to ensure that each transaction or other arrangement that Brookfield Infrastructure, Brookfield Accounts in which we are invested and/or portfolio companies enter into with these companies satisfies a legitimate business need and is in the best interests of Brookfield Infrastructure, the applicable Brookfield Account and/or the applicable portfolio company, with terms to be determined in good faith as fair, reasonable and equitable under the circumstances based on Brookfield Infrastructure's, the applicable Brookfield Account and/or the portfolio companies' normal course process for evaluating potential business transactions and counterparties. In making these determinations, Brookfield or the management teams of the portfolio companies will take into account such factors that they deem relevant, which will include the potential benefits and synergies of transacting with a Brookfield related party. Brookfield may take its own interests (or the interests of other Brookfield Accounts or businesses) into account in considering and making determinations regarding these matters. In certain cases, these transactions will be entered into with active participation by Brookfield and in other cases by the portfolio companies' management teams independently of Brookfield. Moreover, any fees or other financial incentives paid to the relevant company will not offset or otherwise reduce the management fee or other compensation paid to Brookfield, will not otherwise be shared with Brookfield Infrastructure or unitholders and will not be subject to the Affiliate Service Rates.

There can be no assurance that the terms of any such transaction or other arrangement will be executed on an arm's length basis, be as favorable to us, the relevant Brookfield Account and/or portfolio company as otherwise would be the case if the counterparty were not related to Brookfield, be benchmarked in any particular manner, or be the same as those that other Brookfield Accounts' or investments receive from the applicable counterparty. In some circumstances, Brookfield Infrastructure, a Brookfield Account in which we are invested and portfolio companies may receive better terms (including economic terms) than they would from an independent counterparty. In other cases, these terms may be worse.

While these agreements, transactions and/or arrangements raise potential conflicts of interest, Brookfield believes that our access to Brookfield Accounts and their portfolio companies, as well as to Brookfield related parties and companies in which Brookfield has an interest enhances our, Brookfield Accounts' and portfolio companies' capabilities, is an integral part of our operations and will provide benefits to us, Brookfield Accounts and portfolio companies that would not exist but for our affiliation with Brookfield.

- **Insurance.** Brookfield has caused Brookfield Infrastructure and Brookfield Accounts in which we invest to purchase and/or bear premiums, fees, costs and expenses relating to insurance coverage (including, among others, with respect to Brookfield affiliates' placement, administration, brokerage and/or provision of such insurance coverage) for the benefit of the partnership and the relevant Brookfield Accounts, which provides insurance coverage to, among others, Brookfield, our General Partner, their officers and directors, and other parties for their activities relating to the partnership and the Brookfield Accounts in which we invest, as well as to portfolio companies. Among other policies, this insurance coverage includes directors and officers liability insurance, errors and omissions insurance coverages, and terrorism, property, title, liability, fire and other insurance coverages for (or in respect of) the partnership, Brookfield Accounts in which we invest, and their portfolio companies.

Insurance policies purchased by or on behalf of Brookfield Infrastructure and/or Brookfield Accounts in which we invest (and which cover Brookfield, our General Partner, their officers and directors, and other parties) could provide coverage for situations where the partnership would not generally provide indemnification, including situations involving culpable conduct by Brookfield, our General Partner and their personnel. Nonetheless, Brookfield Infrastructure's share of the fees and expenses (or the share of Brookfield Accounts in which we invest) in respect of insurance coverage will not be reduced to account for these types of situations.

Brookfield, other Brookfield Accounts and their portfolio companies also obtain insurance coverage and utilize Brookfield affiliates for placement, administration, brokerage and/or provision of insurance coverage. Where possible, Brookfield Infrastructure (and Brookfield Accounts in which we invest) generally leverage Brookfield's scale by participating in shared, or umbrella, insurance policies that cover a broad group of entities (including Brookfield, other Brookfield Accounts and their portfolio companies) under a single policy.

The total cost of any shared or umbrella insurance policy is allocated among all participants covered by the policy in a fair and equitable manner taking into consideration applicable facts and circumstances, including the value of each covered account's asset value and/or the risk that the account poses to the insurance provider. While Brookfield takes into account certain objective criteria in determining how to allocate the cost of umbrella insurance coverage among covered accounts, the assessment of the risk that each account poses to the insurance provider is more subjective in nature. In addition, Brookfield's participation in umbrella policies gives rise to conflicts in determining the proper allocation of the costs of such policies.

While shared insurance policies may be cost effective, claims made by any entity covered thereunder (including Brookfield) could result in increased costs to Brookfield Infrastructure and Brookfield Accounts that we invest in. In addition, such policies may have an overall cap on coverage. To the extent an insurable event results in claims in excess of such cap, Brookfield Infrastructure (and/or Brookfield Accounts in which we invest) may not receive as much in insurance proceeds as it would have received if separate insurance policies had been purchased for each party. In addition, Brookfield may face a conflict of interest in properly allocating insurance proceeds across all claimants, which could result in Brookfield Infrastructure (or Brookfield Accounts in which we invest) receiving less in insurance proceeds than if separate insurance policies had been purchased for each insured party individually. Similarly, insurable events may occur sequentially in time while subject to a single overall cap. To the extent insurance proceeds for one such event are applied towards a cap and Brookfield Infrastructure (or a Brookfield Account in which we invest) experiences an insurable loss after such event, Brookfield Infrastructure's (or Brookfield Account's) receipts from such insurance policy may be diminished or Brookfield Infrastructure (or Brookfield Account) may not receive any insurance proceeds. A shared insurance policy may also make it less likely that Brookfield will make a claim against such policy on behalf of Brookfield Infrastructure (or a Brookfield Account in which we invest).

Brookfield Infrastructure (or a Brookfield Account in which we invest) may need to determine whether or not to initiate litigation (including potentially litigation adverse to Brookfield where it is the broker or provider of the insurance) in order to collect from an insurance provider, which may be lengthy and expensive and which ultimately may not result in a financial award. The potential for Brookfield to be a counterparty in any litigation or other proceedings regarding insurance claims also creates a potential conflict of interest. Furthermore, in providing insurance, Brookfield may seek reinsurance for all or a portion of the coverage, which could result in Brookfield earning and retaining fees and/or a portion of the premiums associated with such insurance while not retaining all or a commensurate portion of the risk insured.

Brookfield will seek to allocate the costs of such insurance and proceeds from claims in respect of such insurance policies and resolve any conflicts of interest, as applicable, in a manner it determines to be fair. In that regard, Brookfield may, if it determines it to be necessary, consult with one or more third parties in allocating such costs and proceeds and resolving such conflicts.

- **Transfers and Secondment of Employees.** From time to time, in order to create efficiencies and optimize performance, employees of Brookfield, Brookfield Accounts (including Brookfield Infrastructure), and/or portfolio companies will be hired or retained by, or seconded to, other portfolio companies, other Brookfield Accounts (including Brookfield Infrastructure) and/or Brookfield. In such situations, all or a portion of the compensation and overhead expenses relating to such employees (including salaries, benefits, and incentive compensation, among other things) will directly or indirectly be borne by the entities to which the employees are transferred or seconded. Any such arrangement may be on a permanent or temporary basis, or on a full-time or part-time basis, in order to fill positions or provide services that would otherwise be filled or provided by third parties hired or retained by the relevant entities. To the extent any Brookfield employees are hired or retained by, or seconded to, an investment, the investment may pay such persons directors' fees, salaries, consultant fees, other cash compensation, stock options or other compensation and incentives and may reimburse such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. Brookfield may also advance compensation to seconded Brookfield employees and be subsequently reimbursed by the applicable investment. Any compensation customarily paid directly by Brookfield to such persons will typically be reduced to reflect amounts paid directly or indirectly by the investment even though the management fee and carried interest borne by Brookfield Infrastructure or Brookfield Accounts in which we are invested will not be reduced, and amounts paid to such persons by a portfolio company will not be offset against management fees or any carried interest distributions otherwise payable to Brookfield. Additionally, the method for determining how (i) certain compensation arrangements are structured and valued (particularly with respect to the structure of various forms of incentive compensation that vest over time and whose value upon payment is based on estimates) and (ii) overhead expenses are allocated, in each case require certain judgments and assumptions, and as a result the relevant entities (including, for example, Brookfield Infrastructure, Brookfield Accounts in which we are invested and their portfolio companies) may bear higher costs than they would have had such expenses been valued, allocated or charged differently.

Brookfield could benefit from arrangements where Brookfield employees are hired or retained by, or seconded to, one or more investments or a Brookfield affiliate on behalf of such investment, for example, in the case where a portfolio company makes a fixed payment to Brookfield to compensate Brookfield for a portion of an employee's incentive compensation, but such employee does not ultimately collect such incentive compensation). Additionally, there could be a circumstance where an employee of Brookfield or a portfolio company of a Brookfield Account could become an employee of a portfolio company of the partnership or a Brookfield Account in which we are invested (or vice versa) and, in connection therewith, be entitled to receive from the company it is transferring to unvested incentive compensation received from the company it is transferring from. While such incentive compensation would be subject to forfeiture under other circumstances, given the prior employment by a Brookfield related company, such incentive compensation may continue to vest as if such employee continued to be an employee of the company from which it is transferring. The arrangements described herein will take place in accordance with parameters approved by our General Partner's independent directors in the conflicts management policy, but will not be subject to approval by the unitholders, and such amounts will not be considered fees received by Brookfield or its affiliates that offset or otherwise reduce the management or any other fee or compensation due to Brookfield. Portfolio companies of Brookfield accounts are drawn from a number of highly specialized industries, and Brookfield also expects to benefit from the industry knowledge and technical expertise gained by Brookfield employees who are hired or retained by, or seconded to, investments or a Brookfield affiliate on behalf of such investment. Brookfield does not expect to provide any compensation or off-set of fees or expenses to such investments or Brookfield affiliates in exchange for the development of such knowledge or expertise by Brookfield employees.

Brookfield has adopted policies to facilitate the transfer and secondment of employees in order to ensure that such activities are carried out in accordance with applicable regulatory requirements and to address applicable conflicts considerations, including seeking to ensure that each transfer and/or secondment satisfies a legitimate business need and is in the best interests of the relevant Brookfield Account and/or portfolio company.

Brookfield may take its own interests into account in considering and making determinations regarding the matters outlined in this section as well as in "*Transactions among Portfolio Companies*" and "*Affiliated and Related-Party Services and Transactions*" above. Additionally, the aggregate economic benefit to Brookfield or its affiliates as a result of the transactions outlined herein and therein could influence investment allocation decisions made by Brookfield in certain circumstances (i.e., if the financial incentives as a result of such transactions are greater if the investment opportunity is allocated to Brookfield Infrastructure rather than another Brookfield Account (or vice versa)). However, as noted elsewhere herein, Brookfield believes that our access to Brookfield's broader asset management platform enhances our, Brookfield Accounts' and portfolio companies' capabilities, is an integral part of our (and their) operations and will provide benefits to us, Brookfield Accounts and portfolio companies that would not exist but for our affiliation with Brookfield.

- **Shared Resources.** In certain circumstances, in order to create efficiencies and optimize performance, Brookfield will cause one or more portfolio companies of Brookfield Accounts in which we are invested to share operational, legal, financial, back-office or other resources with Brookfield and/or portfolio companies of other Brookfield Accounts. In connection therewith, the costs and expenses related to such services will be allocated among the relevant entities on a basis that Brookfield determines in good faith is fair and equitable, but which will be inherently subjective, and there can be no assurance that we (or Brookfield Accounts in which we are invested) will not bear a disproportionate amount of any costs, including Brookfield's internal costs.

- **Advisors.** Brookfield from time to time engages or retains strategic advisors, senior advisors, operating partners, executive advisors, consultants and/or other professionals who are not employees or affiliates of Brookfield, but which include former Brookfield employees as well as current and former officers of Brookfield portfolio companies (collectively, “Consultants”). Consultants generally have established industry expertise and are expected to advise on a range of investment-related activities, including by providing services that may be similar in nature to those provided by Brookfield’s investment teams, such as sourcing, consideration and pursuit of investment opportunities, strategies to achieve investment objectives, development and implementation of business plans, and recruiting for portfolio companies, and to serve on boards of portfolio companies. Additionally, Brookfield’s decision to perform certain services in-house for Brookfield Infrastructure (or a Brookfield Account in which we are invested) at a particular point in time will not preclude a later decision to outsource such services, or any additional services, in whole or in part, to any Consultants, and Brookfield has no obligation to inform Brookfield Infrastructure or any other Brookfield Account of such a change. Brookfield believes that these arrangements benefit its investment activities. However, they also give rise to certain conflicts of interest considerations.

Consultants are expected, from time to time, to receive payments from, or allocations of performance-based compensation with respect to, Brookfield, Brookfield Infrastructure, Brookfield Accounts in which we are invested and portfolio companies. In such circumstances, payments from, or allocations or performance-based compensation with respect to, Brookfield Infrastructure, Brookfield Accounts in which we are invested and/or portfolio companies generally will be treated as expenses of the applicable entity and will not, even if they have the effect of reducing retainers or minimum amounts otherwise payable by Brookfield, be subject to management fee offset provisions. Additionally, while Brookfield believes such compensation arrangements will be reasonable and generally at market rates for the relevant services provided, exclusive arrangements or other factors may result in such compensation arrangements not always being comparable to costs, fees and/or expenses charged by other third parties. In addition to any compensation arrangements, Brookfield Infrastructure or a Brookfield Account in which we are invested may also generally bear its share of any travel costs or other out-of-pocket expenses incurred by Consultants in connection with the provision of their services. Accounting, network, communications, administration and other support benefits, including office space, may be provided by Brookfield, Brookfield Infrastructure and/or a Brookfield Account in which we are invested to Consultants without charge, and any costs associated with such support may be borne by Brookfield Infrastructure and/or such Brookfield Account.

Brookfield expects from time to time to offer Consultants the ability to co-invest alongside Brookfield Infrastructure or Brookfield Accounts in which we are invested, including in those investments in which they are involved (and for which they may be entitled to receive performance-based compensation, which will reduce our returns), or otherwise participate in equity plans for management of a portfolio company.

In certain cases, these persons are likely to have certain attributes of Brookfield “employees” (e.g., they have dedicated offices at Brookfield, receive access to Brookfield information, systems and meetings for Brookfield personnel, work on Brookfield matters as their primary or sole business activity, have Brookfield-related email addresses, business cards and titles, and/or participate in certain benefit arrangements typically reserved for Brookfield employees) even though they are not considered Brookfield employees, affiliates or personnel. In this scenario, a Consultant would be subject to Brookfield’s compliance policies and procedures. Where applicable, Brookfield allocate to us, the applicable Brookfield Account and/or portfolio companies the costs of such personnel or the fees paid to such personnel in connection with the applicable services. In these cases, payments or allocations to Consultants will not be subject to management fee offset provisions and can be expected to increase the overall costs and expenses borne indirectly by unitholders. There can be no assurance that any of the Consultants will continue to serve in such roles and/or continue their arrangements with Brookfield and/or any Brookfield Accounts or portfolio companies.

- **Support Services.** In addition to the responsibilities enumerated in the Brookfield Accounts’ governing documents, from time to time Brookfield performs certain asset management and support services that were or could have previously been undertaken by a portfolio company’s management team, including accounting; reporting and analytics; administrative services; physical and digital security, life and physical safety, and other technical specialties; information technology services and innovation; cash flow modeling and forecasting; arranging, negotiating and managing financing and derivative arrangements; accounting, legal, compliance and tax services relating to investment holding structures below a Brookfield Account and the investments and other services. These services will be in addition to the services otherwise charged to Brookfield Infrastructure or a Brookfield Account in which we are invested as Affiliate Services.

In addition, Brookfield expects to perform certain support services to Brookfield Infrastructure or Brookfield Accounts in which we are invested that could otherwise be outsourced to third parties, including transaction support; client reporting; portfolio-level cash flow modeling and forecasting; assisting with underwriting and due diligence analytics; managing workouts and foreclosures; arranging, negotiating and managing partnership- or Brookfield Account-level financing and derivative arrangements; data generation, analysis, collection and management; accounting, legal, compliance and tax services relating to such Brookfield Account (including Brookfield Infrastructure) and/or its Investors (including unitholders) and portfolio companies; market research and appraisal and valuation services. These services will be in addition to the services outlined in Brookfield Accounts’ governing documents.

Historically, certain of these support services may have been performed by Brookfield (without being charged to Brookfield Accounts or portfolio companies) or its operating partners, servicers, brokers or other third-party vendors. Brookfield believes that providing these support services internally results in increased focus and attention that may not be available from a third party and helps to align interests and offer customized services to a degree that may not be possible with a third-party provider. Additionally, internal support services personnel allow Brookfield investment professionals to improve their efficiency and to focus their efforts on tasks that have a greater impact on creating value within a Brookfield Account’s portfolio.

As such, when these support and other services described above are provided, Brookfield Infrastructure will directly, or indirectly through a Brookfield Account in which we are invested will reimburse Brookfield for its costs and expenses incurred in providing these support services, (including an allocable share of internal costs) plus an administrative fee, in accordance with clause (iii) of the second paragraph under “*Affiliated and Related-Party Services and Transactions*” above. As described above, such internal costs will include an allocable portion of the compensation (including incentive compensation), expenses (including IT costs, human resources support, rent and office services, talent acquisition, professional development, travel, and professional fees) and other benefits associated with the Brookfield employees providing these services, in accordance with Brookfield’s internal allocation practices. Additionally, Brookfield expects that certain employees will be eligible to earn commissions, incentive fees or other similar fees in connection with their work on certain portfolio companies and that these payments will be borne, directly or indirectly, by Brookfield Infrastructure or other Brookfield Accounts. None of these reimbursements and fees will reduce the management fees paid by Brookfield Infrastructure or another Brookfield Account. See “*Affiliated and Related-Party Services and Transactions*” above for a discussion regarding the allocation of costs among one or more Brookfield Accounts.

While Brookfield believes that the cost of the expense reimbursements associated with these support services is reasonable, the extensive and specialized nature of the services may result in such costs not being comparable to those charged for similar services (to the extent available) by other third parties. Brookfield will be under no obligation to evaluate alternative providers or to compare pricing for these support services. While Brookfield believes that this enhances the services Brookfield can offer to Brookfield Infrastructure, Brookfield Accounts in which we are invested, and/or portfolio companies in a cost-efficient manner, the relationship presents conflicts of interest. Brookfield will set the compensation for the employees who provide these support services and will determine other significant expenditures that will affect the expense reimbursement provided by Brookfield Infrastructure, Brookfield Accounts in which we are invested, and/or portfolio companies.

The types of support services that Brookfield provides to certain portfolio companies and to Brookfield Accounts (including Brookfield Infrastructure) will not remain fixed and should be expected to change over time as determined by Brookfield in its sole discretion, and Brookfield expects that a Brookfield Account’s (including Brookfield Infrastructure’s) overall share of expense reimbursements for support services will vary over time based on the particular scope of services provided to it. However, in no case will Brookfield senior investment professionals or Brookfield employees who engage in a senior management or senior supervisory role with respect to these support services be subject to expense reimbursement by Brookfield Infrastructure, another Brookfield Account and/or portfolio companies in accordance with these provisions.

- **Travel Expenses.** We will reimburse Brookfield for out-of-pocket travel expenses, including air travel (generally business class), car services, meals and hotels (generally business or luxury class accommodations), incurred in identifying, evaluating, sourcing, researching, structuring, negotiating, acquiring, making, holding, developing, operating, managing, selling or potentially selling, restructuring or otherwise disposing of proposed or actual investments of Brookfield Infrastructure and/or of Brookfield Accounts in which we are invested (including fees for attendance of industry conferences, the primary purpose of which is sourcing investments), in connection with the formation, marketing, offering and management of Brookfield Infrastructure and Brookfield Accounts in which we are invested.

- **Service Providers.** From time to time, our service providers, as well as the service providers of Brookfield Accounts in which we are invested and service providers of portfolio companies, such as deal sourcers, consultants, lenders, brokers, accountants, attorneys and outside directors may be (or their affiliates may be) Brookfield shareholders, unitholders and/or sources of investment opportunities and counterparties therein, or may otherwise participate in transactions or other arrangements with us, Brookfield and/or Brookfield Accounts. Furthermore, employees of Brookfield or of portfolio companies have and will in the future have family members employed by service providers (particularly the large, global service providers) of Brookfield, Brookfield Accounts (including Brookfield Infrastructure) and portfolio companies. These factors create incentives for Brookfield in deciding whether to select such a service provider. Notwithstanding the foregoing, Brookfield will only select a service provider to the extent Brookfield determines that doing so is appropriate for us (or Brookfield Accounts we are invested in or portfolio companies) taking into account applicable facts and circumstances and is consistent with Brookfield's responsibilities under applicable law, provided that, for the avoidance of doubt, Brookfield often will not seek out the lowest-cost option when engaging such service providers as other factors or considerations typically prevail over cost.

In addition, Brookfield, Brookfield Accounts (including Brookfield Infrastructure) and portfolio companies often engage common providers of good and/or services. These common providers sometimes provide bulk discounts or other fee discount arrangements, which may be based on an expectation of a certain amount of aggregate engagements by Brookfield, Brookfield Accounts and portfolio companies over a period of time. Brookfield generally extends fee discount arrangements to Brookfield and all Brookfield Accounts and their portfolio companies in a fair and equitable manner.

In certain cases, a service provider (e.g., a law firm) will provide a bulk discount on fees that is applicable only prospectively (within an annual period) once a certain aggregate spending threshold has been met during the relevant annual period. The Brookfield parties that engage the service provider after the aggregate spending threshold has been met will get the benefit of the discount and, as a result, pay lower rates their engagements than the rates paid by Brookfield or parties that engaged the same provider prior to the discount being triggered.

The engagement of common providers for Brookfield Accounts, on and their portfolio companies and the related fee discount arrangements give rise to certain potential conflicts of interest. For example, as a result of these arrangements, Brookfield will face conflicts of interest in determining which providers to engage on behalf of Brookfield Accounts (including Brookfield Infrastructure) and portfolio companies and when to engage such providers, including an incentive to engage certain providers for Brookfield Accounts (including Brookfield Infrastructure) and portfolio companies because it will result in the maintenance or enhancement of a discounted fee arrangement that benefits Brookfield, other Brookfield Accounts and their portfolio companies. Notwithstanding these conflicts considerations, Brookfield makes these determinations in a manner that it believes is in the best interests of Brookfield Accounts (including Brookfield Infrastructure) and portfolio companies taking into account all applicable facts and circumstances.

In the normal course, common providers (e.g., law firms) will staff engagements based on the particular needs of the engagement and charge such staff's then-applicable rates, subject to any negotiated discounts. While these rates will be the same as the rates such providers would charge Brookfield for the same engagement, Brookfield generally engages providers for different needs than Brookfield Accounts (including Brookfield Infrastructure) and portfolio companies, and the total fees charged for different engagements are expected to vary.

In addition, as a result of the foregoing, the overall rates paid by Brookfield Infrastructure, Brookfield Accounts in which we are invested and portfolio companies over a period of time to a common provider could be higher (or lower) than the overall rates paid to the same provider by Brookfield, other Brookfield Accounts and their portfolio companies.

Without limitation of the foregoing, conflicts arise with respect to Brookfield's selection of financial institutions or other third parties to provide services to Brookfield, Brookfield Infrastructure, Brookfield Accounts in which we are invested and its portfolio companies, and with respect to Brookfield's and its negotiation of fees payable to such parties. Brookfield has relationships with many financial institutions and other third parties, which may introduce prospective investors, afford Brookfield the opportunity to market its services to certain qualified investors at no additional cost, provide benchmarking analysis or third-party verification of market rates, or provide consulting or other services at favorable or below market rates. Such relationships create incentives for Brookfield to select a financial institution or other third party based on its best interests and not our best interests. For example, in connection with the disposition of a portfolio company, several financial institutions with which Brookfield has pre-existing business relationships may provide valuation services through a bidding process. Although Brookfield will select the financial institution it believes is the most appropriate in the circumstances, the relationships between the financial institution and Brookfield as described herein will have an influence on Brookfield in deciding whether to select such a financial institution to underwrite the disposition, and may influence the financial institution in the terms offered. The cost of the disposition will generally be borne directly or indirectly by Brookfield Infrastructure (or a Brookfield Account in which we are invested) and creates an incentive for Brookfield to engage such a financial institution over one with which Brookfield has no prior relationship, which could result in worse terms to Brookfield Infrastructure (or a Brookfield Account in which we are invested) than would be the case absent the conflict.

- **Use of Brookfield Arrangements.** Brookfield Infrastructure (and/or Brookfield Accounts in which we are invested) may seek to use a swap, currency conversion, hedging arrangement, line of credit or other financing that Brookfield has in place for its own benefit or the benefit of other Brookfield Accounts. In this cases, Brookfield will pass through the terms of such arrangement to Brookfield Infrastructure (and/or Brookfield Accounts in which we are invested) as if Brookfield Infrastructure (or the relevant Brookfield Accounts) had entered into the transaction itself. However, in such cases, we (and/or the relevant Brookfield Accounts) will be exposed to Brookfield's credit risk since we will not have direct contractual privity with the counterparty. Further, it is possible that Brookfield Infrastructure (or a Brookfield Account) may have been able to obtain more favorable terms for itself if it had entered into the arrangement directly with the counterparty.
- **Utilization of Credit Facilities.** Brookfield maintains substantial flexibility in choosing when and how Brookfield Infrastructure and Brookfield Accounts in which we are invested utilize borrowings under credit facilities. Brookfield generally seeks to utilize long-term financing for Brookfield Accounts in certain circumstances, including (i) to make certain investments, (ii) to make margin payments as necessary under currency hedging arrangements or other derivative transactions, (iii) to fund management fees otherwise payable to Brookfield, and (iv) when Brookfield otherwise determines that it is in the best interests of the Brookfield Account.

In addition, Brookfield Infrastructure and/or Brookfield Accounts in which we are invested may provide for the repayment of indebtedness and/or the satisfaction of guarantees on behalf of co-investment vehicles in connection with investments made by such vehicles alongside Brookfield Infrastructure or Brookfield Accounts that we are invested in. Brookfield Infrastructure or Brookfield Accounts in which we are invested may also use our credit facilities to issue letter of credits in connection with investments that are expected to be, or have been allocated to co-investment vehicles, and the co-investors would be expected to bear their share of any expenses incurred in connection with such letters of credit. However, in each scenario above, certain investors in such vehicles will benefit from such provision for repayment of indebtedness and/or the satisfaction of guarantees even though those investors do not provide the same level of credit support as Brookfield Infrastructure or the relevant Brookfield Account. In the event any such co-investment vehicle does not satisfy its share of any payment in respect of any such borrowing, Brookfield Infrastructure or the relevant Brookfield Account will be contractually obligated to satisfy its share even if Brookfield Infrastructure or the Brookfield Account does not have recourse against such co-investment vehicle. In addition, Brookfield Infrastructure or a Brookfield Account may provide a guarantee in connection with a potential or existing investment.

- **Other Activities of Brookfield and its Personnel.** Brookfield and its personnel, including those that play key roles in managing our investment and other affairs (as well as the affairs of Brookfield Accounts that we invest in), spend a portion of their time on matters other than or only tangentially related to Brookfield Infrastructure and the Brookfield Accounts that we invest in. Their time is also spent on managing investment and other affairs of Brookfield, the Related-Party Investor and other Brookfield Accounts. Among others, the same professionals that are involved in sourcing and executing investments for Brookfield Infrastructure and Brookfield Accounts in which we are invested are responsible for sourcing and executing investments for Brookfield, the Related-Party Investor and other Brookfield Accounts, and have other responsibilities within Brookfield's broader asset management business. As a result, Brookfield's and its personnel's other responsibilities are expected to conflict with their responsibilities to Brookfield Infrastructure and the Brookfield Accounts that we invest in. These potential conflicts will be exacerbated in situations where the employees have a greater economic interest (including via incentive compensation or other remuneration) in connection with certain responsibilities or certain accounts relative to other responsibilities and accounts (including Brookfield Infrastructure and Brookfield Accounts in which we invest), or where there are differences in proprietary investments in certain Brookfield Accounts relative to others (including Brookfield Infrastructure).
- **Determinations of Value.** Brookfield will value the assets (and liabilities) of Brookfield Infrastructure and of Brookfield Accounts in which we invest in good faith in accordance with guidelines prepared in accordance with IFRS or GAAP and internal policies, subject to review by our independent accountants. Valuations are subject to determinations, judgments, projections and opinions, and others (including unitholders, analysts, investors and other third parties) may disagree with such valuations. Given the nature of the proposed investment entities, and the significant uncertainty and volatility in the current financial markets due to COVID-19, valuation of assets, especially distressed assets or assets impacted by dislocation, may be difficult. Accordingly, the carrying value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material.

The valuation of investments may affect Brookfield's entitlement to incentive distributions from Brookfield Infrastructure and Brookfield Accounts in which we are invested, and/or the ability of Brookfield to fundraise for additional Brookfield Accounts. As a result, in light of business and related dynamics, Brookfield may be incentivized to value the assets of the partnership and Brookfield Accounts that we are invested in at higher values that would otherwise be the case. However, as noted above, Brookfield will value the assets of Brookfield Infrastructure and of Brookfield Accounts in which we invest in good faith in accordance with guidelines prepared in accordance with IFRS or GAAP as well as internal policies, subject to review by our independent accountants.

- **Diverse Interests.** In certain circumstances, the various types of investors in Brookfield Infrastructure as well as Brookfield Accounts in which we invest, including Brookfield, have conflicting investment, tax and other interests with respect to their interests. The conflicting interests of particular investors may relate to or arise from, among other things, the nature of investments made by Brookfield Infrastructure and Brookfield Accounts in which we invest, the structuring of the acquisition, ownership and disposition of investments, the timing of disposition of investments, the transfer or disposition by an investor of its investment, and the manner in which one or more investments are reported for tax purposes. As a consequence, conflicts of interest will arise in connection with Brookfield decisions regarding these matters, which may be adverse to investors in Brookfield Infrastructure generally (or to the partnership in connection with its investments in Brookfield Accounts), or may be more beneficial to certain investors (including Brookfield) over others.

In making investment decisions for the partnership or a Brookfield Account in which we are invested, Brookfield will consider the investment and tax objectives of Brookfield Infrastructure (or the Brookfield Account) as a whole, not the investment, tax or other objectives of any investor individually. However, conflicts may arise if certain investors have objectives that conflict with those of Brookfield Infrastructure (or the Brookfield Account in which we are invested). In addition, Brookfield may face certain tax risks based on positions taken by Brookfield Infrastructure or a Brookfield Account in which we are invested, including as a withholding agent. In connection therewith, Brookfield may take certain actions, including withholding amounts to cover actual or potential tax liabilities, that it may not have taken in the absence of such tax risks.

Further, in connection with Brookfield Infrastructure's investment activities or the investment activities of a Brookfield Account in which we are invested, we or the Brookfield Account (or portfolio companies) may make contributions to support ballot initiatives, referendums or other legal, regulatory, tax or policy changes that Brookfield believes will ultimately benefit Brookfield Infrastructure or the Brookfield Account. However, there is no guarantee that any particular unitholder (or investor in a Brookfield Account) will agree with any such action or would independently choose to financially support such an endeavor. Further, any such changes may have long-term benefits to Brookfield and/or other Brookfield Accounts (in some cases, such benefits may be greater than the benefits to Brookfield Infrastructure or the Brookfield Account in which we are invested), even though Brookfield or such Brookfield Accounts did not contribute to such initiative or reimburse Brookfield Infrastructure or the relevant Brookfield Account or portfolio company for the contributions.

- **Conflicts with Issuers of Investments.** As part of Brookfield’s management and oversight of investments, Brookfield appoints its personnel as directors and officers of portfolio companies of Brookfield Infrastructure and of Brookfield Accounts in which we invest. In that capacity, these personnel are required to make decisions that Brookfield believes are in the best interests of the portfolio companies, whose interests generally are aligned with the partnership and Brookfield Accounts as shareholders in the company. However, in certain circumstances, such as bankruptcy or near insolvency of a portfolio company, decisions and actions that may be in the best interest of the portfolio company may not be in the best interests of Brookfield Infrastructure and/or Brookfield Accounts. Accordingly, in these situations, there may be a conflict of interest between Brookfield personnel’s duties as officers of Brookfield and their duties as directors or officer of the portfolio company. Similar conflicts considerations will arise in connection with Brookfield employees that are transferred and/or seconded to provide services to portfolio companies in the normal course. See “*Transfers and Secondment of Employees*” above.

OTHER CONFLICTS

- **Performance-Based Compensation.** Brookfield’s entitlement to performance-based compensation from the partnership and Brookfield Accounts in which we invest could incentivize Brookfield to make investments on behalf of Brookfield Infrastructure and such Brookfield Accounts that are riskier or more speculative than it would otherwise make in the absence of such performance-based compensation. In addition, Brookfield is generally taxed at preferable tax rates applicable to long-term capital gains on its performance-based compensation with respect to investments that have been held by Brookfield Infrastructure (or a Brookfield Account in which we are invested) for more than three years. These and similar laws applicable to the tax treatment of performance-based compensation could incentivize Brookfield to hold partnership and Brookfield Accounts’ investments longer than it otherwise would.
- **Calculation Errors.** Brookfield could, from time to time, make errors in determining amounts due to Brookfield and/or Brookfield Accounts from Brookfield Infrastructure and Brookfield Accounts in which we are invested (including amounts owed in respect of management fees, performance-based compensation, and Affiliate Services). When such an error that disadvantaged Brookfield Infrastructure or a Brookfield Account in which we are invested is discovered, Brookfield will make Brookfield Infrastructure (or the Brookfield Account) whole for such excess payment or distribution based on the particular situation, which may involve a return of distributions or fees or a waiver of future distributions or fees, in each case in an amount necessary to reimburse Brookfield Infrastructure (or the Brookfield Account) for such over-payment. In such cases, Brookfield will determine whether to pay interest to Brookfield Infrastructure (or the Brookfield Account) based on the facts and circumstances of the error, and generally does not expect to pay interest when the amounts in question are determined by Brookfield to be immaterial and/or when the error is corrected promptly. When an error that advantages Brookfield Infrastructure or a Brookfield Account in which we are invested is discovered, Brookfield will correct such underpayment by causing Brookfield Infrastructure (or the Brookfield Account) to make additional payments or distributions, as applicable; however, Brookfield Infrastructure (or the Brookfield Account) will not be charged interest in connection with any such underpayment.
- **Structuring of Investments and Subsidiaries.** Brookfield is the largest unitholder in Brookfield Infrastructure and is entitled to receive management fees and other compensation from Brookfield Infrastructure. As a result, Brookfield will take its interests into account structuring the partnership’s investments and other operations, while also taking into account the interests of the partnership as a whole.

- **Restrictions on Brookfield Infrastructure’s Activities.** Brookfield is subject to certain protocols, obligations and restrictions in managing Brookfield Infrastructure and Brookfield Accounts in which we invest, including conflicts-management protocols, aggregated regulatory reporting obligations and other regulatory restrictions such as real estate investment trust affiliate rules and regulations (which also apply with respect to certain Brookfield businesses that are separated by an information barrier, including PSG and Oaktree (in each case, as defined and described above) and certain investment-related restrictions, which could in certain situations have an adverse effect on Brookfield Infrastructure.
- **Transactions with Investors.** In light of the breadth of Brookfield’s operations and its significant institutional investor base, including investors that pursue investment programs and operations similar to Brookfield’s, Brookfield and Brookfield Accounts (including Brookfield Infrastructure) from time to time engage in transactions with prospective and actual investors in Brookfield Infrastructure and other Brookfield Accounts, including sales of assets to (and purchases of assets from) such investors as well as joint ventures, strategic partnerships and other arrangements. Such transactions may be entered into prior to, in connection with or after an investor’s investment in Brookfield Infrastructure or a Brookfield Account. While Brookfield always seeks to act in its and Brookfield Accounts’ best interests, these transactions could result in significant benefits to such investors (as well as to Brookfield and Brookfield Accounts).
- **Possible Future Activities.** Brookfield expects to expand the range of services that it provides over time. Except as provided herein, Brookfield will not be restricted in the scope of its business or in the performance of any services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. Brookfield has, and will continue to develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with companies that may hold or may have held investments similar to those intended to be made by us and Brookfield Accounts that we are invested in as well as companies that compete with our direct and indirect investments. These companies may themselves represent appropriate investment opportunities for us Brookfield Accounts in which we are invested or may compete with us for investment opportunities and other business activities.

RESOLUTION OF CONFLICTS

- **Resolution of Conflicts Generally.** As noted above, Brookfield acts in good faith to resolve all potential conflicts in a manner that it believes is fair and equitable and in the best interests of its clients taking into account the facts and circumstances known to it at the time. However, there can be no assurance that any recommendation or determination made by Brookfield will be most beneficial or favorable to us or a Brookfield Account in which we are invested, or would not have been different if additional information were available to Brookfield. Potential conflicts of interest generally will be resolved in accordance with the principles summarized herein and in accordance with conflicts protocols that have been approved by our General Partner's independent directors. Such protocols were put in place in recognition of the benefit to Brookfield Infrastructure of our relationship with Brookfield and our intent to seek to maximize the benefits from this relationship. The protocol generally provides for potential conflicts to be resolved on the basis of transparency and, in certain circumstances, third-party validation and approvals. Addressing conflicts of interest is difficult and complex, and it is not possible to predict all of the types of conflicts that may arise. Accordingly, the protocol focuses on addressing the principal activities that are expected to give rise to potential or actual conflicts of interest, including our investment activities, our participation in Brookfield Accounts, transactions with Brookfield (and Brookfield Accounts), and engagements of Brookfield affiliates (or of us by Brookfield Accounts), including engagements for operational services entered into between underlying operating entities. Conflicts may not be resolved in a manner that is favorable to Brookfield Infrastructure or our unitholders.
- **Brookfield Conflicts Committee.** Brookfield has formed a conflicts committee (the "Conflicts Committee") that reviews Brookfield's resolution of potential and actual conflicts situations that arise in the normal course of managing Brookfield's business activities. Brookfield's Conflicts Committee is intended to provide review and analysis, and ensure appropriate resolution, of these conflicts considerations. However, there can be no assurance that Brookfield will timely identify and present potential conflicts of interest to its Conflicts Committee. In addition, the Conflicts Committee is comprised of senior management of Brookfield and, as a result: (i) such representatives are themselves subject to conflicts of interest considerations and (ii) there can be no assurance that any determinations made by the Conflicts Committee will be favorable to Brookfield Infrastructure and/or Brookfield Accounts in which we are invested. The Conflicts Committee will act in good faith to resolve potential conflicts of interest in a manner that is fair and balanced, taking into account the facts and circumstances known to it at the time. However, there is no guarantee that the Conflicts Committee will make the decision that is most beneficial to Brookfield Infrastructure or a Brookfield Account in which we are invested or that the conflicts committee would not have reached a different decision if additional information were available to it.

The foregoing list of potential and actual conflicts of interest is not a complete enumeration or explanation of the conflicts attendant to an investment in Brookfield Infrastructure. Additional conflicts may exist, including those that are not presently known to Brookfield or are deemed immaterial. In addition, as Brookfield's activities and the investment programs of Brookfield Infrastructure and Brookfield Accounts in which we invest change over time, an investment in Brookfield Infrastructure may be subject to additional and different actual and potential conflicts of interest. Additional information regarding Brookfield is set forth in Brookfield's Form ADV, which prospective investors should review prior to purchasing units and current investors should review on an annual basis. Brookfield's Form ADV is available upon request or on the SEC's website at www.adviserinfo.sec.gov. Prospective investors should consult with their own advisers regarding the possible implications on their investment in Brookfield Infrastructure of the conflicts of interest described herein.

See Item 3.D. *“Risk Factors — Risks Related to Our Relationship with Brookfield — Our organizational and ownership structure, as well as our contractual arrangements with Brookfield, may create significant conflicts of interest that may be resolved in a manner that is not in the best interests of our partnership or the best interests of our unitholders and preferred unitholders.”*

As noted above, activities and transactions that give rise to potential conflicts of interests between Brookfield Infrastructure, our unitholders and Brookfield Accounts in which we invest, on the one hand, and Brookfield and other Brookfield Accounts, on the other hand, generally will be resolved in accordance with the principles summarized herein, Brookfield’s conflicts management policies and guidelines, including a conflicts management policy that has been approved by our General Partner’s independent directors. The conflicts management policy was put in place in recognition of the benefit to Brookfield Infrastructure of our relationship with Brookfield and our intent to seek to maximize the benefits from this relationship, and generally provides for potential conflicts to be resolved on the basis of transparency and, where applicable, third party validation and approvals. Addressing conflicts of interest is complex, and it is not possible to predict all of the types of conflicts that may arise over time.

Accordingly, the policy focuses on addressing the principal activities that give rise to potential conflicts of interests, including our investment activities, our participation in Brookfield Accounts, transactions with Brookfield (and Brookfield Accounts), and engagements of Brookfield affiliates (or of us by Brookfield Accounts), including engagements for operational services entered into between underlying operating entities. Our conflicts management policy may be amended from time to time at the discretion of our General Partner. Conflicts may not be resolved in a manner that is favorable to Brookfield Infrastructure or our unitholders. Prospective investors are encouraged to seek the advice of independent legal counsel in evaluating the conflicts involved in an investment in our units and our operations.

Pursuant to the conflicts management policy, certain conflicts of interest do not require the approval of our General Partner’s independent directors provided they are addressed in accordance with pre-approved parameters, while other conflicts require the specific approval of our General Partner’s independent directors. Among others, our General Partner is required to seek the prior approval of the independent directors for the following matters/activities, including among others: (i) the dissolution of our partnership; (ii) any material amendment to the Master Services Agreement, the Relationship Agreement, and/or our Limited Partnership Agreement (iii) any material service agreement or other material arrangement pursuant to which Brookfield will be paid a fee, or other consideration other than any agreement or arrangement contemplated by our Master Services Agreement; (iv) termination of, or any determinations regarding indemnification under, our Master Services Agreement, and/or our Limited Partnership Agreement; and (v) any other material transaction involving Brookfield Infrastructure and Brookfield. Pursuant to the conflicts management policy, our General Partner’s independent directors have granted (and may in the future grant) prior approvals for certain type of transactions and/or activities provided they such transactions and/or activities are conducted in accordance with pre-approved guidelines and/or parameters, including in respect of investments in issuers affiliated with Brookfield and/or Brookfield Accounts.

Pursuant to the conflicts management policy, our General Partner’s independent directors have granted, and may in the future grant, additional, prior approvals for certain transactions and/or activities that involve conflicts of interest, including any of the transactions and/or activities listed above, in the form of general guidelines, policies or procedures that must be followed in connection with such transactions and/or matters, and in which case no further special approval will be required in connection with a particular transaction or matter permitted thereby, provided such transactions or matters are conducted in accordance with the pre-approved guidelines, policies or procedures.

In certain circumstances, these transactions are likely to be related party transactions for the purposes of and subject to certain requirements of Canadian Multilateral Instrument 61-101-Protection of Minority Security Holders in Special Transactions (“MI 61-101”). MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. Our partnership has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the minority approval and valuation requirements for transactions that would have a value of less than 25% of our partnership’s market capitalization if Brookfield’s indirect equity interest in our partnership and the BIPC exchangeable shares are included in the calculation of our partnership’s market capitalization. As a result, the 25% threshold above which the minority approval and valuation requirements would apply is increased to include the approximately 29.7% indirect interest in our partnership in the form of Redeemable Partnership Units held by Brookfield and the approximately 16.9% indirect interest in our partnership in the form of BIPC exchangeable shares held by Brookfield and the public.

In addition, our conflicts management policy provides that acquisitions that are carried out jointly by us and Brookfield, or in the context of a Brookfield Accounts that we participate in, be carried out on the basis that the consideration paid by us be no more, on a per share or proportionate basis, than the consideration paid by Brookfield or other participants, as applicable. The conflicts management policy also provides that any fees or carried interest payable in respect of our proportionate investment, or in respect of an acquisition made solely by us, must be credited in the manner contemplated by our Master Services Agreement, where applicable, or that such fees or performance-based compensation must either have been negotiated with another arm’s length participant or otherwise demonstrated to be on market terms. The conflicts management policy also provides that in transactions involving (i) an acquisition by us of an asset from Brookfield, or (ii) the purchase by us and Brookfield of different assets, a fairness opinion or a valuation or appraisal by a qualified expert be obtained, confirming that the consideration paid by us is fair from a financial point of view. These requirements are in addition to any disclosure, approval and valuation requirements that may arise under applicable law.

Our Limited Partnership Agreement contains various provisions that modify the scope of the fiduciary duties that are owed to our partnership, our unitholders and preferred unitholders including when conflicts of interest arise. Specifically, our limited partnership agreement states that no breach of our Limited Partnership Agreement or a breach of any duty, including fiduciary duties, may be found for any matter that has been approved by a majority of the independent directors of our General Partner. In addition, when resolving conflicts of interest, our limited partnership agreement does not impose any limitations on the discretion of the independent directors or the factors which they may consider in resolving any such conflicts. The independent directors of our General Partner can, subject to acting in accordance with their own fiduciary duties in their capacity as a director of our General Partner, therefore take into account the interests of third parties, including Brookfield and, where applicable, any Brookfield Accounts, when resolving conflicts of interest and may owe fiduciary duties to such third parties, or to such Brookfield Accounts. Additionally, any fiduciary duty that is imposed under any applicable law or agreement is modified, waived or limited to the extent required to permit our General Partner to undertake any affirmative conduct or to make any decisions, so long as such action is reasonably believed to be in, or not inconsistent with, the best interests of our partnership.

In addition, our Limited Partnership Agreement provides that our partnership does not have priority rights with respect to any investment opportunities sourced by the General Partner and its affiliates. Our Limited Partnership Agreement also allows affiliates of our General Partner to engage in activities that may compete with us or our activities. Additionally, any failure by our General Partner to consent to any merger, consolidation or combination will not result in a breach of our Limited Partnership Agreement or any other provision of law. Our Limited Partnership Agreement prohibits our limited partners from advancing claims that otherwise might raise issues as to compliance with fiduciary duties or applicable law.

These provisions are detrimental to our unitholders and preferred unitholders because they limit the scope of the fiduciary duty and permit conflicts of interest to be resolved in a manner that may not be or is not in the best interests of our partnership or the best interests of our unitholders and preferred unitholders. We believe it is necessary to modify the scope of the fiduciary duties that are owed to us, our unitholders and preferred unitholders, as described above, due to our organizational and ownership structure and the potential conflicts of interest created thereby. Without modifying those duties, the ability of our General Partner to attract and retain experienced and capable directors and to take actions that we believe will be necessary for the carrying out of our business would be unduly limited due to their concern about potential liability. See Item 3.D “Risk Factors-Risks Relating to Our Relationship with Brookfield-Our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any fiduciary duties to act in the best interests of our unitholders or preferred unitholders.”

Bermuda partnership legislation provides that, subject to any express provision of the partnership agreement to the contrary, a limited partner of a limited partnership in that capacity does not owe any fiduciary duty in exercising any of its rights or authorities or otherwise in performing any of its obligations under our partnership agreement to the limited partnership or any other partner. Our Limited Partnership Agreement imposes no such fiduciary duty.

Other Related Party Transactions

Brookfield Infrastructure is the borrower under a \$500 million revolving credit facility with Brookfield to provide additional liquidity for general corporate purposes and capital expenditures, if required. The independent directors of our General Partner approved Brookfield Infrastructure’s entry into this revolving credit facility on February 8, 2018. The revolving credit facility has an effective date of February 8, 2018 and automatically renews for four consecutive one year terms on the first, second, third and fourth anniversary of such effective date, which would result in it ultimately maturing on February 8, 2023. Brookfield has the option to terminate the agreement prior to February 8 each year by providing Brookfield Infrastructure with written notice. All obligations of Brookfield Infrastructure under the facility were guaranteed by our partnership. Loans under this facility accrued interest on LIBOR plus 1.8% and no commitment fees were incurred for any undrawn balance. As of December 31, 2021, there were no borrowings outstanding.

From time to time, each of Brookfield and Brookfield Infrastructure may place funds on deposit with the other, on terms approved by the independent directors of our General Partner. Interest earned or incurred on such deposits is at market terms. As at December 31, 2021, our net deposit from Brookfield was \$nil (December 31, 2020: net deposit with Brookfield was \$545 million) and Brookfield Infrastructure incurred interest expense of \$3 million for the year ended December 31, 2021 (2020: \$1 million, 2019: \$4 million).

From time to time, Brookfield and its related entities may purchase securities offered by our group.

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

RELATIONSHIP WITH BIPC

Each BIPC exchangeable share is structured with the intention of providing an economic return equivalent to one unit (subject to adjustment to reflect certain capital events), including identical dividends on a per share basis as are paid on each unit, and is exchangeable at the option of the holder for one unit (subject to adjustment to reflect certain capital events) or its cash equivalent (the form of payment to be determined at the election of our group). We hold a 75% voting interest in BIPC through our ownership of the class B multiple voting shares of BIPC ("class B shares"), and own all of the class C non-voting shares of BIPC ("class C shares"), which entitle us to all of the residual value in BIPC after payment in full of the amount due to holders of BIPC exchangeable shares and class B shares and subject to the prior rights of holders of preferred shares of BIPC.

BIPC acquired its business from us in connection with the special distribution. In addition, the following agreements and arrangements exist between us and BIPC.

Voting Agreement

Our partnership and BIPC have determined that it is desirable for BIPC to have control over certain of the entities through which it holds its interest in NTS (the "NTS entities"). Accordingly, we have entered into a voting agreement (the "NTS Voting Agreement") to provide BIPC with voting rights over the NTS entities.

Pursuant to the NTS Voting Agreement, voting rights with respect to any of the NTS entities will be voted in accordance with the direction of BIPC with respect to certain matters, including: (i) the election of directors; (ii) any sale of all or substantially all of its assets; (iii) any merger, amalgamation, consolidation, business combination or other material corporate transaction, except in connection with any internal reorganization that does not result in a change of control; (iv) any plan or proposal for a complete or partial liquidation or dissolution, or any reorganization or any case, proceeding or action seeking relief under any existing laws or future laws relating to bankruptcy or insolvency; (v) any amendment to its governing documents; or (vi) any commitment or agreement to do any of the foregoing.

Credit Support

A wholly-owned subsidiary of BIPC guarantees (i) any unsecured debt securities issued by Alberta Finco, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited and Brookfield Infrastructure Finance Pty Ltd., which we refer to collectively as the "Co-Issuers", in each case as to payment of principal, premium (if any) and interest when and as the same will become due and payable under or in respect of the trust indenture under which such securities are issued, (ii) any subordinated debt securities issued by Alberta Finco or Bermuda Holdco, on a subordinated basis, as to payment of principal, premium (if any) and interest when and as the same will become due and payable under or in respect of the trust indenture under which such securities are issued, (iii) the senior preferred shares of BIP Investment Corporation, or BIPIC, as to the payment of dividends when due, the payment of amounts due on redemption and the payment of amounts due on the liquidation, dissolution or winding up of BIPIC, (iv) from time to time, certain of the partnership's preferred units, as to payment of distributions when due, the payment of amounts due on redemption and the payment of amounts due on the liquidation, dissolution or winding up of our partnership, (v) the obligations of Brookfield Infrastructure under its bilateral credit facilities, and (vi) the obligations of Can Holdco under its commercial paper program.

Subscription Agreement

BIPC will and has entered into subscription agreements with our partnership from time to time, pursuant to which BIPC subscribed for such number of our units necessary to satisfy its obligations in respect of requests for exchange made by holders of BIPC exchangeable shares, as and when they arose, or a redemption of the BIPC exchangeable shares by BIPC, as and when such redemption occurs, in each case at a price per unit equal to the NYSE closing price of one unit on the date that the applicable request for exchange is received by BIPC's transfer agent, or the NYSE closing price of one unit on the trading day immediately preceding the announcement of a redemption, as the case may be.

Credit Facilities

We entered into two credit agreements with BIPC, one as borrower and one as lender, each providing for a ten-year revolving \$1 billion credit facility to facilitate the movement of cash within our group. Our credit facility will permit our partnership to borrow up to \$1 billion from BIPC and the other will constitute an operating credit facility that will permit BIPC to borrow up to \$1 billion from us. As of the date hereof, no amounts have been drawn under these credit facilities.

The credit facilities are available in U.S. or Canadian dollars, and advances will be made by way of LIBOR, base rate, Canadian Dollar Offered Rate or prime rate loans. Both operating facilities bear interest at the benchmark rate plus an applicable spread, in each case subject to adjustment from time to time as the parties may agree. In addition, each credit facility contemplates potential deposit arrangements pursuant to which the lender thereunder would, with the consent of a borrower, deposit funds on a demand basis to such borrower's account at a reduced rate of interest.

Promissory Notes and Demand Deposits

As partial consideration for the transfer of our Brazilian regulated gas transmission operation and U.K. regulated distribution operation to BIPC in connection with the special distribution, BIPC issued to our partnership loans payable of approximately \$1,042 million in the aggregate pursuant to an interest bearing promissory note issued by BUUK Bermuda Holdco Limited in favor of BIP (Barbados) Holdings II Limited and an interest bearing promissory note issued by BIPC in favor of Holding LP. These promissory notes were subsequently assigned to another subsidiary of our partnership.

As partial consideration for exchangeable shares issued during the year, BIPC established a loan receivable of approximately \$1,114 million with our partnership pursuant to a demand deposit with Canada HoldCo in favor of BIPC.

BIPC and our partnership agreed to settle the loan payable balance then outstanding under the interest bearing promissory note issued by BUUK Bermuda Holdco Limited in favor of BIP (Barbados) Holdings II Limited of \$260 million in exchange for an equivalent demand loan payable issued by BIPC Bermuda Holdco Limited in favor of BIP Bermuda Holdings X Limited.

BIPC may, from time to time, enter into additional lending or borrowing arrangements with our partnership. As a result, our BIPC may become party to promissory notes and other agreements related to such financing arrangements with our partnership.

Equity Commitment

Brookfield Infrastructure has provided to BIPC an equity commitment in the amount of \$1 billion. The equity commitment may be called by BIPC in exchange for the issuance of a number of class C shares or preferred shares (as defined below), as the case may be, to Brookfield Infrastructure, corresponding to the amount of the equity commitment called divided (i) in the case of a subscription for class C shares, by the volume-weighted average of the trading price for one BIPC exchangeable share on the principal stock exchange on which BIPC exchangeable shares are listed for the five (5) days immediately preceding the date of the call, and (ii) in the case of a subscription for preferred shares, \$25.00. The equity commitment is available in minimum amounts of \$10 million and the amount available under the equity commitment will be reduced permanently by the amount so called. Before funds may be called on the equity commitment, a number of conditions precedent must be met, including that Brookfield Infrastructure continues to control BIPC and has the ability to elect a majority of its board of directors.

Conflicts of Interest

In order to effect the special distribution, BIPC acquired its business from Brookfield Infrastructure. In addition, as described above, a number of agreements and arrangements were entered into between BIPC and Brookfield Infrastructure to create BIPC, while keeping it as a part of our group. Given BIPC's ownership structure, the rationale for its formation and because each BIPC exchangeable share has been structured with the intention of providing an economic return equivalent to one unit, we expect that the interests of BIPC and Brookfield Infrastructure will typically be aligned.

However, conflicts of interest might arise between BIPC, on the one hand, and Brookfield Infrastructure, on the other hand. In order to assist BIPC in addressing such conflicts, BIPC's board includes a non-overlapping director. John Fees is currently serving as the non-overlapping member of BIPC's board of directors. Mr. Fees served on the board of directors of the General Partner since April 22, 2013 and resigned from such board of directors shortly prior to the special distribution. If, until March 31, 2021, BIPC considers a related party transaction in which our partnership is an interested party within the meaning of MI 61-101, Mr. Fees will not be considered an independent director under MI 61-101 for purposes of serving on a special committee to consider such transaction. As with conflicts between BIPC and Brookfield, potential conflicts will be approached in a manner that (i) is fair and balanced taking into account the facts and circumstances known at the time, (ii) complies with applicable law, including, for example, independent approvals and advice or validation, if required in the circumstances and (iii) supports and reinforces BIPC's ownership structure, the rationale for its formation and the economic equivalence between the BIPC exchangeable shares and units. Our group will not generally consider it a conflict for BIPC and Brookfield Infrastructure to form part of our group, including participating in acquisitions together, or to complete transactions contemplated by the agreements entered into prior to closing.

BIPC and our partnership have been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits us to be exempt from the minority approval and valuation requirements for transactions in the context of (i) related party transactions (as defined in MI 61-101) of our partnership with BIPC or its subsidiary entities (as defined in MI 61-101) and (ii) related party transactions of BIPC with our partnership or our subsidiary entities.

7.C INTEREST OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See Item 5 “Operating and Financial Review and Prospects—Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Item 18 “Financial Statements” for additional information required to be disclosed under this Item.

8.B SIGNIFICANT CHANGES

See Item 3 “Key Information”, Item 4 “Information on the Company” and Item 5 “Operating and Financial Review and Prospects—Management’s Discussion and Analysis of Financial Condition and Results of Operation” for additional information.

ITEM 9. THE OFFER AND LISTING

9.A OFFER AND LISTING DETAILS

Our units are listed on the NYSE under the symbol “BIP” and on the TSX under the symbol “BIP.UN”. Our Series 1 Preferred Units, Series 3 Preferred Units, Series 7 Preferred Units, Series 9 Preferred Units and Series 11 Preferred Units are listed on the TSX under the symbols “BIP.PR.A”, “BIP.PR.B”, “BIP.PR.D”, “BIP.PR.E” and “BIP.PR.F”, respectively. Our Series 13 Preferred Units and Series 14 Preferred Units are listed on the NYSE under the symbols “BIP.PR.A” and “BIP.PR.B”, respectively.

9.B PLAN OF DISTRIBUTION

Not applicable.

9.C MARKETS

See Item 9.A “Offer and Listing Details”.

9.D SELLING SHAREHOLDERS

Not applicable.

9.E DILUTION

Not applicable.

9.F EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A SHARE CAPITAL

Not applicable.

10.B MEMORANDUM AND ARTICLES OF ASSOCIATION

DESCRIPTION OF OUR UNITS, PREFERRED UNITS AND OUR LIMITED PARTNERSHIP AGREEMENT

The following is a description of the material terms of our units and our Limited Partnership Agreement and is qualified in its entirety by reference to all of the provisions of our Limited Partnership Agreement. Because this description is only a summary of the terms of our units and our Limited Partnership Agreement, it does not contain all of the information that you may find useful. For more complete information, you should read our Limited Partnership Agreement which is available electronically on the website of the SEC at www.sec.gov and our Canadian System for Electronic Document Analysis and Retrieval (“SEDAR”) profile at www.sedar.com and will be made available to our holders as described under Item 10.C “Material Contracts” and Item 10.H “Documents on Display.”

See also the information contained in this annual report on Form 20-F under Item 3.D “Risk Factors—Risk Relating to Our Relationship with Brookfield,” Item 4.C “Organizational Structure,” Item 6.A “Directors and Senior Management” and Item 7.B “Related Party Transactions.”

Formation and Duration

Our partnership is a Bermuda exempted limited partnership registered under the Bermuda Limited Partnership Act and the Bermuda Exempted Partnerships Act. Our partnership has a perpetual existence and will continue as a limited liability partnership unless our partnership is terminated or dissolved in accordance with our Limited Partnership Agreement. Our partnership interests consist of our units and preferred units, which represent limited partnership interests in our partnership, and any additional partnership interests representing limited partnership interests that we may issue in the future as described below under “—Issuance of Additional Partnership Interests.” In this description, references to “holders of our partnership interests”, our “preferred unitholders” and our “unitholders” are to our limited partners and references to our limited partners include holders of our units and preferred units.

Nature and Purpose

Under section 2.2 of our Limited Partnership Agreement, the purpose of our partnership is to: acquire and hold interests in the Holding LP and, subject to the approval of our General Partner, interests in any other entity; engage in any activity related to the capitalization and financing of our partnership’s interests in such entities; serve as the managing general partner of the Holding LP; and engage in any other activity that is incidental to or in furtherance of the foregoing and that is approved by our General Partner and that lawfully may be conducted by a limited partnership organized under the Bermuda Limited Partnership Act, the Exempted Partnerships Act, and our Limited Partnership Agreement.

Our Units and Preferred Units

Our units and preferred units are limited partnership interests in our partnership. Holders of our units or preferred units are not entitled to the withdrawal or return of capital contributions in respect of our units or preferred units, except to the extent, if any, that distributions are made to such holders pursuant to our Limited Partnership Agreement or upon the liquidation of our partnership as described below under “—Liquidation and Distribution of Proceeds” or as otherwise required by applicable law. Except to the extent expressly provided in our Limited Partnership Agreement, a holder of our units or preferred units does not have priority over any other unitholder or preferred unitholder, either as to the return of capital contributions or as to profits, losses or distributions. Unitholders and preferred unitholders will not be granted any preemptive or other similar right to acquire additional interests in our partnership. In addition, unitholders and preferred unitholders do not have any right to have their units or preferred units redeemed by our partnership.

Exchange LP Units and the Support Agreement

In connection with the acquisition of all of the outstanding common shares of Enercare in October 2018, Canadian residents had the election to receive an Exchange LP Unit of Exchange LP, instead of cash, which allows for full or partial deferral of capital gains for Canadian federal income tax purposes. The Exchange LP Units provide holders with economic terms that are substantially equivalent to those of our units and are exchangeable, on a one-for-one basis, for our units. Exchange LP Units are not transferrable, except upon the death of a holder.

Holders of Exchange LP Units are entitled at any time to retract (i.e., to require Exchange LP to redeem) any or all Exchange LP Units held by them and to receive in exchange one of our units, plus the full amount of all declared and unpaid distributions on the Exchange LP Units and all distributions declared on one of our units that have not yet been declared or paid on the Exchange LP Units (the “Distribution Amount”), if any. Instead of Exchange LP redeeming the retracted units, we have a call right to purchase all but not less than all of the units covered by the retraction request.

Exchange LP has the right, commencing on the seventh anniversary of the closing of the acquisition of Enercare, to redeem all of the then outstanding Exchange LP Units for a purchase price equal to one of our units for each outstanding Exchange LP Unit plus the Distribution Amount, if any. The redemption date may be accelerated if certain conditions are met. Instead of Exchange LP redeeming such Exchange LP Units, we have a call right to require that each holder of Exchange LP Units sell all the Exchange LP Units held by such holder to us on the redemption date upon payment by us to such holder of the purchase price for such Exchange LP Units.

Under the support agreement between us and Exchange LP (the “Support Agreement”), we have covenanted that, so long as such Exchange LP Units not owned by us or our subsidiaries are outstanding, we will, among other things: (a) not declare or pay any distribution on our units unless (i) on the same day Exchange LP declares or pays, as the case may be, an equivalent distribution on the Exchange LP Units and (ii) Exchange LP has sufficient money to pay such distribution; (b) take actions reasonably necessary to ensure that the declaration date, record date and payment date for distributions on the Exchange LP Units are the same as those for any corresponding distributions on our units; (c) take all actions reasonably necessary to enable Exchange LP to pay the liquidation amount, the retraction price or the redemption price to the holders of the Exchange LP Units in the event of a liquidation, dissolution or winding up of Exchange LP, a retraction request by a holder of Exchange LP Units or a redemption of Exchange LP Units, as the case may be.

The Support Agreement also provides that, without the prior approval of Exchange LP and the holders of Exchange LP Units, we will not distribute our units or rights to subscribe for our units or other property or assets to all or substantially all of our holders, change any of the rights, privileges or other terms of our units, or change the then outstanding number of our units into a lesser or greater number, unless the same or an equivalent distribution on, or change to, the Exchange LP Units is made simultaneously. In the event of any proposed cash offer, share exchange offer, issuer bid, take-over bid or similar transaction affecting our units, unless such transaction is to exchange units for economically equivalent securities such as BIPC exchangeable shares, we and Exchange LP will use reasonable best efforts to take all actions necessary or desirable to enable holders of Exchange LP Units to participate in such transaction to the same extent and on an economically equivalent basis as our holders.

BIPC Exchangeable LP Units and the Support and Exchange Agreement

In connection with the acquisition of all of the outstanding common shares of Inter Pipeline in the third and fourth quarter of 2021, Canadian residents had the election to receive a BIPC Exchangeable LP Unit of BIPC Exchange LP, instead of cash, which allows for full or partial deferral of capital gains for Canadian federal income tax purposes. The BIPC Exchangeable LP Units provide holders with economic terms that are substantially equivalent to those of a BIPC exchangeable share and are exchangeable, on a one-for-one basis, for BIPC exchangeable shares. BIPC Exchangeable LP Units are not transferrable, except upon the death of a holder. Holders of BIPC Exchangeable LP Units are entitled at any time to require our partnership to purchase (directly or indirectly) any or all BIPC Exchangeable LP Units held by them and to receive in exchange one BIPC exchangeable share, plus the full amount of all declared and unpaid distributions on the BIPC Exchangeable LP Units and all distributions declared on one BIPC exchangeable share that have not yet been declared or paid on the BIPC Exchangeable LP Units (the “BIPC Distribution Amount”), if any.

BIP has the right, commencing on the tenth anniversary of the date the BIPC Exchangeable LP Units were first issued, being August 20, 2021, to purchase all of the then outstanding BIPC Exchangeable LP Units in exchange for one BIPC exchangeable share for each outstanding BIPC Exchangeable LP Unit plus the BIPC Distribution Amount, if any. The final exchange date may be accelerated if certain conditions are met.

Under the support agreement between us, BIPC, BIPC Exchange LP and the other parties thereto (the “Support and Exchange Agreement”), the parties have covenanted that, so long as such BIPC Exchangeable LP Units not owned by us or our subsidiaries are outstanding, among other things: (a) BIPC will not declare or pay any distribution on BIPC exchangeable shares unless on the same day BIPC Exchange LP declares or pays, as the case may be, an equivalent distribution on the BIPC Exchangeable LP Units (b) our partnership will take all actions reasonably necessary to ensure that BIPC Exchange LP has sufficient money to pay such distribution; (c) BIPC will take actions reasonably necessary to ensure that the declaration date, record date and payment date for distributions on the BIPC Exchangeable LP Units are the same as those for any corresponding distributions on the BIPC exchangeable shares; and (d) BIP will take all actions reasonably necessary to ensure that the requisite number of BIPC exchangeable shares are delivered to holders of BIPC Exchangeable LP Units in the event of an exchange request by a holder of BIPC Exchangeable LP Units, a liquidation, dissolution or winding up of BIPC Exchange LP or a final exchange of BIPC Exchangeable LP Units, as the case may be.

The Support and Exchange Agreement also provides that, without the prior approval of BIPC Exchange LP and the holders of BIPC Exchangeable LP Units, BIPC will not distribute our BIPC exchangeable shares or rights to subscribe for BIPC exchangeable shares or other property or assets to all or substantially all of holders of BIPC exchangeable shares, change any of the rights, privileges or other terms of BIPC exchangeable shares, or change the then outstanding number of BIPC exchangeable shares into a lesser or greater number, unless the same or an equivalent distribution on, or change to, the BIPC Exchangeable LP Units is made simultaneously. In the event of any proposed cash offer, share exchange offer, issuer bid, take-over bid or similar transaction affecting BIPC exchangeable shares, our partnership and BIPC Exchange LP will use reasonable best efforts to take all actions necessary or desirable to enable holders of BIPC Exchangeable LP Units to participate in such transaction to the same extent and on an economically equivalent basis as holders of BIPC exchangeable shares.

Redeemable Partnership Units

The Redeemable Partnership Units are exchangeable into our units in accordance with the Redemption-Exchange Mechanism. See Item 10.B “Memorandum and Articles of Association- Description of the Holding LP’s Limited Partnership Agreement- Redemption-Exchange Mechanism”.

Our Preferred Units

The Class A Preferred Units rank senior to the units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of our partnership, whether voluntary or involuntary. Each series of Class A Preferred Units ranks on a parity with every other series of the Class A Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of our partnership, whether voluntary or involuntary.

The Series 1 Preferred Units are redeemable by our partnership on June 30 in every fifth year after June 30, 2020 for C\$25.00 per Series 1 Preferred Unit, together with all accrued and unpaid distributions. Holders of the Series 1 Preferred Units will have the right, at their option, to reclassify their Series 1 Preferred Units into Series 2 Preferred Units, subject to certain conditions, on June 30, 2025 and on June 30 every five years thereafter. The Series 3 Preferred Units are redeemable by our partnership on December 31 in every fifth year after December 31, 2020 for C\$25.00 per Series 3 Preferred Unit, together with all accrued and unpaid distributions. Holders of the Series 3 Preferred Units will have the right, at their option, to reclassify their Series 3 Preferred Units into Series 4 Preferred Units, subject to certain conditions, on December 31, 2025 and on December 31 every five years thereafter. The Series 7 Preferred Units are redeemable by our partnership on March 31, 2022 and on March 31 every five years thereafter for C\$25.00 per Series 7 Preferred Unit, together with all accrued and unpaid distributions. On February 25, 2022, our partnership announced its intention to redeem all of the issued and outstanding Series 7 Preferred Units on March 31, 2022. The Series 9 Preferred Units are redeemable by our partnership on March 31, 2023 and on March 31 every five years thereafter for C\$25.00 per Series 9 Preferred Unit, together with all accrued and unpaid distributions. Holders of the Series 9 Preferred Units will have the right, at their option, to reclassify their Series 9 Preferred Units into Series 10 Preferred Units, subject to certain conditions, on March 31, 2023 and on March 31 every five years thereafter. The Series 11 Preferred Units are redeemable by our partnership on December 31, 2023 and on December 31 every five years thereafter for C\$25.00 per Series 11 Preferred Unit, together with all accrued and unpaid distributions. Holders of the Series 11 Preferred Units will have the right, at their option, to reclassify their Series 11 Preferred Units into Series 12 Preferred Units, subject to certain conditions, on December 31, 2023 and on December 31 every five years thereafter. Subject to certain early redemption provisions, the Series 13 Preferred Units are redeemable by our partnership any time on or after October 15, 2025 for \$25.00 per Series 13 Preferred Unit, together with all accrued and unpaid distributions. Subject to certain early redemption provisions, the Series 14 Preferred Units are redeemable by our partnership any time on or after February 16, 2026 for \$25.00 per Series 14 Preferred Unit, together with all accrued and unpaid distributions. The Series 15 Preferred Units are issuable upon the automatic exchange of the 5.000% subordinated notes due 2081 (the “2081 Notes”) issued by Alberta Finco in May 2021. Subject to early redemption provisions, the Series 15 Preferred Units are redeemable by our partnership any time on or after May 24, 2026 for \$25.00 per Series 15 Preferred Unit, together with all accrued and unpaid distributions.

Our preferred units do not have a fixed maturity date and are not redeemable at the option of preferred unitholders.

Issuance of Additional Partnership Interests

Subject to the rights of the holders of Class A Preferred Units to approve issuances of additional partnership interests ranking senior to the Class A Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of our partnership, whether voluntary or involuntary, our General Partner has broad rights to cause our partnership to issue additional partnership interests and may cause our partnership to issue additional partnership interests (including new classes of partnership interests and options, rights, warrants and appreciation rights relating to such interests) for any partnership purpose, at any time and on such terms and conditions as it may determine without the approval of any limited partners. Any additional partnership interests may be issued in one or more classes, or one or more series of classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of partnership interests) as may be determined by our General Partner in its sole discretion, all without approval of our limited partners.

Investments in the Holding LP

If and to the extent that our partnership raises funds by way of the issuance of equity or debt securities, or otherwise, pursuant to a public offering, private placement or otherwise, an amount equal to the proceeds will be invested in the Holding LP, unless otherwise agreed by our partnership and the Holding LP.

Capital Contributions

Brookfield and our General Partner each contributed \$1 to the capital of our partnership in order to form our partnership. Thereafter, Brookfield contributed to our partnership limited partnership interests of the Holding LP in exchange for Redeemable Partnership Units and our units, the latter of which was distributed by Brookfield Asset Management in the spin-off.

Distributions

Subject to the rights of holders of Class A Preferred Units to receive cumulative preferential cash distributions in accordance with their terms, distributions to partners of our partnership will be made only as determined by our General Partner in its sole discretion. However, our General Partner will not be permitted to cause our partnership to make a distribution if it does not have sufficient cash on hand to make the distribution, the distribution would render it insolvent or if, in the opinion of our General Partner, the distribution would leave it with insufficient funds to meet any future or contingent obligations. In addition, our partnership will not be permitted to make a distribution on our units unless all accrued distributions have been paid in respect of the Class A Preferred Units and all other units of our partnership ranking prior to or on a parity with the Class A Preferred Units with respect to the payment of distributions.

Holders of the Series 1 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 3.974% annually for the period ending June 30, 2025. Thereafter, the distribution rate will be reset every five years at a rate equal to the 5-year Government of Canada bond yield plus 3.56%. Holders of Series 2 Preferred Units will be entitled to receive a cumulative quarterly floating distribution at a rate equal to the 90-day Canadian Treasury Bill yield plus 3.56%. Holders of the Series 3 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.50% annually for the period ending December 31, 2025. Thereafter, the distribution rate will be reset every five years at a rate equal to the greater of: (i) the 5-year Government of Canada bond yield plus 4.53%, and (ii) 5.50%. Holders of Series 4 Preferred Units will be entitled to receive a cumulative quarterly floating distribution at a rate equal to the 90-day Canadian Treasury Bill yield plus 4.53%. Holders of the Series 7 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.00% annually for the initial period ending March 31, 2022. Holders of the Series 9 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.00% annually for the initial period ending March 31, 2023. Thereafter, the distribution rate will be reset every five years at a rate equal to the greater of: (i) the 5 year Government of Canada bond yield plus 3.00%, and (ii) 5.00%. Holders of Series 10 Preferred Units will be entitled to receive a cumulative quarterly floating distribution at a rate equal to the 90 day Canadian Treasury Bill yield plus 3.00%. Holders of the Series 11 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.10% annually for the initial period ending December 31, 2023. Thereafter, the distribution rate will be reset every five years at a rate equal to the greater of: (i) the 5 year Government of Canada bond yield plus 2.92%, and (ii) 5.10%. Holders of Series 12 Preferred Units will be entitled to receive a cumulative quarterly floating distribution at a rate equal to the 90-day Canadian Treasury Bill yield plus 2.92%. Holders of the Series 13 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.125% annually. Holders of the Series 14 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.000% annually. Holders of the Series 15 Preferred Units will be entitled to receive cumulative quarterly distributions at the same rate as would have accrued on the 2081 Notes (had such 2081 Notes remained outstanding).

Subject to the terms of any preferred units outstanding at the time, any distributions from our partnership will be made to the limited partners holding units as to 99.99% and to our General Partner as to 0.01%. Distributions to holders of Class A Preferred Units in accordance with their terms rank higher in priority than distributions to holders of our units. Each holder of units or preferred units will receive a pro rata share of distributions made to all holders of units or preferred units, as applicable, in accordance with the proportion of all units or preferred units held by that holder. See Item 8.A “Consolidated Statements and Other Financial Information.”

Allocations of Income and Losses

Net income and net loss for U.S. federal income tax purposes will be allocated for each taxable year or other relevant period among our partners (other than our partners holding preferred units) using a monthly, quarterly or other permissible convention pro rata on a per unit basis, except to the extent otherwise required by law or pursuant to tax elections made by our partnership. The source and character of items of income and loss so allocated to a partner of our partnership (other than a partner holding preferred units) will be the same source and character as the income earned or loss incurred by our partnership.

The income for Canadian federal income tax purposes of our partnership for a given fiscal year of our partnership will be allocated to each partner in an amount calculated by multiplying such income by a fraction, the numerator of which is the sum of the distributions received by such partner with respect to such fiscal year and the denominator of which is the aggregate amount of the distributions made by our partnership to partners with respect to such fiscal year, provided that the numerator and denominator will not include any distributions on the preferred units that are in satisfaction of accrued distributions on the preferred units that were not paid in a previous fiscal year of our partnership where our General Partner determines that the inclusion of such distributions would result in a preferred unitholder being allocated more income than it would have been if the distributions were paid in the fiscal year of our partnership in which they were accrued. Generally, the source and character of items of income so allocated to a partner with respect to a fiscal year of our partnership will be the same source and character as the distributions received by such partner with respect to such fiscal year. To such end, any person who was a partner at any time during such fiscal year but who has disposed of all of their units (including any preferred units) before the last day of that fiscal year may be deemed to be a partner on the last day of such fiscal year for the purposes of subsection 96(1) of the Tax Act. Our General Partner may adjust allocations of items that would otherwise be made pursuant to the terms of our Limited Partnership Agreement to the extent necessary to avoid an adverse effect on our partnership's limited partners, subject to the approval of a committee of the board of directors of our General Partner made up of independent directors.

If, with respect to a given fiscal year, no distribution is made by our partnership or our partnership has a loss for Canadian federal income tax purposes, one quarter of the income or loss, as the case may be, for Canadian federal income tax purposes for such fiscal year, will be allocated to the partners of record at the end of each quarter ending in such fiscal year as follows: (i) to the preferred unitholders in respect of preferred units held by them on each such date, such amount of the income or the loss, as the case may be, for Canadian federal income tax purposes as our General Partner determines is reasonable in the circumstances having regard to such factors as our General Partner considers to be relevant, including, without limitation, the relative amount of capital contributed to our partnership on the issuance of preferred units as compared to all other units and the relative fair market value of the preferred units as compared to all other units, and (ii) to the partners, other than in respect of preferred units, the remaining amount of the income or the loss, as the case may be, for Canadian federal income tax purposes pro rata to their respective percentage interests on each such date.

Notwithstanding the foregoing, if each of the following conditions are true in a given fiscal year of our partnership:

- (i) our partnership or an affiliate of our partnership acquires, buys, buys back or otherwise purchases our units in connection with an offer or program by our partnership or the affiliate to acquire, buy, buy back, or otherwise purchase our units other than by way of a normal course issuer bid or other open market purchase;
- (ii) the money or property that is used by our partnership or the affiliate to acquire, buy, buy back or otherwise purchase our units is derived exclusively in whole or in part, directly or indirectly, from money or property that is received by our partnership from the Holding LP as consideration for the purchase for cancellation by the Holding LP of Managing General Partner Units owned by our partnership;
- (iii) our partnership has income for Canadian federal income tax purposes; and

- (iv) the income for Canadian federal income tax purposes includes positive amounts each of which is an amount that is derived from (A) capital gains (for Canadian federal income tax purposes) realized by our partnership by reason of the purchase for cancellation by the Holding LP of Managing General Partner Units owned by our partnership or (B) the allocation of income for Canadian federal income tax purposes of the Holding LP to our partnership in accordance with the Holding LP's limited partnership agreement in connection with transactions that provide money or property to the Holding LP that is used exclusively in whole or in part by the Holding LP to purchase for cancellation Managing General Partner Units owned by our partnership, then the income for Canadian federal income tax purposes of our partnership for such fiscal year will generally be allocated as follows: the lesser of (1) the amount of income for Canadian federal income tax purposes of our partnership for such fiscal year, and (2) the aggregate of the positive amounts included in income for Canadian federal income tax purposes for such fiscal year described in item (iv) above, will be allocated exclusively and specially (the "Special Income Allocation Amount") only to the partnership's limited partners units are acquired, bought, bought back or otherwise purchased by our partnership or the affiliate, on the basis that each such limited partner shall be allocated the proportion of the Special Income Allocation Amount that the number of units acquired by our partnership or the affiliate from the limited partner is of the total number of units acquired from all partners. The balance (if any) of the income for Canadian federal income tax purposes for such fiscal year (being the amount remaining after subtracting the Special Income Allocation Amount from the income for Canadian federal income tax purposes for such fiscal year) will be allocated in the regular manner described above. For greater certainty, the money or property received by a partner whose units are acquired, bought, bought back, or otherwise purchased by our partnership or an affiliate of our partnership will not be considered to be a distribution from our partnership.

Limited Liability

Assuming that a limited partner does not, in its capacity as a holder of limited partnership units, participate in the control or management of our partnership or conduct the affairs of, sign or execute documents for or otherwise bind our partnership within the meaning of the Bermuda Limited Partnership Act and otherwise acts in conformity with the provisions of our limited partnership agreement, such partner's liability under the Bermuda Limited Partnership Act and our limited partnership agreement will be limited to the amount of capital such partner is obligated to contribute to our partnership for its limited partner interest plus its share of any undistributed profits and assets, except as described below.

If it were determined, however, that a limited partner, in its capacity as a holder of limited partnership units, was participating in the control or management of our partnership or conducting the affairs of, signing or executing documents for or otherwise binding our partnership (or purporting to do any of the foregoing) within the meaning of the Bermuda Limited Partnership Act or the Bermuda Exempted Partnerships Act, such limited partner would be liable as if it were a general partner of our partnership in respect of all debts of our partnership incurred while that limited partner was so acting or purporting to act. Neither our limited partnership agreement nor the Bermuda Limited Partnership Act specifically provides for legal recourse against our General Partner if a limited partner were to lose limited liability through any fault of our General Partner. While this does not mean that a limited partner could not seek legal recourse, we are not aware of any precedent for such a claim in Bermuda case law.

The Bermuda Limited Partnership Act provides that a limited partner does not take part in the management of a partnership by reason only of serving on a board or committee of that limited partnership's general partner.

No Management or Control

Our partnership's limited partners, in their capacities as such, may not take part in the management or control of the activities and affairs of our partnership and do not have any right or authority to act for or to bind our partnership or to take part or interfere in the conduct or management of our partnership. Limited partners are not entitled to vote on matters relating to our partnership, although holders of units are entitled to consent to certain matters as described under “—Amendment of Our Limited Partnership Agreement,” “—Opinion of Counsel and Limited Partner Approval,” “—Merger, Sale or Other Disposition of Assets,” and “—Withdrawal of Our General Partner” which may be effected only with the consent of the holders of the percentages of our outstanding units specified below. In addition, limited partners have consent rights with respect to certain fundamental matters and on any other matters that require their approval in accordance with applicable securities laws and stock exchange rules. Each unit shall entitle the holder thereof to one vote for the purposes of any approvals of holders of units. Except as otherwise provided by law or as set out in the provisions attached to any series of Class A Preferred Units and except for meetings of the holders of Class A Preferred Units as a class or meetings of the holders of a series thereof, the holders of a series of Class A Preferred Units are not entitled to receive notice of, attend, or vote at any meeting of holders of units, unless and until our partnership shall have failed to pay eight quarterly distributions in respect of such series of Class A Preferred Units, whether or not consecutive and whether or not such distributions have been declared and whether or not there are any monies of our partnership properly applicable to the payment of distributions. In the event of such non-payment, and for only so long as any such distributions remain in arrears, such holders will be entitled to receive notice of and to attend each meeting of holders of units (other than any meetings at which only holders of another specified class or series are entitled to vote) and such holders shall have the right, at any such meeting, to one vote for each such Class A Preferred Unit held. Upon payment of the entire amount of all such distributions in arrears, the voting rights of such holders of Class A Preferred Units shall forthwith cease (unless and until the same default shall again arise as described herein).

Meetings

Our General Partner may call special meetings of partners at a time and place outside of Canada determined by our General Partner on a date not less than 10 days nor more than 60 days after the mailing of notice of the meeting. The limited partners do not have the ability to call a special meeting. Only holders of record on the date set by our General Partner (which may not be less than 10 days nor more than 60 days, before the meeting) are entitled to notice of any meeting.

Written consents may be solicited only by or on behalf of our General Partner. Any such consent solicitation may specify that any written consents must be returned to our partnership within the time period, which may not be less than 20 days, specified by our General Partner.

For purposes of determining holders of partnership interests entitled to provide consents to any action described above, our General Partner may set a record date, which may be not less than 10 nor more than 60 days before the date by which record holders are requested in writing by our General Partner to provide such consents. Only those holders of partnership interests on the record date established by our General Partner will be entitled to provide consents with respect to matters as to which a consent right applies.

Amendment of Our Limited Partnership Agreement

Amendments to our Limited Partnership Agreement may be proposed only by or with the consent of our General Partner. To adopt a proposed amendment, other than the amendments that do not require limited partner approval discussed below, our General Partner must seek approval of a majority of our outstanding units required to approve the amendment or call a meeting of the limited partners to consider and vote upon the proposed amendment.

Notwithstanding the above, in addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Units as a class and any other approval to be given by the holders of the Class A Preferred Units may be (i) given by a resolution signed by the holders of Class A Preferred Units owning not less than the percentage of the Class A Preferred Units that would be necessary to authorize such action at a meeting of the holders of the Class A Preferred Units at which all holders of the Class A Preferred Units were present and voted or were represented by proxy, or (ii) passed by an affirmative vote of at least 66^{2/3}% of the votes cast at a meeting of holders of the Class A Preferred Units duly called for that purpose and at which the holders of at least 25% of the outstanding Class A Preferred Units are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Class A Preferred Units then present would form the necessary quorum. At any meeting of holders of Class A Preferred Units as a class, each such holder shall be entitled to one vote in respect of each Class A Preferred Unit held.

Further, in addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to each series of Class A Preferred Units, as a series, and any other approval to be given by the holders of each series of Class A Preferred Units, as a series, may be (i) given by a resolution signed by the holders of the applicable series of Class A Preferred Units owning not less than the percentage of such series of Class A Preferred Units that would be necessary to authorize such action at a meeting of the holders of the applicable series of Class A Preferred Units at which all holders of the applicable series of Class A Preferred Units were present and voted or were represented by proxy, or (ii) passed by an affirmative vote of at least 66^{2/3}% of the votes cast at a meeting of holders of the applicable series of Class A Preferred Units duly called for that purpose and at which the holders of at least 25% of the outstanding applicable series of Class A Preferred Units are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of the applicable series of Class A Preferred Units then present would form the necessary quorum. At any meeting of holders of a series of Class A Preferred Units, as a series, each such holder shall be entitled to one vote in respect of the applicable Class A Preferred Unit held.

Prohibited Amendments

No amendment may be made that would:

- enlarge the obligations of any limited partner without its consent, except that any amendment that would have a material adverse effect on the rights or preferences of any class of partnership interests in relation to other classes of partnership interests may be approved by at least a majority of the type or class of partnership interests so affected; or
- enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by our partnership to our General Partner or any of its affiliates without the consent of our General Partner, which may be given or withheld in its sole discretion.

The provision of our Limited Partnership Agreement preventing the amendments having the effects described directly above can be amended upon the approval of the holders of at least 90% of the outstanding units.

No Limited Partner Approval

Subject to applicable law, our General Partner may generally make amendments to our limited partnership agreement without the approval of any limited partner to reflect:

- a change in the name of our partnership, the location of our partnership's registered office, or our partnership's registered agent;
- the admission, substitution or withdrawal of partners in accordance with our Limited Partnership Agreement;
- a change that our General Partner determines is necessary or appropriate for our partnership to qualify or to continue our partnership's qualification as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any jurisdiction or to ensure that our partnership will not be treated as an association taxable as a corporation or otherwise taxed as an entity for tax purposes;
- an amendment that our General Partner determines to be necessary or appropriate to address certain changes in tax regulations, legislation or interpretation;
- an amendment that is necessary, in the opinion of our counsel, to prevent our partnership or our General Partner or its directors, officers, agents or trustees, from having a material risk of being in any manner being subjected to the provisions of the Investment Company Act or similar legislation in other jurisdictions;
- an amendment that our General Partner determines in its sole discretion to be necessary or appropriate for the creation, authorization or issuance of any class or series of partnership interests or options, rights, warrants or appreciation rights relating to partnership securities;
- any amendment expressly permitted in our Limited Partnership Agreement to be made by our General Partner acting alone;
- an amendment effected, necessitated or contemplated by an agreement of merger, consolidation or other combination agreement that has been approved under the terms of our Limited Partnership Agreement;
- any amendment that in the sole discretion of our General Partner is necessary or appropriate to reflect and account for the formation by our partnership of, or its investment in, any corporation, partnership, joint venture, limited liability company or other entity, as otherwise permitted by our Limited Partnership Agreement;
- a change in our partnership's fiscal year and related changes; or
- any other amendments substantially similar to any of the matters described directly above.

In addition, our General Partner may make amendments to our Limited Partnership Agreement without the approval of any limited partner if those amendments, in the discretion of our General Partner:

- do not adversely affect our partnership's limited partners considered as a whole (including any particular class of partnership interests as compared to other classes of partnership interests) in any material respect;
- are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any governmental agency or judicial authority;
- are necessary or appropriate to facilitate the trading of our units or preferred units or to comply with any rule, regulation, guideline or requirement of any securities exchange on which our units or preferred units are or will be listed for trading;
- are necessary or appropriate for any action taken by our General Partner relating to splits or combinations of units or preferred units under the provisions of our Limited Partnership Agreement; or
- are required to effect the intent expressed in the provisions of our Limited Partnership Agreement or are otherwise contemplated by our Limited Partnership Agreement.

Opinion of Counsel and Limited Partner Approval

Our General Partner will not be required to obtain an opinion of counsel that an amendment will not result in a loss of limited liability to the limited partners if one of the amendments described above under “—No Limited Partner Approval” should occur. No other amendments to our limited partnership agreement will become effective without the approval of holders of at least 90% of our units, unless our partnership obtains an opinion of counsel to the effect that the amendment will not cause our partnership to be treated as an association taxable as a corporation or otherwise taxable as an entity for tax purposes (provided that for U.S. tax purposes our General Partner has not made the election described below under “—Election to be Treated as a Corporation”) or affect the limited liability of any of our partnership's limited partners under the Bermuda Limited Partnership Act or the Bermuda Exempted Partnerships Act.

Subject to the terms of any preferred units outstanding, in addition to the above restrictions, any amendment that would have a material adverse effect on the rights or preferences of any type or class of partnership interests in relation to other classes of partnership interests will also require the approval of the holders of at least a majority of the outstanding partnership interests of the class so affected.

In addition, any amendment that reduces the voting percentage required to take any action must be approved by the affirmative vote of limited partners whose aggregate outstanding voting units constitute not less than the voting requirement sought to be reduced.

Merger, Sale or Other Disposition of Assets

Any merger, consolidation or other combination of our partnership requires the prior approval of our General Partner who has no duty or obligation to provide any such approval. Our limited partnership agreement generally prohibits our General Partner, without the prior approval of the holders of a majority of our units, from causing our partnership to, among other things, sell, exchange or otherwise dispose of all or substantially all of our partnership's assets in a single transaction or a series of related transactions, including by way of merger, consolidation or other combination, or approving on our partnership's behalf the sale, exchange or other disposition of all or substantially all of the assets of our partnership's subsidiaries. However, our General Partner in its sole discretion may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our partnership's assets (including for the benefit of persons other than our partnership or our partnership's subsidiaries) without that approval. Our General Partner may also sell all or substantially all of our partnership's assets under any forced sale of any or all of our partnership's assets pursuant to the foreclosure or other realization upon those encumbrances without that approval.

If conditions specified in our Limited Partnership Agreement are satisfied, our General Partner may convert or merge our partnership into, or convey some or all of our partnership's assets to, a newly formed entity if the sole purpose of that merger or conveyance is to effect a mere change in our partnership's legal form into another limited liability entity. Holders of partnership interests are not entitled to dissenters' rights of appraisal under our Limited Partnership Agreement or the Bermuda Limited Partnership Act or the Bermuda Exempted Partnerships Act in the event of a merger or consolidation, a sale of substantially all of our assets or any other transaction or event.

Election to be Treated as a Corporation

If our General Partner determines that it is no longer in our partnership's best interests to continue as a partnership for U.S. federal income tax purposes, our General Partner may elect to treat our partnership as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state) income tax purposes.

Termination and Dissolution

Our partnership will terminate upon the earlier to occur of (i) the date on which all of our partnership's assets have been disposed of or otherwise realized by our partnership and the proceeds of such disposals or realizations have been distributed to partners, (ii) the service of notice by our General Partner, with the special approval of a majority of its independent directors, that in its opinion the coming into force of any law, regulation or binding authority has or will render illegal or impracticable the continuation of our partnership, and (iii) at the election of our General Partner, if our partnership, as determined by our General Partner, is required to register as an "investment company" under the Investment Company Act or similar legislation in other jurisdictions.

Our partnership will be dissolved upon either (i) the withdrawal of our General Partner as the general partner of our partnership without the appointment of a successor having been implemented or (ii) the entry by a court of competent jurisdiction of a decree of judicial dissolution of our partnership or an order to wind up or liquidate our General Partner without the appointment of a successor. Our partnership will be reconstituted and continue without dissolution if within 30 days of the date of dissolution (and so long as a notice of dissolution has not been filed with the Bermuda Monetary Authority), a successor general partner executes a transfer deed pursuant to which it becomes the general partner of our partnership and assumes the rights and undertakes the obligations of the general partner and our partnership receives an opinion of counsel that the admission of the new general partner as general partner will not result in the loss of the limited liability of any limited partner.

Liquidation and Distribution of Proceeds

Upon our dissolution, unless our partnership is continued as a new limited partnership, the liquidator authorized to wind up our partnership's affairs will, acting with all of the powers of our General Partner that the liquidator deems necessary or appropriate in its judgment, liquidate our partnership's assets and apply the proceeds of the liquidation first, to discharge our partnership's liabilities as provided in our Limited Partnership Agreement and by law, second to holders of any Class A Preferred Units in accordance with the terms of such units and thereafter to the partners holding units pro rata according to the percentages of their respective partnership interests as of a record date selected by the liquidator. The liquidator may defer liquidation of our partnership's assets for a reasonable period of time or distribute assets to partners in kind if it determines that an immediate sale or distribution of all or some of our partnership's assets would be impractical or would cause undue loss to the partners.

Withdrawal of Our General Partner

Our General Partner may withdraw as general partner without first obtaining approval of our unitholders and preferred unitholders by giving 90 days' advance notice, and that withdrawal will not constitute a violation of our Limited Partnership Agreement.

Upon the withdrawal of our General Partner, the holders of a majority of the voting power of our outstanding units may select a successor to that withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability, tax matters and the Investment Company Act (and similar legislation in other jurisdictions) cannot be obtained, our partnership will be dissolved, wound up and liquidated. See “—Termination and Dissolution” above.

In the event of withdrawal of a general partner where that withdrawal violates our Limited Partnership Agreement, a successor general partner will have the option to purchase the general partnership interest of the departing general partner for a cash payment equal to its fair market value. Under all other circumstances where a general partner withdraws, the departing general partner will have the option to require the successor general partner to purchase the general partnership interest of the departing general partner for a cash payment equal to its fair market value. In each case, this fair market value will be determined by agreement between the departing general partner and the successor general partner. If no agreement is reached within 30 days of the general partner's departure, an independent investment banking firm or other independent expert selected by the departing general partner and the successor general partner will determine the fair market value. If the departing general partner and the successor general partner cannot agree upon an expert within 45 days of the general partner's departure, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing general partner or the successor general partner, the departing general partner's general partnership interests will automatically convert into units pursuant to a valuation of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

Transfer of the General Partnership Interest

Our General Partner may transfer all or any part of its general partnership interests without first obtaining approval of any unitholder or preferred unitholder. As a condition of this transfer, the transferee must assume the rights and duties of our General Partner to whose interest that transferee has succeeded, agree to be bound by the provisions of our Limited Partnership Agreement and furnish an opinion of counsel regarding limited liability, tax matters, and the Investment Company Act (and similar legislation in other jurisdictions). Any transfer of the general partnership interest is subject to prior notice to and approval of the relevant Bermuda regulatory authorities. At any time, the members of our General Partner may sell or transfer all or part of their shares in our General Partner without the approval of the unitholders or preferred unitholders.

Partnership Name

If our General Partner ceases to be the general partner of our partnership and our new general partner is not an affiliate of Brookfield, our partnership will be required by our Limited Partnership Agreement to change the name of our partnership to a name that does not include “Brookfield” and which could not be capable of confusion in any way with such name. Our Limited Partnership Agreement explicitly provides that this obligation shall be enforceable and waivable by our General Partner notwithstanding that it may have ceased to be the general partner of our partnership.

Transactions with Interested Parties

Our General Partner, the Service Provider and their respective partners, members, shareholders, directors, officers, employees and shareholders, which we refer to as “interested parties,” may become limited partners or beneficially interested in limited partners and may hold, dispose of or otherwise deal with our units or preferred units with the same rights they would have if our General Partner was not a party to our Limited Partnership Agreement. An interested party will not be liable to account either to other interested parties or to our partnership, our partnership’s partners or any other persons for any profits or benefits made or derived by or in connection with any such transaction.

Our Limited Partnership Agreement permits an interested party to sell investments to, purchase assets from, vest assets in and enter into any contract, arrangement or transaction with our partnership, the Holding LP, any of the Holding Entities, any operating entity or any other holding vehicle established by our partnership and may be interested in any such contract, transaction or arrangement and shall not be liable to account either to our partnership, the Holding LP, any of the Holding Entities, any operating entity or any other holding vehicle established by our partnership or any other person in respect of any such contract, transaction or arrangement, or any benefits or profits made or derived therefrom, by virtue only of the relationship between the parties concerned, subject to any approval requirements that are contained in our conflicts protocol. See Item 7.B “Related Party Transactions—Conflicts of Interest and Fiduciary Duties.”

Outside Activities of Our General Partner; Conflicts of Interest

Under our Limited Partnership Agreement, our General Partner is required to maintain as its sole activity the role of general partner of our partnership. Our General Partner is not permitted to engage in any activity or incur or guarantee any debts or liabilities except in connection with or incidental to its performance as general partner or incurring, guaranteeing, acquiring, owning or disposing of debt or equity securities of the Holding LP, a Holding Entity or any other holding vehicle established by our partnership.

Our Limited Partnership Agreement provides that each person who is entitled to be indemnified by our partnership (other than our General Partner), as described below under “—Indemnification; Limitation on Liability,” has the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description, irrespective of whether (i) such activities are similar to our affairs or activities or (ii) such affairs and activities directly compete with, or disfavor or exclude, our General Partner, our partnership, the Holding LP, any Holding Entity, any operating entity or any other holding vehicle established by our partnership. Such business interests, activities and engagements will be deemed not to constitute a breach of our Limited Partnership Agreement or any duties stated or implied by law or equity, including fiduciary duties, owed to any of our General Partner, our partnership, the Holding LP, any Holding Entity, any operating entity and any other holding vehicle established by our partnership (or any of their respective investors), and shall be deemed not to be a breach of our General Partner’s fiduciary duties or any other obligation of any type whatsoever of our General Partner. None of our General Partner, our partnership, the Holding LP, any Holding Entity, any operating entity, any other holding vehicle established by our partnership or any other person shall have any rights by virtue of our Limited Partnership Agreement or the partnership relationship established thereby or otherwise in any business ventures of any person who is entitled to be indemnified by our partnership as described below under “—Indemnification; Limitation on Liability.”

Our General Partner and the other indemnified persons described in the preceding paragraph do not have any obligation under our Limited Partnership Agreement or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to our partnership, the Holding LP, any Holding Entity, any operating entity or any other holding vehicle established by our partnership. These provisions will not affect any obligation of an indemnified person to present business or investment opportunities to our partnership, the Holding LP, any Holding Entity, any operating entity or any other holding vehicle established by our partnership pursuant to a separate written agreement between such persons.

Any conflicts of interest and potential conflicts of interest that are approved by a majority of our General Partner’s independent directors from time-to-time will be deemed approved by all partners. Pursuant to our conflicts protocol, independent directors may grant approvals for any of the transactions described above in the form of general guidelines, policies or procedures in which case no further special approval will be required in connection with a particular transaction or matter permitted thereby. See Item 7.B “Related Party Transactions—Conflicts of Interest and Fiduciary Duties.”

Indemnification; Limitations on Liability

Under our Limited Partnership Agreement, our partnership is required to indemnify to the fullest extent permitted by law our General Partner, the Service Provider and any of their respective affiliates (and their respective officers, directors, agents, shareholders, partners, members and employees), any person who serves on a governing body of the Holding LP, a Holding Entity, operating entity or any other holding vehicle established by our partnership and any other person designated by our General Partner as an indemnified person, in each case, against all losses, claims, damages, liabilities, costs or expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, incurred by an indemnified person in connection with our investments and activities or by reason of their holding such positions, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under our Limited Partnership Agreement, (i) the liability of such persons has been limited to the fullest extent permitted by law, except to the extent that their conduct involves bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful and (ii) any matter that is approved by the independent directors of our General Partner will not constitute a breach of our Limited Partnership Agreement or any duties stated or implied by law or equity, including fiduciary duties. Our Limited Partnership Agreement requires us to advance funds to pay the expenses of an indemnified person in connection with a matter in which indemnification may be sought until it is determined that the indemnified person is not entitled to indemnification.

Accounts, Reports and Other Information

Our partnership prepares its financial statements in accordance with IFRS. Our partnership's financial statements must be made publicly available together with a statement of the accounting policies used in their preparation, such information as may be required by applicable laws and regulations and such information as our General Partner deems appropriate. Our partnership's annual financial statements must be audited by an independent accountant firm of international standing and made publicly available within such period of time as is required to comply with applicable laws and regulations, including any rules of any applicable securities exchange. Our partnership's quarterly financial statements may be unaudited and are made available publicly as and within the time period required by applicable laws and regulations.

Our General Partner is also required to use commercially reasonable efforts to prepare and send to the limited partners of our partnership on an annual basis, additional information regarding our partnership, including Schedule K-1 (or equivalent) and information related to the passive foreign investment company status of any non-U.S. corporation that we control and, where reasonably possible, any other non-U.S. corporation in which we hold an interest. However, unitholders and preferred unitholders that do not ordinarily have U.S. federal tax filing requirements will not receive a Schedule K-1 and related information unless such unitholders and preferred unitholders request it within 60 days after the close of each calendar year. Our General Partner will, where reasonably possible, prepare and send information required by the non-U.S. limited partners of our partnership for U.S. federal income tax reporting purposes, including information related to investments in "U.S. real property interests," as that term is defined in Section 897 of the U.S. Internal Revenue Code. Our General Partner will also, where reasonably possible and applicable, prepare and send information required by limited partners of our partnership for Canadian federal income tax purposes.

Governing Law; Submission to Jurisdiction

Our Limited Partnership Agreement is governed by and will be construed in accordance with the laws of Bermuda. Under our Limited Partnership Agreement, each of our partnership's partners (other than governmental entities prohibited from submitting to the jurisdiction of a particular jurisdiction) will submit to the non-exclusive jurisdiction of any court in Bermuda in any dispute, suit, action or proceeding arising out of or relating to our Limited Partnership Agreement. Each partner waives, to the fullest extent permitted by law, any immunity from jurisdiction of any such court or from any legal process therein and further waives, to the fullest extent permitted by law, any claim of inconvenient forum, improper venue or that any such court does not have jurisdiction over the partner. Any final judgment against a partner in any proceedings brought in a court in Bermuda will be conclusive and binding upon the partner and may be enforced in the courts of any other jurisdiction of which the partner is or may be subject, by suit upon such judgment. The foregoing submission to jurisdiction and waivers will survive the dissolution, liquidation, winding up and termination of our partnership.

Transfers of Units

We are not required to recognize any transfer of our units or preferred units until certificates, if any, evidencing such units are surrendered for registration of transfer. Each person to whom a unit or preferred unit is transferred (including any nominee holder or an agent or representative acquiring such unit for the account of another person) will be admitted to our partnership as a partner with respect to the unit or preferred unit so transferred subject to and in accordance with the terms of our Limited Partnership Agreement. Any transfer of a unit or preferred unit will not entitle the transferee to share in the profits and losses of our partnership, to receive distributions, to receive allocations of income, gain, loss, deduction or credit or any similar item or to any other rights to which the transferor was entitled until the transferee becomes a partner and a party to our Limited Partnership Agreement.

By accepting a unit or preferred unit for transfer in accordance with our Limited Partnership Agreement, each transferee will be deemed to have:

- executed our Limited Partnership Agreement and become bound by the terms thereof;
- granted an irrevocable power of attorney to our General Partner and any officer thereof to act as such partner's agent and attorney-in-fact to execute, swear to, acknowledge, deliver, file and record in the appropriate public offices all (i) all agreements, certificates, documents and other instruments relating to the existence or qualification of our partnership as an exempted limited partnership (or a partnership in which the limited partners have limited liability) in Bermuda and in all jurisdictions in which our partnership may conduct activities and affairs or own property; any amendment, change, modification or restatement of our Limited Partnership Agreement, subject to the requirements of our Limited Partnership Agreement; the dissolution and liquidation of our partnership; the admission, withdrawal or removal of any partner of our partnership or any capital contribution of any partner of our partnership; the determination of the rights, preferences and privileges of any class or series of units or other partnership interests of our partnership, and to a merger or consolidation of our partnership; and (ii) subject to the requirements of our Limited Partnership Agreement, all ballots, consents, approvals, waivers, certificates, documents and other instruments necessary or appropriate, in the sole discretion of our General Partner or the liquidator of our partnership, to make, evidence, give, confirm or ratify any voting consent, approval, agreement or other action that is made or given by our partnership's partners or is consistent with the terms of our Limited Partnership Agreement or to effectuate the terms or intent of our Limited Partnership Agreement;

- made the consents and waivers contained in our Limited Partnership Agreement, including with respect to the approval of the transactions and agreements entered into in connection with our formation and the spin-off; and
- ratified and confirmed all contracts, agreements, assignments and instruments entered into on behalf of our partnership in accordance with our Limited Partnership Agreement.

The transfer of any unit or preferred unit and the admission of any new partner to our partnership will not constitute any amendment to our Limited Partnership Agreement.

Book-Based System

Our units and preferred units may be represented in the form of one or more fully registered unit certificates held by, or on behalf of, CDS Clearing and Depository Services Inc. (“CDS”) or DTC, as applicable, as custodian of such certificates for the participants of CDS or DTC, registered in the name of CDS or DTC or their respective nominee, and registration of ownership and transfers of units and preferred units may be effected through the book-based system administered by CDS or DTC, as applicable.

Transfer Agent and Registrar

Computershare Inc. in Canton, Massachusetts, U.S.A. and Computershare Investor Services Inc. in Toronto, Ontario, Canada have been appointed to act as transfer agent and registrar for the purpose of registering our units and Class A Preferred Units and transfers of our units and Class A Preferred Units, as applicable, as provided in our Limited Partnership Agreement.

Description of the Holding LP’s Limited Partnership Agreement

The following is a description of the material terms of the Holding LP’s limited partnership agreement, as amended, and is qualified in its entirety by reference to all of the provisions of such agreement, as amended from time to time. Holders of units in our partnership are not partners of the Holding LP and do not have any rights under its limited partnership agreement. However, our partnership is the managing general partner of the Holding LP and is responsible for the management and control of the Holding LP.

Because this description is only a summary of the terms of the agreement, it does not necessarily contain all of the information that you may find useful. For more complete information, you should read the Holding LP’s limited partnership agreement, as amended from time to time, which is available electronically on the website of the SEC at www.sec.gov and on our SEDAR profile at www.sedar.com and will be made available to our unitholders and preferred unitholders as described under Item 10.C “Material Contracts” and Item 10.H “Documents on Display.”

During 2017, the limited partnership agreement of the Holding LP was amended to reclassify the special partner as a general partner of the Holding LP. In connection with the reclassification, the special partner delegated to our partnership, as managing general partner of the Holding LP, all of the rights, powers and authority granted to it as a general partner under applicable law. Accordingly, all management powers over the activities and affairs of the Holding LP continue to be exclusively vested in our partnership, except as expressly otherwise provided in the limited partnership agreement of the Holding LP.

Formation and Duration

The Holding LP is a Bermuda exempted limited partnership registered under the Bermuda Limited Partnership Act and the Bermuda Exempted Partnerships Act. The Holding LP has a perpetual existence and will continue as a limited liability partnership unless the partnership is terminated or dissolved in accordance with its limited partnership agreement.

Nature and Purpose

Under its limited partnership agreement, the purpose of the Holding LP is to: acquire and hold interests in the Holding Entities and, subject to the approval of our partnership in its capacity as managing general partner of the Holding LP, any other entity; engage in any activity related to the capitalization and financing of the Holding LP's interests in such entities; and engage in any other activity that is incidental to or in furtherance of the foregoing and that is approved by our partnership in its capacity as managing general partner of the Holding LP and that lawfully may be conducted by a limited partnership organized under the Bermuda Limited Partnership Act and our Limited Partnership Agreement.

Units

As of the date of this annual report on Form 20-F, the Holding LP has four classes of units: Special General Partner Units, Redeemable Partnership Units, Managing General Partner Units and Holding LP Class A Preferred Units. Holders of units are not entitled to the withdrawal or return of capital contributions in respect of their units, except to the extent, if any, that distributions are made to such holders pursuant to the Holding LP's limited partnership agreement or upon the liquidation of the Holding LP or as otherwise required by applicable law. Except to the extent expressly provided in the Holding LP's limited partnership agreement, as amended from time to time, a holder of units does not have priority over any other holder of units, either as to the return of capital contributions or as to profits, losses or distributions. The Holding LP Class A Preferred Units rank senior to the other Holding LP units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of the Holding LP, whether voluntary or involuntary. Each series of Holding LP Class A Preferred Units ranks on a parity with every other series of the Holding LP Class A Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of the Holding LP, whether voluntary or involuntary.

Issuance of Additional Partnership Interests

Subject to the rights of the holders of Holding LP Class A Preferred Units to approve issuances of additional partnership interests ranking senior to the Holding LP Class A Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of the Holding LP, whether voluntary or involuntary, the Holding LP may issue additional partnership interests (including new classes of partnership interests and options, rights, warrants and appreciation rights relating to such interests) for any partnership purpose, at any time and on such terms and conditions as its managing general partner may determine. Any additional partnership interests may be issued in one or more classes, or one or more series of classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of partnership interests) as our partnership in its capacity as managing general partner of the Holding LP may determine in its sole discretion.

Redemption-Exchange Mechanism

At any time, one or more wholly-owned subsidiaries of Brookfield Asset Management that hold Redeemable Partnership Units will have the right to require the Holding LP to redeem for cash all or a portion of the Redeemable Partnership Units held by such subsidiary, subject to our partnership's right of first refusal, as described below. Any such redeeming subsidiary may exercise its right of redemption by delivering a notice of redemption to the Holding LP and our partnership. After presentation for redemption, such redeeming subsidiary will receive, subject to our partnership's right of first refusal, as described below, for each unit that is presented, cash in an amount equal to the market value of one of our units multiplied by the number of units to be redeemed (as determined by reference to the five day volume weighted average of the trading price of our units and subject to certain customary adjustments). Upon its receipt of the redemption notice, our partnership will have a right of first refusal entitling it, at its sole discretion, to elect to acquire all (but not less than all) units described in such notice and presented to the Holding LP for redemption in exchange for units on a one for one basis (subject to certain customary adjustments). Upon a redemption for cash, the holder's right to receive distributions with respect to the Holding LP's units so redeemed will cease.

Brookfield's aggregate limited partnership interest in our partnership would be approximately 29.8% assuming the exchange of the Redeemable Partnership Units (including the approximately 249,645 issued and outstanding units that Brookfield currently also owns). Brookfield's total percentage interest in our partnership would be increased if it participates in the Holding LP's distribution reinvestment plan.

Distributions

Subject to the rights of holders of Holding LP Class A Preferred Units to receive cumulative preferential cash distributions in accordance with their terms, distributions by the Holding LP will be made in the sole discretion of our partnership in its capacity as managing general partner of the Holding LP. The holders of a series of Holding LP Class A Preferred Units will be entitled to receive the same distribution as the holders of the corresponding series of Class A Preferred Units. However, our partnership will not be permitted to cause the Holding LP to make a distribution if the Holding LP does not have sufficient cash on hand to make the distribution, the distribution would render the Holding LP insolvent or if, in the opinion of its managing general partner, the distribution would leave the Holding LP with insufficient funds to meet any future or contingent obligations.

Except as set forth below, prior to the dissolution of the Holding LP, distributions of available cash (if any) in any given quarter will be made by the Holding LP as follows (being the "Regular Distribution Waterfall"):

- first, 100% of any available cash to our partnership until our partnership has been distributed an amount equal to our partnership's expenses and outlays for the quarter properly incurred;
- second, 100% to the owners of the Holding LP's preferred units, in proportion to their respective relative percentage of Holding LP preferred units held (determined by reference to the aggregate value of the issue price of the Holding LP preferred units held by each holder relative to the aggregate value of the issue price of all Holding LP preferred units then outstanding) until there has been distributed to such holder an amount equal to all preferential distributions to which the holder are entitled under the terms of the Holding LP preferred units then outstanding and any outstanding accrued and unpaid preferential distributions from prior periods;

- third, 100% of any available cash then remaining to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, pro rata to their percentage interests, until each holder of a partnership unit of the Holding LP, other than a holder of a Holding LP preferred unit, has received distributions during such quarter in an amount equal to \$0.1827, referred to as the First Distribution Threshold;
- fourth, 85% of any available cash then remaining to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, pro rata to their percentage interests, and 15% to the holder of Special General Partner Units, until each holder of a partnership unit of the Holding LP, other than a holder of a Holding LP preferred unit, has received distributions during such quarter in an amount equal to \$0.198, referred to as the Second Distribution Threshold; and
- thereafter, 75% of any available cash then remaining to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, pro rata to their percentage interests, and 25% to the holder of Special General Partner Units.

On March 31, 2020, the limited partnership agreement of the Holding LP was amended on such date to reflect the impact of the special distribution. The First Distribution Threshold was adjusted from \$0.203 to \$0.1827 and the Second Distribution Threshold from \$0.22 to \$0.198.

Set forth below is an example of how the incentive distributions described above are calculated on a quarterly and annualized basis going forward. The figures used below are for illustrative purposes only and are not indicative of Brookfield Infrastructure's expectations.

Incentive Distribution Calculation	Units (m)	Quarterly		Annually	
		Per Unit (\$)	Total (\$m)	Per Unit (\$)	Total (\$m)
Illustrative distribution		\$0.5400		\$2.1600	
First distribution threshold		\$0.1827		\$0.7308	
Total units of Holding LP	514				
Total first distribution			\$ 94		\$ 376
Distribution in excess of first distribution threshold		\$0.0153		\$0.0612	
Total units of Holding LP	514				
Second distribution to partners			\$ 8		\$ 32
15% incentive distribution to the holder of Special General Partner Units			1		4
Total second distribution			\$ 9		\$ 36
Distribution in excess of second distribution threshold		\$0.3420		\$1.3680	
Total units Holding LP	514				
Third distribution to partners			\$ 176		\$ 704
25% incentive distribution to the holder of Special General Partner Units			59		236
Total third distribution			\$ 235		\$ 940
Total distributions to partners (including incentive distributions)			\$ 338		\$ 1,352
Total incentive distributions to the holder of Special General Partner Units			\$ 60		\$ 240

The table below sets forth the incentive distributions for the years ended December 31, 2021, 2020 and 2019 paid to Infrastructure Special LP.

<u>US\$ MILLIONS</u>	<u>For the year ended December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Incentive Distributions	\$ 206	\$ 183	\$ 158

Subject to the terms of any Holding LP preferred units outstanding, if, prior to the dissolution of the Holding LP, available cash is deemed by its managing general partner, in its sole discretion, to be (i) attributable to sales or other dispositions of the Holding LP's assets and (ii) representative of unrecovered capital, then such available cash shall be distributed to the partners of the Holding LP, other than holders of Holding LP preferred units, in proportion to the unreturned capital attributable to the Holding LP's partnership interests held by such partners until such time as the unreturned capital attributable to each such partnership interest is equal to zero. Thereafter, distributions of available cash made by the Holding LP (to the extent made prior to dissolution) will be made in accordance with the Regular Distribution Waterfall.

Upon the occurrence of an event resulting in the dissolution of the Holding LP, all cash and property of the Holding LP in excess of that required to discharge the Holding LP's liabilities will be distributed as follows: (i) to the extent such cash and/or property is attributable to a realization event occurring prior to the event of dissolution, such cash and/or property will be distributed in accordance with the Regular Distribution Waterfall and/or the distribution waterfall applicable to unrecovered capital; and (ii) all other cash and/or property will be distributed in the manner set forth below.

- first, 100% to our partnership until our partnership has received an amount equal to the excess of (i) the amount of our partnership's outlays and expenses incurred during the term of the Holding LP, over (ii) the aggregate amount of distributions received by our partnership pursuant to the first tier of the Regular Distribution Waterfall during the term of the Holding LP;
- second, 100% to the preferred unitholders pro rata in proportion to their respective relative percentage of Holding LP preferred units held (determined by reference to the aggregate value of the issue price of the Holding LP preferred units held by each preferred unitholder relative to the aggregate value of the issue price of all Holding LP preferred units then outstanding) until there has been distributed in respect of each Holding LP preferred unit outstanding an amount equal to any preferential distributions to which the preferred unitholders are entitled in the event of dissolution, liquidation, or winding-up of Holding LP under the terms of the Holding LP preferred units then outstanding (including any outstanding accrued and unpaid preferential distributions from prior periods);
- third, if there are Holding LP preferred units outstanding, an amount equal to the amount of cash or property held by the Holding LP at such time, that is attributable to a realization event occurring prior to the date of a dissolution event and that has been deemed by our partnership as capital surplus shall be distributed as though such amount has been deemed by our partnership to be (i) attributable to sales or other dispositions of the Holding LP's assets and (ii) representative of unrecovered capital;
- fourth, 100% to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, in proportion to their respective amounts of unrecovered capital in the Holding LP;

- fifth, 100% to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, pro rata to their percentage interests, until each holder of a Holding LP partnership unit, other than a Holding LP preferred unit, has received an amount equal to the excess of (i) the First Distribution Threshold for each quarter during the term of the Holding LP (subject to adjustment upon the subsequent issuance of additional partnership interests in the Holding LP), over (ii) the aggregate amount of distributions made in respect of the Holding LP's partnership units, other than Holding LP preferred units, pursuant to the third tier of the Regular Distribution Waterfall during the term of the Holding LP (subject to adjustment upon the subsequent issuance of additional partnership interests in the Holding LP);
- sixth, 85% to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, pro rata to their percentage interests, and 15% to the holder of Special General Partner Units, until each holder of a partnership unit of the Holding LP, other than Holding LP preferred units, has received an amount equal to the excess of (i) the Second Distribution Threshold less the First Distribution Threshold for each quarter during the term of the Holding LP (subject to adjustment upon the subsequent issuance of additional partnership interests in the Holding LP), over (ii) the aggregate amount of distributions made in respect of the partnership units of the Holding LP pursuant to the fourth tier of the Regular Distribution Waterfall during the term of the Holding LP (subject to adjustment upon the subsequent issuance of additional partnership interests in the Holding LP); and
- thereafter, 75% to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, pro rata to their percentage interests, and 25% to the holder of Special General Partner Units.

Each partner's percentage interest is determined by the relative portion of all outstanding partnership interests, other than any Holding LP preferred units, held by that partner from time to time and is adjusted upon and to reflect the issuance of additional partnership interests of the Holding LP. In addition, the unreturned capital attributable to each of our partnership interests, as well as certain of the distribution thresholds set forth above, may be adjusted pursuant to the terms of the limited partnership agreement of the Holding LP so as to ensure the uniformity of the economic rights and entitlements of (i) the previously outstanding partnership interests of the Holding LP, and (ii) the subsequently issued partnership interests of the Holding LP.

The limited partnership agreement of the Holding LP provides that the amount of any incentive distributions paid to the holder of Special General Partner Units in accordance with the distribution entitlements described above will be (a) reduced, to the extent that any Holding Entity or any operating entity pays to Brookfield any comparable performance or incentive distribution, in an equitable manner to avoid duplication of distributions and (b) increased by the additional amount that would have been payable to the Special General Partner if any security that is determined by Holding LP's managing general partner to be the economic equivalent of a unit (an "Equivalent Security") outstanding on the last day of the applicable quarter had been exchanged or redeemed for units and the related issuance of Managing General Partner Units had taken place immediately prior to the last day of the applicable quarter less any applicable incentive distributions paid in the applicable quarter in respect of the Equivalent Securities.

The holder of Special General Partner Units may elect, at its sole discretion, to reinvest incentive distributions in Redeemable Partnership Units.

No Management or Control

The Holding LP's limited partners and special general partner, in their capacities as such, may not take part in the management or control of the activities and affairs of the Holding LP and do not have any right or authority to act for or to bind the Holding LP or to take part or interfere in the conduct or management of the Holding LP. To the extent that any such right or authority is vested in the special general partner by virtue of being a general partner of the Holding LP, the special general partner has delegated such right and authority to Holding LP's managing general partner and agreed to not exercise such right or authority.

Limited partners and the special general partner are not entitled to vote on matters relating to the Holding LP, although holders of units are entitled to consent to certain matters as described under “—Amendment of the Holding LP's Limited Partnership Agreement,” “—Opinion of Counsel and Limited Partner Approval,” “—Merger, Sale or Other Disposition of Assets,” and “—Withdrawal of the General Partner” which may be effected only with the consent of the holders of the percentages of outstanding units specified below. For the purposes of any approval required from holders of the Holding LP's units, if holders of Redeemable Partnership Units are entitled to vote, they will be entitled to one vote per unit held subject to a maximum number of votes equal to 49% of the total number of units of the Holding LP then issued and outstanding. Each unit shall entitle the holder thereof to one vote for the purposes of any approvals of holders of units. Except as otherwise provided by law or as set out in the provisions attached to any series of Holding LP Class A Preferred Units and except for meetings of the holders of Holding LP Class A Preferred Units as a class or meetings of the holders of a series thereof, the holders of a series of Holding LP Class A Preferred Units are not entitled to receive notice of, attend, or vote at any meeting of holders of units.

Meetings

Special meetings of the limited partners and special general partner of the Holding LP may be called by Holding LP's managing general partner at a time and place outside of Canada determined by it on a date not less than 10 days nor more than 60 days after the mailing of notice of the meeting. Special meetings of the limited partners may also be called by holders of units owning 50% or more of the voting power of the outstanding partnership interests of the class or classes for which a meeting is proposed. For this purpose, our partnership interests outstanding do not include partnership interests owned by Holding LP's managing general partner or Brookfield. Only holders of partnership interests of the Holding LP of record on the date set by its managing general partner (which may not be less than 10 days nor more than 60 days, before the meeting) are entitled to notice of any meeting.

Amendment of the Holding LP's Limited Partnership Agreement

Amendments to the Holding LP's limited partnership agreement may be proposed only by or with the consent of its managing general partner. To adopt a proposed amendment, other than the amendments discussed below that do not require approval of the limited partners or the special general partner, the managing general partner must seek approval of a majority of the Holding LP's outstanding units required to approve the amendment or call a meeting of the limited partners to consider and vote upon the proposed amendment. Notwithstanding the above, in addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Holding LP Class A Preferred Units as a class and any other approval to be given by the holders of the Holding LP Class A Preferred Units may be (i) given by a resolution signed by the holders of Holding LP Class A Preferred Units owning not less than the percentage of the Holding LP Class A Preferred Units that would be necessary to authorize such action at a meeting of the holders of the Holding LP Class A Preferred Units at which all holders of the Holding LP Class A Preferred Units were present and voted or were represented by proxy, or (ii) passed by an affirmative vote of at least 66^{2/3}% of the votes cast at a meeting of holders of the Holding LP Class A Preferred Units duly called for that purpose and at which the holders of at least 25% of the outstanding Holding LP Class A Preferred Units are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Holding LP Class A Preferred Units then present would form the necessary quorum. At any meeting of holders of Holding LP Class A Preferred Units as a class, each such holder shall be entitled to one vote in respect of each Holding LP Class A Preferred Unit held.

Further, in addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to each series of Holding LP Class A Preferred Units, as a series, and any other approval to be given by the holders of each series of Holding LP Class A Preferred Units, as a series, may be (i) given by a resolution signed by the holders of the applicable series of Holding LP Class A Preferred Units owning not less than the percentage of such series of Holding LP Class A Preferred Units that would be necessary to authorize such action at a meeting of the holders of the applicable series of Holding LP Class A Preferred Units at which all holders of the applicable series of Holding LP Class A Preferred Units were present and voted or were represented by proxy, or (ii) passed by an affirmative vote of at least 66^{2/3}% of the votes cast at a meeting of holders of the applicable series of Holding LP Class A Preferred Units duly called for that purpose and at which the holders of at least 25% of the outstanding applicable series of Holding LP Class A Preferred Units are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of the applicable series of Holding LP Class A Preferred Units then present would form the necessary quorum. At any meeting of holders of a series of Holding LP Class A Preferred Units, as a series, each such holder shall be entitled to one vote in respect of the applicable Holding LP Class A Preferred Unit held.

Prohibited Amendments

No amendment may be made that would:

- enlarge the obligations of any limited partner of the Holding LP without its consent, except that any amendment that would have a material adverse effect on the rights or preferences of any class of partnership interests in relation to other classes of partnership interests may be approved by at least a majority of the type or class of partnership interests so affected; or
- enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by the Holding LP to any general partner of the Holding LP or any of its affiliates without the consent of such general partner which may be given or withheld in its sole discretion.

The provision of the Holding LP's limited partnership agreement preventing the amendments having the effects described directly above can be amended upon the approval of the holders of at least 90% of the outstanding units.

No Limited Partner or Special General Partner Approval

Subject to applicable law, the managing general partner may generally make amendments to the Holding LP's limited partnership agreement without the approval of any limited partner or the special general partner to reflect:

- a change in the name of our partnership, the location of our partnership's registered office or our partnership's registered agent;
- the admission, substitution, withdrawal or removal of partners in accordance with the limited partnership agreement;
- a change that the managing general partner determines is necessary or appropriate for our partnership to qualify or to continue its qualification as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any jurisdiction or to ensure that the Holding LP will not be treated as an association taxable as a corporation or otherwise taxed as an entity for tax purposes;
- an amendment that the managing general partner determines to be necessary or appropriate to address certain changes in tax regulations, legislation or interpretation;
- an amendment that is necessary, in the opinion of counsel, to prevent the Holding LP or the managing general partner or its directors, officers, agents or trustees, from having a material risk of being in any manner subjected to the provisions of the Investment Company Act or similar legislation in other jurisdictions;
- an amendment that the managing general partner determines in its sole discretion to be necessary or appropriate for the creation, authorization or issuance of any class or series of partnership interests or options, rights, warrants or appreciation rights relating to partnership securities;
- any amendment expressly permitted in the Holding LP's limited partnership agreement to be made by the managing general partner acting alone;
- an amendment effected, necessitated or contemplated by an agreement of merger, consolidation or other combination agreement that has been approved under the terms of the Holding LP's limited partnership agreement;
- any amendment that in the sole discretion of the managing general partner is necessary or appropriate to reflect and account for the formation by our partnership of, or its investment in, any corporation, partnership, joint venture, limited liability company or other entity, as otherwise permitted by the Holding LP's limited partnership agreement;
- a change in its fiscal year and related changes;
- any amendment concerning the computation or allocation of specific items of income, gain, expense or loss among the partners that, in the sole discretion of the managing general partner, is necessary or appropriate to (i) comply with the requirements of applicable law, (ii) reflect the partners' interests in the Holding LP, or (iii) consistently reflect the distributions made by the Holding LP to the partners pursuant to the terms of the limited partnership agreement of the Holding LP;

- any amendment that in the sole discretion of the managing general partner, is necessary or appropriate to address any statute, rule, regulation, notice or announcement that affects or could affect the U.S. federal tax treatment of any allocation or distribution related to any interest of the managing general partner in the profits of Holding LP; and
- any other amendments substantially similar to any of the matters described directly above.

In addition, amendments to the Holding LP's limited partnership agreement may be made by the managing general partner without the approval of any limited partner or the special general partner if those amendments, in the discretion of the managing general partner:

- do not adversely affect the Holding LP's limited partners or the special general partner considered as a whole (including any particular class of partnership interests as compared to other classes of partnership interests) in any material respect;
- are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any governmental agency or judicial authority;
- are necessary or appropriate to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading;
- are necessary or appropriate for any action taken by the managing general partner relating to splits or combinations of units under the provisions of the Holding LP's limited partnership agreement; or
- are required to effect the intent expressed in the provisions of the Holding LP's limited partnership agreement or are otherwise contemplated by the Holding LP's limited partnership agreement.

Opinion of Counsel and Limited Partner Approval

The managing general partner of the Holding LP will not be required to obtain an opinion of counsel that an amendment will not result in a loss of limited liability to the limited partners if one of the amendments described above under “—No Limited Partner Approval” should occur. No other amendments to the Holding LP's limited partnership agreement will become effective without the approval of holders of at least 90% of the Holding LP's units, unless it obtains an opinion of counsel to the effect that the amendment will not cause the Holding LP to be treated as an association taxable as a corporation or otherwise taxable as an entity for tax purposes (provided that for U.S. tax purposes its managing general partner has not made the election described below under “—Election to be Treated as a Corporation”), or affect the limited liability under the Bermuda Limited Partnership Act of any of the Holding LP's limited partners.

Subject to the terms of any Holding LP preferred units outstanding, in addition to the above restrictions, any amendment that would have a material adverse effect on the rights or preferences of any type or class of partnership interests in relation to other classes of partnership interests will also require the approval of the holders of at least a majority of the outstanding partnership interests of the class so affected.

In addition, any amendment that reduces the voting percentage required to take any action must be approved by the affirmative vote of limited partners whose aggregate outstanding voting units constitute not less than the voting requirement sought to be reduced.

Election to be Treated as a Corporation

If, in the determination of the managing general partner, it is no longer in the Holding LP's best interests to continue as a partnership for U.S. federal income tax purposes, the managing general partner may elect to treat the Holding LP as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state) income tax purposes.

Dissolution

The Holding LP shall dissolve and its affairs shall be wound up, upon the earlier of (i) the service of notice by the managing general partner, with the approval of a majority of the members of the independent directors of our General Partner, that, in the opinion of the managing general partner, the coming into force of any law, regulation or binding authority renders illegal or impracticable the continuation of the Holding LP; (ii) the election of the managing general partner if the Holding LP, as determined by the managing general partner, is required to register as an "investment company" under the Investment Company Act or similar legislation in other jurisdictions; (iii) the date that any general partner withdraws from our partnership where that withdrawal violates the Holding LP's limited partnership agreement; (iv) the date on which any court of competent jurisdiction enters a decree of judicial dissolution of the Holding LP or an order to wind up or liquidate the managing general partner without the appointment of a successor; and (v) the date on which the managing general partner decides to dispose of, or otherwise realize proceeds in respect of, all or substantially all of the Holding LP's assets in a single transaction or series of transactions.

The Holding LP shall not dissolve if within 30 days of the date of dissolution resulting from the withdrawal of a general partner or dissolution of the managing general partner (and provided that a notice of dissolution with respect to the Holding LP has not been filed with the Bermuda Monetary Authority), any non-compliance with the terms of the Holding LP's limited partnership agreement has been cured and, where the managing general partner has withdrawn or been dissolved, a successor managing general partner executes a transfer deed pursuant to which the successor managing general partner assumes the rights and undertakes the obligations of the original managing general partner, but only if the Holding LP receives an opinion of counsel that the admission of a new managing general partner will not result in the loss of limited liability of any limited partner of the Holding LP.

Withdrawal of the Managing General Partner

Our partnership may withdraw as managing general partner without first obtaining approval of unitholders or preferred unitholders by giving 90 days advance notice, and that withdrawal will not constitute a violation of the limited partnership agreement of the Holding LP.

Upon the withdrawal of our partnership, the special general partner may select a successor to our partnership to act as managing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability, tax matters and the Investment Company Act (and similar legislation in other jurisdictions) cannot be obtained, the Holding LP will be dissolved, wound up and liquidated. See "—Dissolution" above.

Our partnership may not be removed as managing general partner by the partners of Holding LP.

In the event of withdrawal of our partnership as the managing general partner where that withdrawal violates the Holding LP's limited partnership agreement, a successor managing general partner will have the option to purchase the managing general partnership interest of our partnership for a cash payment equal to its fair market value. Under all other circumstances where our partnership withdraws, our partnership will have the option to require the successor managing general partner to purchase the managing general partnership interest of our partnership for a cash payment equal to its fair market value. In each case, this fair market value will be determined by agreement between our partnership and the successor managing general partner. If no agreement is reached within 30 days of our partnership's departure, an independent investment banking firm or other independent expert selected by our partnership and the successor managing general partner will determine the fair market value. If our partnership and the successor managing general partner cannot agree upon an expert within 45 days of our partnership's departure, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing managing general partner or the successor managing general partner, the departing managing general partner's managing general partnership interests will automatically convert into units representing limited partner interests pursuant to a valuation of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

Transfer of the Managing General Partnership Interest

Our partnership may transfer all or any part of its managing general partnership interests without first obtaining approval of any unitholder or preferred unitholder. As a condition of this transfer, the transferee must assume the rights and duties of the managing general partner to whose interest that transferee has succeeded, agree to be bound by the provisions of the Holding LP's limited partnership agreement and furnish an opinion of counsel regarding limited liability, tax matters and the Investment Company Act (and similar legislation in other jurisdictions). Any transfer of the managing general partnership interest is subject to prior notice to and approval of the relevant Bermuda regulatory authority.

Transactions with Interested Parties

The managing general partner of the Holding LP, its affiliates and their respective partners, members, shareholders, directors, officers, employees and shareholders, which we refer to as "interested parties", may become limited partners or beneficially interested in limited partners and may hold, dispose of or otherwise deal with units of the Holding LP with the same rights they would have if the managing general partner of the Holding LP were not a party to the limited partnership agreement of the Holding LP. An interested party will not be liable to account either to other interested parties or to the Holding LP, its partners or any other persons for any profits or benefits made or derived by or in connection with any such transaction.

The limited partnership agreement of the Holding LP permits an interested party to sell investments to, purchase assets from, vest assets in and enter into any contract, arrangement or transaction with the Holding LP, any of the Holding Entities, any operating entity or any other holding vehicle established by the Holding LP and may be interested in any such contract, transaction or arrangement and shall not be liable to account either to the Holding LP, any of the Holding Entities, any operating entity or any other holding vehicle established by the Holding LP or any other person in respect of any such contract, transaction or arrangement, or any benefits or profits made or derived therefrom, by virtue only of the relationship between the parties concerned, subject to our conflicts protocol.

Outside Activities of the Managing General Partner

In accordance with our limited partnership agreement, our partnership is authorized to: acquire and hold interests in the Holding LP and, subject to the approval of the General Partner, interests in any other entity; engage in any activity related to the capitalization and financing of our partnership's interests in such entities; serve as the managing general partner of the Holding LP; and engage in any other activity that is incidental to or in furtherance of the foregoing and that is approved by our General Partner and that lawfully may be conducted by a limited partnership organized under the Bermuda Limited Partnership Act, the Bermuda Exempted Partnerships Act, and our limited partnership agreement.

The Holding LP's limited partnership agreement provides that each person who is entitled to be indemnified by our partnership, as described below under “—Indemnification; Limitations on Liability” will have the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description, irrespective of whether (i) such businesses and activities are similar to our activities, or (ii) such businesses and activities directly compete with, or disfavor or exclude, the Holding LP, the managing general partner, any Holding Entity, operating entity, or any other holding vehicle established by the Holding LP. Such business interests, activities and engagements will be deemed not to constitute a breach of the limited partnership agreement of the Holding LP or any duties stated or implied by law or equity, including fiduciary duties, owed to any of the Holding LP, the managing general partner, any Holding Entity, operating entity, and any other holding vehicle established by the Holding LP (or any of their respective investors), and shall be deemed not to be a breach of the managing general partner's fiduciary duties or any other obligation of any type whatsoever of the managing general partner. None of the Holding LP, the managing general partner, any Holding Entity, operating entity, any other holding vehicle established by the Holding LP or any other person shall have any rights by virtue of the Holding LP's limited partnership agreement or the partnership relationship established thereby or otherwise in any business ventures of any person who is entitled to be indemnified by the Holding LP as described below under “—Indemnification; Limitations on Liability.”

Our partnership and the other indemnified persons described in the preceding paragraph will not have any obligation under the Holding LP's limited partnership agreement or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to the Holding LP, any Holding Entity, operating entity, or any other holding vehicle established by the Holding LP. These provisions will not affect any obligation of such indemnified person to present business or investment opportunities to the Holding LP, any Holding Entity, operating entity or any other holding vehicle established by the Holding LP pursuant to a separate written agreement between such persons.

Account Reports

The Holding LP prepares its financial statements in accordance with IFRS. See also the information contained in this annual report on Form 20-F under Item 10.B “Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership Agreement—Accounts, Reports and Other Information”.

The managing general partner of the Holding LP is also required to use commercially reasonable efforts to prepare and send to the Holding LP's limited partners and the special general partner on an annual basis, additional information regarding the Holding LP, including Schedule K-1 (or equivalent) and information related to the passive foreign investment company status of any non-U.S. corporation that we control and, where reasonably possible, any other non-U.S. corporation in which we hold an interest. The managing general partner of the Holding LP will also, where reasonably possible, prepare and send information required by the Holding LP's non-U.S. limited partners for U.S. federal income tax reporting purposes, including information related to investments in "U.S. real property interests," as that term is defined in Section 897 of the U.S. Internal Revenue Code. The managing general partner will also, where reasonably possible and applicable, prepare and send information required by the Holding LP's limited partners for Canadian federal income tax purposes.

Indemnification; Limitations on Liability

Under the Holding LP's limited partnership agreement, it is required to indemnify to the fullest extent permitted by law the managing general partner, the special general partner, and any of its respective affiliates (and their respective officers, directors, agents, shareholders, partners, members and employees), any person who serves on a governing body of the Holding LP, a Holding Entity, operating entity or any other holding vehicle established by our partnership and any other person designated by the managing general partner as an indemnified person, in each case, against all losses, claims, damages, liabilities, costs or expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, incurred by an indemnified person in connection with its business, investments and activities or by reason of their holding such positions, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under the Holding LP's limited partnership agreement, (i) the liability of such persons has been limited to the fullest extent permitted by law, except to the extent that their conduct involves bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful and (ii) any matter that is approved by the independent directors will not constitute a breach of any duties stated or implied by law or equity, including fiduciary duties. The Holding LP's limited partnership agreement requires it to advance funds to pay the expenses of an indemnified person in connection with a matter in which indemnification may be sought until it is determined that the indemnified person is not entitled to indemnification.

Governing Law

The Holding LP's limited partnership agreement is governed by and will be construed in accordance with the laws of Bermuda.

BIPC

BIPC was formed on August 30, 2019 under the laws of British Columbia, Canada. BIPC was established by Brookfield Infrastructure as a vehicle to own and operate certain infrastructure assets on a global basis. Specifically, its operations consist principally of the ownership and operation of regulated gas transmission systems in Brazil and of regulated distribution operations in the United Kingdom, but upon Brookfield's recommendation and allocation of opportunities to BIPC, it is intended that BIPC will seek acquisition opportunities in other sectors with similar attributes and in which an operations-oriented approach to create value can be deployed.

Each BIPC exchangeable share has been structured with the intention of providing an economic return equivalent to one unit (subject to adjustment to reflect certain capital events), including identical dividends on a per share basis as are paid on each unit, and is exchangeable at the option of the holder for one unit (subject to adjustment to reflect certain capital events) or its cash equivalent (the form of payment to be determined at the election of BIPC). Our partnership may elect to satisfy its exchange obligation by acquiring such tendered BIPC exchangeable shares for an equivalent number of units (subject to adjustment to reflect certain capital events) or its cash equivalent (the form of payment to be determined at the election of our partnership). BIPC and our partnership currently intend to satisfy any exchange requests on the BIPC exchangeable shares through the delivery of units rather than cash. We therefore expect that the market price of BIPC exchangeable shares will be impacted by the market price of the units and the combined business performance of our group as a whole. However, there are certain material differences between the rights of holders of BIPC exchangeable shares and holders of units under the governing documents of BIPC and our partnership and applicable law, such as the right of holders of BIPC exchangeable shares to request an exchange of their BIPC exchangeable shares for an equivalent number of units or its cash equivalent (the form of payment to be determined at the election of BIPC or our partnership, as applicable) and the redemption right of BIPC. Refer to the annual report on Form 20-F of BIPC dated March 9, 2022 for additional information.

Further, the BIPC exchangeable shares are held by public shareholders and Brookfield, and the class B shares and class C shares are held by our partnership. Dividends on each BIPC exchangeable share are expected to continue to be declared and paid at the same time and in the same amount per share as distributions on each unit. Our partnership's ownership of class C shares entitles it to receive dividends as and when declared by the board of directors of BIPC. The holders of the BIPC exchangeable shares are entitled to one vote for each BIPC exchangeable share held at all meetings of BIPC's shareholders, except for meetings at which only holders of another specified class or series of shares of BIPC are entitled to vote separately as a class or series. The holders of the class B shares will be entitled to cast, in the aggregate, a number of votes equal to three times the number of votes attached to the BIPC exchangeable shares. Except as otherwise expressly provided in the notice of articles and articles of BIPC or as required by law, the holders of BIPC exchangeable shares and class B shares will vote together and not as separate classes. Holders of class C shares have no voting rights. Refer to the annual report on Form 20-F of BIPC dated March 9, 2022 for additional information.

BIPC's authorized share capital consists of (i) an unlimited number of BIPC exchangeable shares; (ii) an unlimited number of class B shares; (iii) an unlimited number of class C shares; (iv) an unlimited number of class A senior preferred shares (issuable in series); and (v) an unlimited number of class B junior preferred shares (issuable in series).

As of March 7, 2022, there were approximately 73.5 million BIPC exchangeable shares, one class B share and 1.4 million class C shares issued and outstanding. The BIPC exchangeable shares are listed on the TSX and on the NYSE under the symbol "BIPC".

10.C MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, to which we have been a party within the past two years:

1. Amended and Restated Master Services Agreement, as amended from time to time, by and among the Service Recipients, Brookfield Asset Management Inc., the Service Provider and others described under Item 6.A. “Directors and Senior Management—Our Master Services Agreement”;
2. Amended and Restated Limited Partnership Agreement of our partnership, as amended from time to time, described under Item 10.B. “Description of our Units, Preferred Units and our Limited Partnership Agreement”;
3. Amended and Restated Limited Partnership Agreement of the Holding LP, as amended from time to time, described under Item 10.B. “Description of the Holding LP’s Limited Partnership Agreement”;
4. Amended and Restated Relationship Agreement by and among our partnership, the Holding LP, the Holding Entities, the Service Provider and Brookfield Asset Management Inc., described under Item 7.B. “Related Party Transactions—Relationship Agreement”;
5. Registration Rights Agreement, dated December 4, 2007, between Brookfield Infrastructure Partners L.P. and Brookfield Asset Management Inc., described under Item 7.B “Related Party Transactions—Registration Rights Agreement”;
6. Indenture by and among Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada, described in Note 20, “Subsidiary Public Issuers” in our financial statements included in this annual report on Form 20-F;
7. Fifth Supplemental Indenture dated February 22, 2017 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada, described in Note 20, “Subsidiary Public Issuers” in our financial statements included in this annual report on Form 20-F;
8. Guarantee dated February 22, 2017 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favor of Computershare Trust Company of Canada, described in Note 20, “Subsidiary Public Issuers” in our financial statements included in this annual report on Form 20-F;
9. Sixth Supplemental Indenture dated September 10, 2018 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada, described in Note 20, “Subsidiary Public Issuers” in our financial statements included in this annual report on Form 20-F;
10. Guarantee dated September 10, 2018 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favor of Computershare Trust Company of Canada, described in Note 20, “Subsidiary Public Issuers” in our financial statements included in this annual report on Form 20-F;

11. Seventh Supplemental Indenture dated October 7, 2019 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada, described in Note 20, “Subsidiary Public Issuers” in our financial statements included in this annual report on Form 20-F;
12. Guarantee dated October 7, 2019 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favor of Computershare Trust Company of Canada, described in Note 20, “Subsidiary Public Issuers” in our financial statements included in this annual report on Form 20-F;
13. Eighth Supplemental Indenture dated September 1, 2020 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada, described in Note 20, “Subsidiary Public Issuers” in our financial statements included in this annual report on Form 20-F;
14. Guarantee dated September 1, 2020 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favor of Computershare Trust Company of Canada, described in Note 20, “Subsidiary Public Issuers” in our financial statements included in this annual report on Form 20-F;
15. Guarantee indenture dated March 30, 2020 among BIPC Holdings Inc., Brookfield Infrastructure Partners L.P. and Computershare Trust Company of Canada, in respect of certain of the Class A Preferred Units, described in Note 20, “Subsidiary Public Issuers” in our financial statements included in this annual report on Form 20-F;
16. Support Agreement, dated October 15, 2018, as amended from time to time, between Brookfield Infrastructure Partners L.P. and Brookfield Infrastructure Partners Exchange LP described under Item 10.B “Memorandum and Articles of Association — Description of Our Units, Preferred Units and Our Limited Partnership Agreement — Exchange LP Units and the Support Agreement”;
17. Guarantee indenture dated February 5, 2019 among Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation, BIP Investment Corporation and Computershare Trust Company of Canada, described in Note 20, “Subsidiary Public Issuers” in our financial statements included in this annual report on Form 20-F;
18. Indenture dated May 24, 2021 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation, BIPC Holdings Inc., Computershare Trust Company of Canada and Computershare Trust Company, N.A., as supplemented from time to time, described under Item 5.B “Liquidity and Capital Resources—Supplemental Financial Information—Bermuda Holdco”;

19. First Supplemental Indenture dated May 24, 2021 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation, BIPC Holdings Inc., Computershare Trust Company of Canada and Computershare Trust Company, N.A., described under Item 5.B “Liquidity and Capital Resources—Supplemental Financial Information—Bermuda Holdco”;
20. Support Agreement, dated August 20, 2021, as amended from time to time, between Brookfield Infrastructure Corporation, Brookfield Infrastructure Partners L.P., Brookfield Infrastructure Corporation Exchange Limited Partnership, Brookfield Infrastructure Corporation Exchange GP Inc. and Brookfield Infrastructure Holdings (Canada) Inc. described under Item 10.B “Memorandum and Articles of Association - Description of Our Units, Preferred Units and Our Limited Partnership Agreement - BIPC Exchangeable LP Units and the Support and Exchange Agreement”;
21. Indenture dated January 21, 2022 between BIP Bermuda Holdings I Limited, Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation, BIPC Holdings Inc., Computershare Trust Company of Canada and Computershare Trust Company, N.A., as supplemented from time to time, described under Item 5.B “Liquidity and Capital Resources — Supplemental Financial Information — Alberta Finco”; and
22. First Supplemental Indenture dated January 21, 2022 between BIP Bermuda Holdings I Limited, Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation, BIPC Holdings Inc., Computershare Trust Company of Canada and Computershare Trust Company, N.A., described under Item 5.B “Liquidity and Capital Resources—Supplemental Financial Information—Alberta Finco”.

10.D EXCHANGE CONTROLS

There are currently no governmental laws, decrees, regulations or other legislation of Bermuda or the United States which restrict the import or export of capital or the remittance of dividends, interest or other payments to non-residents of Bermuda or the United States holding our partnership’s securities, except as otherwise described in this annual report on Form 20-F under Item 10.E “Taxation.”

10.E TAXATION

The following summary discusses certain material United States, Canadian, Australian and Bermudian tax considerations related to the holding and disposition of our units as of the date hereof. Holders of our units are advised to consult their own tax advisors concerning the consequences under the tax laws of the country of which they are resident or in which they are otherwise subject to tax of making an investment in our units.

CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

This summary discusses certain material United States federal income tax considerations to unitholders relating to the receipt, holding, and disposition of our units as of the date hereof. This summary is based on provisions of the U.S. Internal Revenue Code, on the regulations promulgated thereunder (“Treasury Regulations”), and on published administrative rulings, judicial decisions, and other applicable authorities, all as in effect on the date hereof and all of which are subject to change at any time, possibly with retroactive effect. This summary is necessarily general and may not apply to all categories of investors, some of whom may be subject to special rules, including, without limitation, persons that own (directly, indirectly or constructively, applying certain attribution rules) 5% or more of our units, dealers in securities or currencies, financial institutions or financial services entities, mutual funds, life insurance companies, persons that hold our units as part of a straddle, hedge, constructive sale or conversion transaction with other investments, persons whose units are loaned to a short seller to cover a short sale of units, persons whose functional currency is not the U.S. dollar, persons who have elected mark-to-market accounting, persons who hold our units through a partnership or other entity treated as a pass-through entity for U.S. federal income tax purposes, persons for whom our units are not a capital asset, persons who are liable for the alternative minimum tax, and certain U.S. expatriates or former long-term residents of the United States. This summary does not address any tax consequences to holders of our preferred units. Tax-exempt organizations are addressed separately below. The actual tax consequences of the ownership and disposition of our units will vary depending on your individual circumstances.

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of one or more of our units that is for U.S. federal tax purposes: (i) an individual citizen or resident of the United States; (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (a) that is subject to the primary supervision of a court within the United States and all substantial decisions of which one or more U.S. persons have the authority to control or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

A “Non-U.S. Holder” is a beneficial owner of one or more of our units, other than a U.S. Holder or an entity classified as a partnership or other fiscally transparent entity for U.S. federal tax purposes.

If a partnership holds our units, the tax treatment of a partner of such partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of partnerships that hold our units should consult their own tax advisers.

This discussion does not constitute tax advice and is not intended to be a substitute for tax planning. You should consult your own tax adviser concerning the U.S. federal, state and local income tax consequences particular to your ownership and disposition of our units, as well as any tax consequences under the laws of any other taxing jurisdiction.

Partnership Status of Our Partnership and the Holding LP

Each of our partnership and the Holding LP has made a protective election to be classified as a partnership for U.S. federal tax purposes. An entity that is treated as a partnership for U.S. federal tax purposes generally incurs no U.S. federal income tax liability. Instead, each partner is generally required to take into account its allocable share of items of income, gain, loss, deduction, or credit of the partnership in computing its U.S. federal income tax liability, regardless of whether cash distributions are made. Distributions of cash by a partnership to a partner generally are not taxable unless the amount of cash distributed to a partner is in excess of the partner’s adjusted basis in its partnership interest.

An entity that would otherwise be classified as a partnership for U.S. federal income tax purposes may nonetheless be taxable as a corporation if it is a “publicly traded partnership”, unless an exception applies. Our partnership is publicly traded. However, an exception, referred to as the “Qualifying Income Exception”, exists with respect to a publicly traded partnership if (i) at least 90% of such partnership’s gross income for every taxable year consists of “qualifying income” and (ii) the partnership would not be required to register under the Investment Company Act if it were a U.S. corporation. Qualifying income includes certain interest income, dividends, real property rents, gains from the sale or other disposition of real property, and any gain from the sale or disposition of a capital asset or other property held for the production of income that otherwise constitutes qualifying income.

Our General Partner intends to manage the affairs of our partnership and the Holding LP so that our partnership will meet the Qualifying Income Exception in each taxable year. Accordingly, our General Partner believes that our partnership will be treated as a partnership and not as a corporation for U.S. federal income tax purposes.

If our partnership fails to meet the Qualifying Income Exception, other than a failure which is determined by the IRS to be inadvertent and which is cured within a reasonable time after discovery, or if our partnership is required to register under the Investment Company Act, our partnership will be treated as if it had transferred all of its assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which our partnership fails to meet the Qualifying Income Exception, in return for stock in such corporation, and then distributed the stock to our unitholders in liquidation. This deemed contribution and liquidation could result in the recognition of gain (but not loss) to U.S. Holders, except that U.S. Holders generally would not recognize the portion of such gain attributable to stock or securities of non-U.S. corporations held by us. If, at the time of such contribution, our partnership were to have liabilities in excess of the tax basis of its assets, U.S. Holders generally would recognize gain in respect of such excess liabilities upon the deemed transfer. Thereafter, our partnership would be treated as a corporation for U.S. federal income tax purposes.

If our partnership were treated as a corporation in any taxable year, either as a result of a failure to meet the Qualifying Income Exception or otherwise, our partnership's items of income, gain, loss, deduction, or credit would be reflected only on our partnership's tax return rather than being passed through to our unitholders, and our partnership would be subject to U.S. corporate income tax and potentially branch profits tax with respect to its income, if any, effectively connected with a U.S. trade or business. Moreover, under certain circumstances, our partnership might be classified as a PFIC, for U.S. federal income tax purposes, and a U.S. Holder would be subject to the rules applicable to PFICs discussed below. See “—Consequences to U.S. Holders—Passive Foreign Investment Companies”. Subject to the PFIC rules, distributions made to U.S. Holders would be treated as taxable dividend income to the extent of our partnership's current or accumulated earnings and profits. Any distribution in excess of current and accumulated earnings and profits would first be treated as a tax-free return of capital to the extent of a U.S. Holder's adjusted tax basis in its units. Thereafter, to the extent such distribution were to exceed a U.S. Holder's adjusted tax basis in its units, the distribution would be treated as gain from the sale or exchange of such units. The amount of a distribution treated as a dividend could be eligible for reduced rates of taxation, provided certain conditions are met. In addition, dividends, interest and certain other passive income received by our partnership with respect to U.S. investments generally would be subject to U.S. withholding tax at a rate of 30% (although certain Non-U.S. Holders nevertheless might be entitled to certain treaty benefits in respect of their allocable share of such income) and U.S. Holders would not be allowed a tax credit with respect to any such tax withheld. In addition, the “portfolio interest” exemption would not apply to certain interest income of our partnership (although certain Non-U.S. Holders nevertheless might be entitled to certain treaty benefits in respect of their allocable share of such income). Depending on the circumstances, additional adverse U.S. federal income tax consequences could result under the anti-inversion rules described in Section 7874 of the U.S. Internal Revenue Code, the Treasury Regulations under Section 385 of the U.S. Internal Revenue Code, or other provisions of the U.S. Internal Revenue Code, as implemented by the Treasury Regulations and IRS administrative guidance. Based on the foregoing consequences, the treatment of our partnership as a corporation could materially reduce a holder's after-tax return and therefore could result in a substantial reduction of the value of our units. If the Holding LP were to be treated as a corporation for U.S. federal income tax purposes, consequences similar to those described above would apply.

The remainder of this summary assumes that our partnership and the Holding LP will be treated as partnerships for U.S. federal tax purposes. Our partnership expects that a substantial portion of the items of income, gain, deduction, loss, or credit realized by our partnership will be realized in the first instance by the Holding LP and allocated to our partnership for reallocation to our unitholders. Unless otherwise specified, references in this section to realization of our partnership's items of income, gain, loss, deduction, or credit include a realization of such items by the Holding LP and the allocation of such items to our partnership.

Consequences to U.S. Holders

Holding of Our Units

Income and Loss. If you are a U.S. Holder, you will be required to take into account, as described below, your allocable share of our partnership's items of income, gain, loss, deduction, and credit for each of our partnership's taxable years ending with or within your taxable year. Each item generally will have the same character and source as though you had realized the item directly. You must report such items without regard to whether any distribution has been or will be received from our partnership. Our partnership intends to make cash distributions to all unitholders on a quarterly basis in amounts generally expected to be sufficient to permit U.S. Holders to fund their estimated U.S. tax obligations (including U.S. federal, state, and local income taxes) with respect to their allocable shares of our partnership's net income or gain. However, based upon your particular tax situation and simplifying assumptions that our partnership will make in determining the amount of such distributions, and depending upon whether you elect to reinvest such distributions pursuant to the distribution reinvestment plan, your tax liability might exceed cash distributions made to you, in which case any tax liabilities arising from your ownership of our units would need to be satisfied from your own funds.

With respect to U.S. Holders who are individuals, certain dividends paid by a corporation (including certain qualified foreign corporations) to our partnership and that are allocable to such U.S. Holders may qualify for reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of specified income tax treaties with the United States. In addition, a foreign corporation is treated as a qualified corporation with respect to its shares that are readily tradable on an established securities market in the United States. Among other exceptions, U.S. Holders who are individuals will not be eligible for reduced rates of taxation on any dividends if the payer is a PFIC for the taxable year in which such dividends are paid or for the preceding taxable year. Dividends received by non-corporate U.S. Holders may be subject to an additional Medicare tax on unearned income of 3.8% (see “—Medicare Tax” below). U.S. Holders that are corporations may be entitled to a “dividends received deduction” in respect of dividends paid by U.S. corporations in which our partnership (through the Holding LP) owns stock. You should consult your own tax adviser regarding the application of the foregoing rules in light of your particular circumstances.

For U.S. federal income tax purposes, your allocable share of our partnership's items of income, gain, loss, deduction, or credit will be governed by our Limited Partnership Agreement if such allocations have “substantial economic effect” or are determined to be in accordance with your interest in our partnership. Similarly, our partnership's allocable share of items of income, gain, loss, deduction, or credit of the Holding LP will be governed by the limited partnership agreement of the Holding LP if such allocations have “substantial economic effect” or are determined to be in accordance with our partnership's interest in the Holding LP. Our General Partner believes that, for U.S. federal income tax purposes, such allocations should be given effect, and our General Partner intends to prepare and file tax returns based on such allocations. If the IRS were to successfully challenge the allocations made pursuant to either our limited partnership agreement or the Limited Partnership Agreement of the Holding LP, then the resulting allocations for U.S. federal income tax purposes might be less favorable than the allocations set forth in such agreements.

Basis. In general, you will have an initial tax basis in your units equal to the sum of (i) the amount of cash paid for our units and (ii) your share of our partnership's liabilities, if any. That basis will be increased by your share of our partnership's income and by increases in your share of our partnership's liabilities, if any. That basis will be decreased, but not below zero, by distributions you receive from our partnership, by your share of our partnership's losses, and by any decrease in your share of our partnership's liabilities. Under applicable U.S. federal income tax rules, a partner in a partnership has a single, or "unitary", tax basis in his or her partnership interest. As a result, any amount you pay to acquire additional units (including through the distribution reinvestment plan) will be averaged with the adjusted tax basis of units owned by you prior to the acquisition of such additional units.

For purposes of the foregoing rules, the rules discussed immediately below, and the rules applicable to a sale or exchange of our units, our partnership's liabilities generally will include our partnership's share of any liabilities of the Holding LP.

Limits on Deductions for Losses and Expenses. Your deduction of your allocable share of our partnership's losses will be limited to your tax basis in our units and, if you are an individual or a corporate holder that is subject to the "at risk" rules, to the amount for which you are considered to be "at risk" with respect to our partnership's activities, if that is less than your tax basis. In general, you will be at risk to the extent of your tax basis in our units, reduced by (i) the portion of that basis attributable to your share of our partnership's liabilities for which you will not be personally liable (excluding certain qualified non-recourse financing) and (ii) any amount of money you borrow to acquire or hold our units, if the lender of those borrowed funds owns an interest in our partnership, is related to you, or can look only to your units for repayment. Your at-risk amount generally will increase by your allocable share of our partnership's income and gain and decrease by cash distributions you receive from our partnership and your allocable share of losses and deductions. You must recapture losses deducted in previous years to the extent that distributions cause your at-risk amount to be less than zero at the end of any taxable year. Losses disallowed or recaptured as a result of these limitations will carry forward and will be allowable to the extent that your tax basis or at-risk amount, whichever is the limiting factor, subsequently increases. Upon the taxable disposition of our units, any gain recognized by you can be offset by losses that were previously suspended by the at-risk limitation, but may not be offset by losses suspended by the basis limitation. Any excess loss above the gain previously suspended by the at-risk or basis limitations may no longer be used. An additional limitation may apply to the deduction of certain "excess business losses" by non-corporate U.S. Holders for taxable years beginning after December 31, 2020, and before January 1, 2027. You should consult your own tax adviser regarding the limitations on the deductibility of losses under the U.S. Internal Revenue Code.

Limitations on Deductibility of Organizational Expenses and Syndication Fees. In general, neither our partnership nor any U.S. Holder may deduct organizational or syndication expenses. Similar rules apply to organizational or syndication expenses incurred by the Holding LP. Syndication fees (which would include any sales or placement fees or commissions) must be capitalized and cannot be amortized or otherwise deducted.

Limitations on Interest Deductions. Our General Partner intends to use commercially reasonable efforts to structure the activities of our partnership and the Holding LP to avoid generating UBTI attributable to debt-financed property. However, to the extent our partnership or the Holding LP incur debt, your share of our partnership's interest expense, if any, is likely to be treated as "investment interest" expense. For a non-corporate U.S. Holder, the deductibility of "investment interest" expense generally is limited to the amount of such holder's "net investment income". Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules, less deductible expenses, other than interest, directly connected with the production of investment income, but generally does not include gains attributable to the disposition of property held for investment. Your share of our partnership's dividend and interest income will be treated as investment income, although "qualified dividend income" subject to reduced rates of tax in the hands of an individual will only be treated as investment income if such individual elects to treat such dividend as ordinary income not subject to reduced rates of tax. In addition, state and local tax laws may disallow deductions for your share of our partnership's interest expense. Under Section 163(j) of the U.S. Internal Revenue Code, additional limitations may apply to a corporate U.S. Holder's share of our partnership's interest expense, if any.

Deductibility of Partnership Investment Expenditures by Individual Partners and by Trusts and Estates. Individuals and certain estates and trusts are not permitted to claim miscellaneous itemized deductions for taxable years beginning after December 31, 2017, and before January 1, 2026. Such miscellaneous itemized deductions may include the operating expenses of our partnership, including our partnership's allocable share of the base management fee or any other management fees.

Treatment of Distributions

Distributions of cash by our partnership generally will not be taxable to you to the extent of your adjusted tax basis (described above) in our units. Any cash distributions in excess of your adjusted tax basis generally will be considered to be gain from the sale or exchange of our units (described below). Such gain generally will be treated as capital gain and will be long-term capital gain if your holding period for our units exceeds one year. A reduction in your allocable share of our liabilities, and certain distributions of marketable securities by our partnership, if any, will be treated similar to cash distributions for U.S. federal income tax purposes.

Sale or Exchange of Our Units

You will recognize gain or loss on the sale or taxable exchange of our units equal to the difference, if any, between the amount realized and your tax basis in our units sold or exchanged. Your amount realized will be measured by the sum of the cash or the fair market value of other property received plus your share of our partnership's liabilities, if any.

Gain or loss recognized by you upon the sale or exchange of our units generally will be taxable as capital gain or loss and will be long-term capital gain or loss if our units were held for more than one year as of the date of such sale or exchange. In the absence of any election to treat a U.S. Holder's share of our partnership's investment in any PFIC as a "qualified electing fund", gain attributable to such investment in a PFIC would be taxable in the manner described below in "—Passive Foreign Investment Companies". In addition, certain gain attributable to our investment in a CFC may be characterized as ordinary income, and certain gain attributable to "unrealized receivables" or "inventory items" could be characterized as ordinary income rather than capital gain. For example, if our partnership were to hold debt acquired at a market discount, accrued market discount on such debt would be treated as "unrealized receivables". The deductibility of capital losses is subject to limitations.

Each U.S. Holder who acquires our units at different times and intends to sell all or a portion of our units within a year of the most recent purchase should consult its own tax adviser regarding the application of certain “split holding period” rules to such sale and the treatment of any gain or loss as long-term or short-term capital gain or loss.

Medicare Tax

U.S. Holders that are individuals, estates, or trusts may be required to pay a 3.8% Medicare tax on the lesser of (i) the excess of such U.S. Holders’ “modified adjusted gross income” (or “adjusted gross income” in the case of estates and trusts) over certain thresholds and (ii) such U.S. Holders’ “net investment income” (or “undistributed net investment income” in the case of estates and trusts). Net investment income generally includes your allocable share of our partnership’s income, as well as gain realized by you from a sale of our units. Special rules relating to the 3.8% Medicare tax may apply to dividends and gain, if any, derived by such U.S. Holders with respect to our partnership’s interest in a PFIC (and possibly gain with respect to any interest in a CFC). See “—Passive Foreign Investment Companies” and “—Controlled Foreign Corporations” below. You should consult your own tax adviser regarding the implications of the 3.8% Medicare tax for your ownership and disposition of our units.

Foreign Tax Credit Limitations

If you are a U.S. Holder, you generally will be entitled to a foreign tax credit with respect to your allocable share of creditable foreign taxes paid on our partnership’s income and gains. Complex rules may, depending on your particular circumstances, limit the availability or use of foreign tax credits. Gain from the sale of our partnership’s investments may be treated as U.S.-source gain. Consequently, you may not be able to use the foreign tax credit arising from any foreign taxes imposed on such gain unless the credit can be applied (subject to applicable limitations) against U.S. tax due on other income treated as derived from foreign sources. Certain losses that our partnership incurs may be treated as foreign-source losses, which could reduce the amount of foreign tax credits otherwise available.

Deduction for Qualified Business Income

For taxable years beginning after December 31, 2017, and before January 1, 2026, U.S. taxpayers who have domestic “qualified business income” from a partnership generally are entitled to deduct the lesser of such qualified business income or 20% of taxable income. The 20% deduction is also allowed for “qualified publicly traded partnership income”. A U.S. Holder’s allocable share of our partnership’s income is not expected to be treated as qualified business income or as qualified publicly traded partnership income.

Section 754 Election

Our partnership and the Holding LP have each made the election permitted by Section 754 of the U.S. Internal Revenue Code (“Section 754 Election”). The Section 754 Election cannot be revoked without the consent of the IRS. The Section 754 Election generally requires our partnership to adjust the tax basis in its assets, or inside basis, attributable to a transferee of our units under Section 743(b) of the U.S. Internal Revenue Code to reflect the purchase price paid by the transferee for our units. This election does not apply to a person who purchases units directly from us. For purposes of this discussion, a transferee’s inside basis in our partnership’s assets will be considered to have two components: (i) the transferee’s share of our partnership’s tax basis in our partnership’s assets, or common basis, and (ii) the adjustment under Section 743(b) of the U.S. Internal Revenue Code to that basis. The foregoing rules would also apply to the Holding LP.

Generally, a Section 754 Election would be advantageous to a transferee U.S. Holder if such holder's tax basis in its units were higher than such units' share of the aggregate tax basis of our partnership's assets immediately prior to the transfer. In that case, as a result of the Section 754 Election, the transferee U.S. Holder would have a higher tax basis in its share of our partnership's assets for purposes of calculating, among other items, such holder's share of any gain or loss on a sale of our partnership's assets. Conversely, a Section 754 Election would be disadvantageous to a transferee U.S. Holder if such holder's tax basis in its units were lower than such units' share of the aggregate tax basis of our partnership's assets immediately prior to the transfer. Thus, the fair market value of our units may be affected either favorably or adversely by the election.

Whether or not the Section 754 Election is made, if our units are transferred at a time when our partnership has a "substantial built-in loss" in its assets, our partnership will be obligated to reduce the tax basis in the portion of such assets attributable to such units.

The calculations involved in the Section 754 Election are complex, and our General Partner advises that it will make such calculations on the basis of assumptions as to the value of our partnership assets and other matters. Each U.S. Holder should consult its own tax adviser as to the effects of the Section 754 Election.

Uniformity of Our Units

Because we cannot match transferors and transferees of our units, we must maintain the uniformity of the economic and tax characteristics of our units to a purchaser of our units. In the absence of uniformity, we may be unable to comply fully with a number of U.S. federal income tax requirements. A lack of uniformity can result from a literal application of certain Treasury Regulations to our partnership's Section 743(b) adjustments, a determination that our partnership's Section 704(c) allocations are unreasonable, or other reasons. Section 704(c) allocations would be intended to reduce or eliminate the disparity between tax basis and the value of our partnership's assets in certain circumstances, including on the issuance of additional units. In order to maintain the fungibility of all of our units at all times, we will seek to achieve the uniformity of U.S. tax treatment for all purchasers of our units which are acquired at the same time and price (irrespective of the identity of the particular seller of our units or the time when our units are issued by our partnership), through the application of certain tax accounting principles that our General Partner believes are reasonable for our partnership. However, the IRS may disagree with us and may successfully challenge our application of such tax accounting principles. Any non-uniformity could have a negative impact on the value of our units.

Foreign Currency Gain or Loss

Our partnership's functional currency is the U.S. dollar, and our partnership's income or loss is calculated in U.S. dollars. It is likely that our partnership will recognize "foreign currency" gain or loss with respect to transactions involving non-U.S. dollar currencies. In general, foreign currency gain or loss is treated as ordinary income or loss. You should consult your own tax adviser regarding the tax treatment of foreign currency gain or loss.

Passive Foreign Investment Companies

U.S. Holders may be subject to special rules applicable to indirect investments in foreign corporations, including an investment through our partnership in a PFIC. A PFIC is defined as any foreign corporation with respect to which (after applying certain look-through rules) either (i) 75% or more of its gross income for a taxable year is “passive income” or (ii) 50% or more of its assets in any taxable year produce or are held for the production of “passive income”. There are no minimum stock ownership requirements for PFICs. If you hold an interest in a foreign corporation for any taxable year during which the corporation is classified as a PFIC with respect to you, then the corporation will continue to be classified as a PFIC with respect to you for any subsequent taxable year during which you continue to hold an interest in the corporation, even if the corporation’s income or assets would not cause it to be a PFIC in such subsequent taxable year, unless an exception applies.

Subject to certain elections described below, any gain on the disposition of stock of a PFIC owned by you indirectly through our partnership, as well as income realized on certain “excess distributions” by such PFIC, would be treated as though realized ratably over the shorter of your holding period of our units or our partnership’s holding period for the PFIC. Such gain or income generally would be taxable as ordinary income, and dividends paid by the PFIC would not be eligible for the preferential tax rates for dividends paid to non-corporate U.S. Holders. In addition, an interest charge would apply, based on the tax deemed deferred from prior years. To the extent reasonably practicable, we intend to make distributions of the earnings of each entity we are able to identify as a PFIC not less frequently than annually so as to minimize the likelihood that you will have excess distributions with respect to any such entity. However, because we cannot assure that will be the case, and because any gains on a sale of any such entity would remain subject to the PFIC tax regime, we urge you to consider making any applicable election described below.

If you were to elect to treat your share of our partnership’s interest in a PFIC as a “qualified electing fund” (“QEF Election”), for the first year you were treated as holding such interest, then in lieu of the tax consequences described in the paragraph immediately above, you would be required to include in income each year a portion of the ordinary earnings and net capital gains of the PFIC, even if not distributed to our partnership or to you. A QEF Election must be made by you on an entity-by-entity basis. To make a QEF Election, you must, among other things, (i) obtain a PFIC annual information statement (through an intermediary statement supplied by our partnership) and (ii) prepare and submit IRS Form 8621 with your annual income tax return. To the extent reasonably practicable, we intend to timely provide you with information related to the PFIC status of each entity we are able to identify as a PFIC, including information necessary to make a QEF Election with respect to each such entity. Any such election should be made for the first year our partnership holds an interest in such entity or for the first year in which you hold our units, if later. Based on current IRS guidance, we have made a QEF Election on behalf of all U.S. Holders with respect to one or more PFICs held indirectly. However, under recently issued proposed Treasury Regulations, we generally would not be permitted to make a QEF Election on behalf of U.S. Holders. These regulations, if finalized as proposed, would also generally require a U.S. person who makes a QEF Election with respect to an interest in a PFIC held indirectly through a partnership to notify the partnership of the QEF Election. The application of these proposed Treasury Regulations to publicly traded partnerships and their holders is subject to significant uncertainty. U.S. Holders should consult their own tax advisers regarding the implications of the proposed Treasury Regulations for their ownership and disposition of their units.

Once you have made a QEF Election for an entity, such election applies to any additional shares of interest in such entity acquired directly or indirectly, including through additional units acquired after the QEF Election is made (such as units acquired under the distribution reinvestment plan). If you were to make a QEF Election after the first year that you were treated as holding an interest in a PFIC, the adverse tax consequences relating to PFIC stock would continue to apply with respect to the pre-QEF Election period, unless you were to make a “purging election”. The purging election would create a deemed sale of your previously held share of our partnership’s interests in a PFIC. The gain recognized by the purging election would be subject to the special tax and interest charge rules, which treat the gain as an excess distribution, as described above. As a result of the purging election, you would have a new basis and holding period in your share of our partnership’s interests in the PFIC. U.S. Holders should consult their own tax advisers as to the manner in which such direct inclusions could affect their allocable share of our partnership’s income and their tax basis in our units and the advisability of making a QEF Election or a purging election.

Treasury Regulations under Section 1411 of the U.S. Internal Revenue Code contain special rules for applying the 3.8% Medicare tax (as described above under “—Medicare Tax”) to U.S. persons owning an interest in a PFIC. Under the special rules, if you are a non-corporate U.S. Holder that has made a QEF Election with respect to our partnership’s interest in a PFIC, then you are permitted to make a special election to treat your share of the ordinary earnings and net capital gains of the PFIC as net investment income for purposes of the 3.8% Medicare tax. If you do not make the special election, then you may be required to calculate your basis in our units for purposes of the 3.8% Medicare tax in a manner that differs from the calculation of your basis in our units for U.S. federal income tax purposes generally. You should consult your own tax adviser regarding the implications of the special election, as well as the other implications of the 3.8% Medicare tax and the Treasury Regulations under Section 1411 of the U.S. Internal Revenue Code for your ownership and disposition of our units.

In the case of a PFIC that is a publicly traded foreign company, and in lieu of making a QEF Election, an election may be made to “mark to market” the stock of such publicly traded foreign company on an annual basis. Pursuant to such an election, you would include in each year as ordinary income the excess, if any, of the fair market value of such stock over its adjusted basis at the end of the taxable year. No assurance can be provided that any of our existing or future Holding Entities or operating entities will qualify as PFICs that are publicly traded or that a mark-to-market election will be available for any such entity. You should consult your own tax adviser regarding the availability of the mark-to-market election with respect to any PFIC in which you are treated as owning an interest through our partnership.

Based on our organizational structure, as well as our expected income and assets, our General Partner currently believes that one or more of our corporate subsidiaries is likely to be classified as a PFIC. In addition, we may decide to hold an existing or future operating entity through a Holding Entity that would be a PFIC in order to ensure that our partnership satisfies the Qualifying Income Exception, among other reasons. See “—Investment Structure”, below. Accordingly, there can be no assurance that a current or future investment will not qualify as a PFIC.

Subject to certain exceptions, a U.S. person who directly or indirectly owns an interest in a PFIC generally is required to file an annual report with the IRS, and the failure to file such report could result in the imposition of penalties on such U.S. person and in the extension of the statute of limitations with respect to federal income tax returns filed by such U.S. person. The application of the PFIC rules to U.S. Holders is uncertain in certain respects. You should consult your own tax adviser regarding the application of the PFIC rules, including the foregoing filing requirements, the recently proposed Treasury Regulations, and the advisability of making a QEF Election, a special election under the Treasury Regulations under Section 1411 of the U.S. Internal Revenue Code, or a mark-to-market election, as applicable, with respect to any PFIC in which you are treated as owning an interest through our partnership.

Controlled Foreign Corporations

A non-U.S. entity will be treated as a CFC if it is classified as a corporation for U.S. federal income tax purposes and more than 50% of (i) the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote or (ii) the total value of the stock of the non-U.S. entity is owned by U.S. Shareholders on any day during the taxable year of such non-U.S. entity. For this purpose, a “U.S. Shareholder” with respect to a non-U.S. entity means a U.S. person (including a U.S. partnership) that owns (directly, indirectly, or constructively) 10% or more of the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote or 10% or more of the total value of shares of all classes of stock of the non-U.S. entity.

If a U.S. partnership in which we own an interest is a U.S. Shareholder of a CFC, then any gain allocated to you from our disposition of an equity interest in the CFC may be treated as dividend income to the extent of your allocable share of the current and/or accumulated earnings and profits of the CFC, as calculated under the CFC rules.

Based on our organizational structure, our General Partner currently believes that one or more of our existing Holding Entities and operating entities are likely to be classified as CFCs, and we may acquire interests in other entities classified as CFCs in the future. In addition, our General Partner currently believes that one or more of our existing Holding Entities are likely to be classified as both CFCs and PFICs for U.S. federal income tax purposes. Recently issued Treasury Regulations are intended to address the appropriate tax treatment of U.S. partners in a partnership, such as U.S. Holders, who own an indirect interest in an entity treated as both a CFC and a PFIC, but who are not U.S. Shareholders (as defined above) of that entity. The application of these proposed Treasury Regulations to publicly traded partnerships and their holders is subject to significant uncertainty, and we continue to evaluate the implications of the proposed regulations for our U.S. Holders. U.S. Holders should consult their own tax advisers regarding the potential for the CFC rules, including the proposed Treasury Regulations, to apply to their ownership and disposition of our units.

Investment Structure

To ensure that our partnership meets the Qualifying Income Exception for publicly traded partnerships (discussed above) and complies with certain requirements in our Limited Partnership Agreement, among other reasons, our partnership may structure certain investments through an entity classified as a corporation for U.S. federal income tax purposes. Such investments will be structured as determined in the sole discretion of our General Partner generally to be tax efficient for our unitholders. However, because our unitholders will be located in numerous taxing jurisdictions, no assurance can be given that any such investment structure will benefit all our unitholders to the same extent, and such an investment structure might even result in additional tax burdens on some unitholders. As discussed above, if any such entity were a non-U.S. corporation, it might be considered a PFIC or CFC. If any such entity were a U.S. corporation, it would be subject to U.S. federal net income tax on its income, including any gain recognized on the disposition of its investments. In addition, if the investment were to involve U.S. real property, gain recognized on the disposition of the investment by a corporation generally would be subject to corporate-level tax, whether the corporation were a U.S. or a non-U.S. corporation.

U.S. Withholding Taxes

Although each U.S. Holder is required to provide us with an IRS Form W-9, we nevertheless may be unable to accurately or timely determine the tax status of our unitholders for purposes of determining whether U.S. withholding applies to payments made by our partnership to some or all of our unitholders. In such a case, payments made by our partnership to U.S. Holders might be subject to U.S. “backup” withholding at the applicable rate or other U.S. withholding taxes. You would be able to treat as a credit your allocable share of any U.S. withholding taxes paid in the taxable year in which such withholding taxes were paid and, as a result, you might be entitled to a refund of such taxes from the IRS. In the event you transfer or otherwise dispose of some or all of your units, special rules might apply for purposes of determining whether you or the transferee of such units were subject to U.S. withholding taxes in respect of income allocable to, or distributions made on account of, such units or entitled to refunds of any such taxes withheld. See below “Administrative Matters—Certain Effects of a Transfer of Units”. You should consult your own tax adviser regarding the treatment of U.S. withholding taxes.

Transferor/Transferee Allocations

Our partnership may allocate items of income, gain, loss, and deduction using a monthly convention, whereby any such items recognized in a given month by our partnership are allocated to our unitholders as of a specified date of such month. As a result, if you transfer your units, you might be allocated income, gain, loss, and deduction realized by our partnership after the date of the transfer. Similarly, if you acquire additional units, you might be allocated income, gain, loss, and deduction realized by our partnership prior to your ownership of such units.

Section 706 of the U.S. Internal Revenue Code generally governs allocations of items of partnership income and deductions between transferors and transferees of partnership interests, and the Treasury Regulations provide a safe harbor allowing a publicly traded partnership to use a monthly simplifying convention for such purposes. However, it is not clear that our partnership’s allocation method complies with the requirements. If our partnership’s convention were not permitted, the IRS might contend that our partnership’s taxable income or losses must be reallocated among our unitholders. If such a contention were sustained, your tax liabilities might be adjusted to your detriment. Our General Partner is authorized to revise our partnership’s method of allocation between transferors and transferees (as well as among investors whose interests otherwise vary during a taxable period).

U.S. Federal Estate Tax Consequences

If our units are included in the gross estate of a U.S. citizen or resident for U.S. federal estate tax purposes, then a U.S. federal estate tax might be payable in connection with the death of such person. Individual U.S. Holders should consult their own tax advisers concerning the potential U.S. federal estate tax consequences with respect to our units.

Certain Reporting Requirements

A U.S. Holder who invests more than \$100,000 in our partnership may be required to file IRS Form 8865 reporting the investment with such U.S. Holder's U.S. federal income tax return for the year that includes the date of the investment. You may be subject to substantial penalties if you fail to comply with this and other information reporting requirements with respect to an investment in our units. You should consult your own tax adviser regarding such reporting requirements.

U.S. Taxation of Tax-Exempt U.S. Holders of Our Units

Income recognized by a U.S. tax-exempt organization is exempt from U.S. federal income tax except to the extent of the organization's UBTI. UBTI is defined generally as any gross income derived by a tax-exempt organization from an unrelated trade or business that it regularly carries on, less the deductions directly connected with that trade or business. In addition, income arising from a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) that holds operating assets or is otherwise engaged in a trade or business generally will constitute UBTI. Notwithstanding the foregoing, UBTI generally does not include any dividend income, interest income, certain other categories of passive income, or capital gains realized by a tax-exempt organization, so long as such income is not "debt-financed", as discussed below. Our General Partner believes that our partnership should not be regarded as engaged in a trade or business, and anticipates that any operating assets held by our partnership will be held through entities that are treated as corporations for U.S. federal income tax purposes.

The exclusion from UBTI does not apply to income from "debt-financed property", which is treated as UBTI to the extent of the percentage of such income that the average acquisition indebtedness with respect to the property bears to the average tax basis of the property for the taxable year. If an entity treated as a partnership for U.S. federal income tax purposes incurs acquisition indebtedness, a tax-exempt partner in such partnership will be deemed to have acquisition indebtedness equal to its allocable portion of such acquisition indebtedness. If any such indebtedness were used by our partnership or by the Holding LP to acquire property, such property generally would constitute debt-financed property, and any income from or gain from the disposition of such debt-financed property allocated to a tax-exempt organization generally would constitute UBTI to such tax-exempt organization. In addition, even if such indebtedness were not used either by our partnership or by the Holding LP to acquire property but were instead used to fund distributions to our unitholders, if a tax-exempt organization subject to taxation in the United States were to use such proceeds to make an investment outside our partnership, the IRS might assert that such investment constitutes debt-financed property to such unitholder with the consequences noted above. Our partnership and the Holding LP currently do not have any outstanding indebtedness used to acquire property, and our General Partner does not believe that our partnership or the Holding LP will generate UBTI attributable to debt-financed property in the future. Moreover, our General Partner intends to use commercially reasonable efforts to structure our activities to avoid generating UBTI. However, neither our partnership nor the Holding LP is prohibited from incurring indebtedness, and no assurance can be provided that neither our partnership nor the Holding LP will generate UBTI attributable to debt-financed property in the future. Tax-exempt U.S. Holders should consult their own tax advisers regarding the tax consequences of an investment in our units.

Consequences to Non-U.S. Holders

Our General Partner intends to use commercially reasonable efforts to structure the activities of our partnership and the Holding LP, respectively, to avoid the realization by our partnership and the Holding LP, respectively, of income treated as effectively connected with a U.S. trade or business, including effectively connected income attributable to the sale of a “United States real property interest”, as defined in the U.S. Internal Revenue Code. Specifically, our partnership intends not to make an investment, whether directly or through an entity which would be treated as a partnership for U.S. federal income tax purposes, if our General Partner believes at the time of such investment that such investment would generate income treated as effectively connected with a U.S. trade or business. If, as anticipated, our partnership is not treated as engaged in a U.S. trade or business or as deriving income which is treated as effectively connected with a U.S. trade or business, and provided that a Non-U.S. Holder is not itself engaged in a U.S. trade or business, then such Non-U.S. Holder generally will not be subject to U.S. tax return filing requirements solely as a result of owning our units and generally will not be subject to U.S. federal income tax on its allocable share of our partnership’s interest and dividends from non-U.S. sources or gain from the sale or other disposition of securities or real property located outside of the United States.

However, there can be no assurance that the law will not change or that the IRS will not deem our partnership to be engaged in a U.S. trade or business. If, contrary to our General Partner’s expectations, our partnership is treated as engaged in a U.S. trade or business, then a Non-U.S. Holder generally would be required to file a U.S. federal income tax return, even if no effectively connected income were allocable to it. If our partnership were to have income treated as effectively connected with a U.S. trade or business, then a Non-U.S. Holder would be required to report that income and would be subject to U.S. federal income tax at the regular graduated rates. In addition, our partnership might be required to withhold U.S. federal income tax on such Non-U.S. Holder’s distributive share of such income. A corporate Non-U.S. Holder might also be subject to branch profits tax at a rate of 30%, or at a lower treaty rate, if applicable. If, contrary to expectation, our partnership were engaged in a U.S. trade or business, then gain or loss from the sale of our units by a Non-U.S. Holder would be treated as effectively connected with such trade or business to the extent that such Non-U.S. Holder would have had effectively connected gain or loss had our partnership sold all of its assets at their fair market value as of the date of such sale. In such case, any such effectively connected gain generally would be taxable at the regular graduated U.S. federal income tax rates, and the amount realized from such sale generally would be subject to a 10% U.S. federal withholding tax. Under Treasury Regulations and IRS guidance, the 10% U.S. federal withholding tax generally does not apply to transfers of interests in publicly traded partnerships before January 1, 2023.

In general, even if our partnership is not engaged in a U.S. trade or business, and assuming you are not otherwise engaged in a U.S. trade or business, you will nonetheless be subject to a withholding tax of 30% on the gross amount of certain U.S.-source income which is not effectively connected with a U.S. trade or business. Income subjected to such a flat tax rate is income of a fixed or determinable annual or periodic nature, including dividends and certain interest income. Such withholding tax may be reduced or eliminated with respect to certain types of income under an applicable income tax treaty between the United States and your country of residence or under the “portfolio interest” rules or other provisions of the U.S. Internal Revenue Code, provided that you provide proper certification as to your eligibility for such treatment. Notwithstanding the foregoing, and although each Non-U.S. Holder is required to provide us with an IRS Form W-8, we nevertheless may be unable to accurately or timely determine the tax status of our investors for purposes of establishing whether reduced rates of withholding apply to some or all of our investors. In such a case, your allocable share of distributions of U.S.-source dividend and interest income will be subject to U.S. withholding tax at a rate of 30%. Further, if you would not be subject to U.S. tax based on your tax status or otherwise were eligible for a reduced rate of U.S. withholding, you might need to take additional steps to receive a credit or refund of any excess withholding tax paid on your account, which could include the filing of a non-resident U.S. income tax return with the IRS. Among other limitations applicable to claiming treaty benefits, if you reside in a treaty jurisdiction which does not treat our partnership as a pass-through entity, you might not be eligible to receive a refund or credit of excess U.S. withholding taxes paid on your account. In the event you transfer or otherwise dispose of some or all of your units, special rules may apply for purposes of determining whether you or the transferee of such units are subject to U.S. withholding taxes in respect of income allocable to, or distributions made on account of, such units or entitled to refunds of any such taxes withheld. See “—Administrative Matters—Certain Effects of a Transfer of Units”. You should consult your own tax adviser regarding the treatment of U.S. withholding taxes.

Special rules may apply to any Non-U.S. Holder (i) that has an office or fixed place of business in the United States; (ii) that is present in the United States for 183 days or more in a taxable year; or (iii) that is (a) a former citizen or long-term resident of the United States, (b) a foreign insurance company that is treated as holding a partnership interest in our partnership in connection with its U.S. business, (c) a PFIC, (d) a CFC, or (e) a corporation that accumulates earnings to avoid U.S. federal income tax. You should consult your own tax adviser regarding the application of these special rules.

Taxes in Other Jurisdictions

In addition to U.S. federal income tax consequences, an investment in our partnership could subject you to U.S. state and local taxes in the U.S. state or locality in which you are a resident for tax purposes. You could also be subject to tax return filing obligations and income, franchise, or other taxes, including withholding taxes, in non-U.S. jurisdictions in which we invest. We will attempt, to the extent reasonably practicable, to structure our operations and investments so as to avoid income tax filing obligations by U.S. Holders in non-U.S. jurisdictions. However, there may be circumstances in which we are unable to do so. Income or gain from investments held by our partnership may be subject to withholding or other taxes in jurisdictions outside the United States, except to the extent an income tax treaty applies. If you wish to claim the benefit of an applicable income tax treaty, you might be required to submit information to tax authorities in such jurisdictions. You should consult your own tax adviser regarding the U.S. state, local, and non-U.S. tax consequences of an investment in our partnership.

Administrative Matters

Information Returns and Audit Procedures

We have agreed to use commercially reasonable efforts to furnish to you, within 90 days after the close of each calendar year, U.S. tax information (including IRS Schedule K-1) which describes on a U.S. dollar basis your share of our partnership's income, gain, loss and deduction for our preceding taxable year. Under recent IRS guidance, certain partnerships are also required to provide IRS Schedule K-3, which generally describes a partner's share of certain items of international tax relevance from the operations of the partnership. We generally expect to provide IRS Schedule K-3 (as applicable) to our unitholders, except that we generally do not expect to be able to provide IRS Schedule K-3 within such 90-day period. Moreover, providing the foregoing U.S. tax information to our unitholders will be subject to delay in the event of, among other reasons, the late receipt of any necessary tax information from lower-tier entities. It is therefore possible that, in any taxable year, you will need to apply for an extension of time to file your tax returns. In addition, unitholders that do not ordinarily have U.S. federal tax filing requirements will not receive a Schedule K-1 and related information unless such unitholders request it within 60 days after the close of each calendar year. In preparing this U.S. tax information, we will use various accounting and reporting conventions, some of which have been mentioned in the previous discussion, to determine your share of income, gain, loss and deduction. The IRS may successfully contend that certain of these reporting conventions are impermissible, which could result in an adjustment to your income or loss.

Our partnership may be audited by the IRS. Adjustments resulting from an IRS audit could require you to adjust a prior year's tax liability and result in an audit of your own tax return. Any audit of your tax return could result in adjustments not related to our partnership's tax returns, as well as those related to our partnership's tax returns. If the IRS makes an audit adjustment to our income tax returns, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from our partnership instead of unitholders (as under prior law). We may be permitted to elect to have our General Partner and our unitholders take such audit adjustment into account in accordance with their interests in us during the taxable year under audit. However, there can be no assurance that we will choose to make such election or that it will be available in all circumstances. If we do not make the election, and we pay taxes, penalties, or interest as a result of an audit adjustment, then cash available for distribution to our unitholders might be substantially reduced. As a result, our current unitholders might bear some or all of the cost of the tax liability resulting from such audit adjustment, even if our current unitholders did not own our units during the taxable year under audit. The foregoing considerations also apply with respect to our partnership's interest in the Holding LP.

Pursuant to the partnership audit rules, a "partnership representative" designated by our partnership will have the sole authority to act on behalf of our partnership in connection with any administrative or judicial review of our partnership's items of income, gain, loss, deduction, or credit. In particular, our partnership representative will have the sole authority to bind both our former and current unitholders and to make certain elections on behalf of our partnership pursuant to the partnership audit rules.

The application of the partnership audit rules to our partnership and our unitholders is uncertain. You should consult your own tax adviser regarding the implications of the partnership audit rules for an investment in our units.

Tax Shelter Regulations and Related Reporting Requirements

If we were to engage in a “reportable transaction”, we (and possibly our unitholders) would be required to make a detailed disclosure of the transaction to the IRS in accordance with regulations governing tax shelters and other potentially tax-motivated transactions. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a “listed transaction” or “transaction of interest”, or that it produces certain kinds of losses exceeding certain thresholds. An investment in our partnership may be considered a “reportable transaction” if, for example, our partnership were to recognize certain significant losses in the future. In certain circumstances, a unitholder who disposes of an interest in a transaction resulting in the recognition by such holder of significant losses in excess of certain threshold amounts may be obligated to disclose its participation in such transaction. Certain of these rules are unclear, and the scope of reportable transactions can change retroactively. Therefore, it is possible that the rules may apply to transactions other than significant loss transactions.

Moreover, if we were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, you might be subject to significant accuracy-related penalties with a broad scope, for those persons otherwise entitled to deduct interest on federal tax deficiencies, non-deductibility of interest on any resulting tax liability, and in the case of a listed transaction, an extended statute of limitations. We do not intend to participate in any reportable transaction with a significant purpose to avoid or evade tax, nor do we intend to participate in any listed transactions. However, no assurance can be provided that the IRS will not assert that we have participated in such a transaction.

You should consult your own tax adviser concerning any possible disclosure obligation under the regulations governing tax shelters with respect to the disposition of our units.

Taxable Year

Our partnership uses the calendar year as its taxable year for U.S. federal income tax purposes. Under certain circumstances which we currently believe are unlikely to apply, a taxable year other than the calendar year may be required for such purposes.

Withholding and Backup Withholding

For each calendar year, we will report to you and to the IRS the amount of distributions that we pay, and the amount of tax (if any) that we withhold on these distributions. The proper application to our partnership of the rules for withholding under Sections 1441 through 1446 of the U.S. Internal Revenue Code (applicable to certain dividends, interest, and amounts treated as effectively connected with a U.S. trade or business, among other items) is unclear. Because the documentation we receive may not properly reflect the identities of unitholders at any particular time (in light of possible sales of our units), we may over-withhold or under-withhold with respect to a particular unitholder. For example, we may impose withholding, remit such amount to the IRS and thus reduce the amount of a distribution paid to a Non-U.S. Holder. It may be the case, however, that the corresponding amount of our income was not properly allocable to such holder, and the appropriate amount of withholding should have been less than the actual amount withheld. Such Non-U.S. Holder would be entitled to a credit against the holder's U.S. federal income tax liability for all withholding, including any such excess withholding. However, if the withheld amount were to exceed the holder's U.S. federal income tax liability, the holder would need to apply for a refund to obtain the benefit of such excess withholding. Similarly, we may fail to withhold on a distribution, and it may be the case that the corresponding income was properly allocable to a Non-U.S. Holder and that withholding should have been imposed. In such case, we intend to pay the under-withheld amount to the IRS, and we may treat such under-withholding as an expense that will be borne indirectly by all unitholders on a pro rata basis (since we may be unable to allocate any such excess withholding tax cost to the relevant Non-U.S. Holder).

Under the backup withholding rules, you may be subject to backup withholding tax with respect to distributions paid unless: (i) you are an exempt recipient and demonstrate this fact when required; or (ii) provide a taxpayer identification number, certify as to no loss of exemption from backup withholding tax, and otherwise comply with the applicable requirements of the backup withholding tax rules. A U.S. Holder that is exempt should certify such status on a properly completed IRS Form W-9. A Non-U.S. Holder may qualify as an exempt recipient by submitting a properly completed IRS Form W-8. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund from the IRS, provided you supply the required information to the IRS in a timely manner.

If you do not timely provide our partnership, or the applicable nominee, broker, clearing agent, or other intermediary, with IRS Form W-9 or IRS Form W-8, as applicable, or such form is not properly completed, then our partnership may become subject to U.S. backup withholding taxes in excess of what would have been imposed had our partnership or the applicable intermediary received properly completed forms from all unitholders. For administrative reasons, and in order to maintain the fungibility of our units, such excess U.S. backup withholding taxes, and if necessary similar items, may be treated by our partnership as an expense that will be borne indirectly by all unitholders on a pro rata basis (e.g., since it may be impractical for us to allocate any such excess withholding tax cost to the unitholders that failed to timely provide the proper U.S. tax forms).

Foreign Account Tax Compliance

FATCA imposes a 30% withholding tax on "withholdable payments" made to a "foreign financial institution" or a "non-financial foreign entity", unless such financial institution or entity satisfies certain information reporting or other requirements. Withholdable payments include certain U.S.-source income, such as interest, dividends, and other passive income. Proposed Treasury Regulations eliminate the requirement to withhold tax under FATCA on gross proceeds from the sale or disposition of property that can produce U.S.-source interest or dividends. The IRS has announced that taxpayers are permitted to rely on the proposed regulations until final Treasury Regulations are issued.

We intend to comply with FATCA, so as to ensure that the 30% withholding tax does not apply to any withholdable payments received by our partnership, the Holding LP, the Holding Entities, or the operating entities. Nonetheless, the 30% withholding tax may also apply to your allocable share of distributions attributable to withholdable payments, unless you properly certify your FATCA status on IRS Form W-8 or IRS Form W-9 (as applicable) and satisfy any additional requirements under FATCA.

In compliance with FATCA, information regarding certain unitholders' ownership of our units may be reported to the IRS or to a non-U.S. governmental authority. FATCA remains subject to modification by an applicable intergovernmental agreement between the United States and another country, such as the agreement in effect between the United States and Bermuda for cooperation to facilitate the implementation of FATCA, or by future Treasury Regulations or guidance. You should consult your own tax adviser regarding the consequences under FATCA of an investment in our units.

Information Reporting with Respect to Foreign Financial Assets

Under Treasury Regulations, certain U.S. persons that own "specified foreign financial assets" with an aggregate fair market value exceeding either \$50,000 on the last day of the taxable year or \$75,000 at any time during the taxable year generally are required to file an information report with respect to such assets with their tax returns. Significant penalties may apply to persons who fail to comply with these rules. Specified foreign financial assets include not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person, and any interest in a foreign entity. The failure to report information required under the current regulations could result in substantial penalties and in the extension of the statute of limitations with respect to federal income tax returns filed by you. You should consult your own tax adviser regarding the possible implications of these Treasury Regulations for an investment in our units.

Certain Effects of a Transfer of Units

Our partnership may allocate items of income, gain, loss, deduction, and credit using a monthly convention, whereby any such items recognized in a given month by our partnership are allocated to our unitholders as of a specified date of such month. Any U.S. withholding taxes applicable to dividends received by the Holding LP (and, in turn, our partnership) generally will be withheld by our partnership only when such dividends are paid. Because our partnership generally intends to distribute amounts received in respect of dividends shortly after receipt of such amounts, it is generally expected that any U.S. withholding taxes withheld by our partnership on such amounts will correspond to our unitholders who were allocated income and who received the distributions in respect of such amounts. The Holding LP may invest in debt obligations or other securities for which the accrual of interest or income thereon is not matched by a contemporaneous receipt of cash. Any such accrued interest or other income would be allocated pursuant to such monthly convention. Consequently, our unitholders may recognize income in excess of cash distributions received from our partnership, and any income so included by a unitholder would increase the basis such unitholder has in our units and would offset any gain (or increase the amount of loss) realized by such unitholder on a subsequent disposition of its units. In addition, U.S. withholding taxes generally would be withheld by our partnership only on the payment of cash in respect of such accrued interest or other income, and, therefore, it is possible that some unitholders would be allocated income which might be distributed to a subsequent unitholder, and such subsequent unitholder would be subject to withholding at the time of distribution. As a result, the subsequent unitholder, and not the unitholder who was allocated income, would be entitled to claim any available credit with respect to such withholding.

The Holding LP has invested and will continue to invest in certain Holding Entities and operating entities organized in non-U.S. jurisdictions, and income and gain from such investments may be subject to withholding and other taxes in such jurisdictions. If any such non-U.S. taxes were imposed on income allocable to a U.S. Holder, and such holder were thereafter to dispose of its units prior to the date distributions were made in respect of such income, under applicable provisions of the U.S. Internal Revenue Code and Treasury Regulations, the unitholder to whom such income was allocated (and not the unitholder to whom distributions were ultimately made) would, subject to other applicable limitations, be the party permitted to claim a credit for such non-U.S. taxes for U.S. federal income tax purposes. Thus a unitholder may be affected either favorably or adversely by the foregoing rules. Complex rules may, depending on a unitholder's particular circumstances, limit the availability or use of foreign tax credits, and you are urged to consult your own tax adviser regarding all aspects of foreign tax credits.

Nominee Reporting

Persons who hold an interest in our partnership as a nominee for another person may be required to furnish to us:

- (i) the name, address and taxpayer identification number of the beneficial owner and the nominee;
- (ii) whether the beneficial owner is (a) a person that is not a U.S. person, (b) a foreign government, an international organization, or any wholly-owned agency or instrumentality of either of the foregoing, or (c) a tax-exempt entity;
- (iii) the amount and description of units held, acquired, or transferred for the beneficial owner; and
- (iv) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

Brokers and financial institutions may be required to furnish additional information, including whether they are U.S. persons and specific information on units they acquire, hold, or transfer for their own account. A penalty of \$250 per failure (as adjusted for inflation), up to a maximum of \$3,000,000 per calendar year (as adjusted for inflation), generally is imposed by the U.S. Internal Revenue Code for the failure to report such information to us. The nominee is required to supply the beneficial owner of our units with the information furnished to us.

New Legislation or Administrative or Judicial Action

The U.S. federal income tax treatment of our unitholders depends, in some instances, on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. You should be aware that the U.S. federal income tax rules, particularly those applicable to partnerships, are constantly under review (including currently) by the Congressional tax-writing committees and other persons involved in the legislative process, the IRS, the U.S. Treasury Department and the courts, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations, any of which could adversely affect the value of our units and be effective on a retroactive basis. For example, changes to the U.S. federal tax laws and interpretations thereof could make it more difficult or impossible for our partnership to be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, change the character or treatment of portions of our partnership's income, reduce the net amount of distributions available to our unitholders, or otherwise affect the tax considerations of owning our units. Such changes could also affect or cause our partnership to change the way it conducts its activities and adversely affect the value of our units.

Our partnership's organizational documents and agreements permit our General Partner to modify our Limited Partnership Agreement from time to time, without the consent of our unitholders, to elect to treat our partnership as a corporation for U.S. federal tax purposes, or to address certain changes in U.S. federal income tax regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all of our unitholders.

THE FOREGOING DISCUSSION IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. THE TAX MATTERS RELATING TO OUR PARTNERSHIP AND UNITHOLDERS ARE COMPLEX AND ARE SUBJECT TO VARYING INTERPRETATIONS. MOREOVER, THE EFFECT OF EXISTING INCOME TAX LAWS, THE MEANING AND IMPACT OF WHICH IS UNCERTAIN, AND OF PROPOSED CHANGES IN INCOME TAX LAWS WILL VARY WITH THE PARTICULAR CIRCUMSTANCES OF EACH UNITHOLDER, AND IN REVIEWING THIS ANNUAL REPORT ON FORM 20-F THESE MATTERS SHOULD BE CONSIDERED. EACH UNITHOLDER SHOULD CONSULT ITS OWN TAX ADVISER WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES OF ANY INVESTMENT IN OUR UNITS.

CERTAIN MATERIAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the following portion of the summary, references to our "units" are to the limited partnership units in our partnership, including the preferred units, and references to our "unitholders" are to the holders of our units and preferred units.

The following is a summary of the principal Canadian federal income tax consequences under the Tax Act of the holding and disposition of units in our partnership generally applicable to a holder who, for purposes of the Tax Act and at all relevant times, holds our units as capital property, deals at arm's length with and is not affiliated with our partnership, the Holding LP, our General Partner or their respective affiliates (a "Holder"). Generally, our units will be considered to be capital property to a Holder, provided that the Holder does not use or hold our units in the course of carrying on a business of trading or dealing in securities, and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "financial institution" (as defined in the Tax Act) for purposes of the "mark-to-market" property rules; (ii) that is a "specified financial institution" (as defined in the Tax Act); (iii) who makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act; (iv) an interest in which would be a "tax shelter investment" (as defined in the Tax Act) or who acquires our units as a "tax shelter investment" (and this summary assumes that no such persons hold our units); (v) that has, directly or indirectly, a "significant interest" (as defined in subsection 34.2(1) of the Tax Act) in our partnership; (vi) if any affiliate of our partnership is, or becomes as part of a series of transactions that includes the acquisition of our units, a "foreign affiliate" (for purposes of the Tax Act) to such Holder or to any corporation that does not deal at arm's length with such Holder for purposes of the Tax Act, or (vii) that has entered or will enter into a "derivative forward agreement" (as defined in the Tax Act) in respect of our units. Any such Holders should consult their own tax advisors with respect to an investment in our units.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"), and the current published administrative and assessing policies and practices of the CRA. This summary assumes that all Tax Proposals will be enacted in the form proposed but no assurance can be given that the Tax Proposals will be enacted in the form proposed or at all.

This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, administrative or legislative decision or action, or changes in the CRA's administrative and assessing policies and practices, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from those described herein. This summary is not exhaustive of all possible Canadian federal income tax consequences that may affect unitholders. Holders should consult their own tax advisors in respect of the provincial, territorial or foreign income tax consequences to them of holding and disposing of our units.

This summary also assumes that neither our partnership nor the Holding LP is a "tax shelter" (as defined in the Tax Act) or a "tax shelter investment". However, no assurance can be given in this regard.

This summary also assumes that neither our partnership nor the Holding LP will be a "SIFT partnership" at any relevant time for purposes of the SIFT Rules on the basis that neither our partnership nor the Holding LP will be a "Canadian resident partnership" at any relevant time. However, there can be no assurance that the SIFT Rules will not be revised or amended such that the SIFT Rules will apply.

This summary does not address the deductibility of interest on money borrowed to acquire our units nor whether any amounts in respect of the units could be "split income" under the Tax Act.

This summary also assumes that no payments to a Holder in respect of the preferred units are made by a guarantor pursuant to a guarantee in respect of such units.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representation with respect to the Canadian federal income tax consequences to any particular Holder is made. Consequently, Holders are advised to consult their own tax advisors with respect to their particular circumstances. See also Item 3.D "Risk Factors—Risks Related to Taxation—Canada".

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of our units must be expressed in Canadian dollars including any distributions, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars using the appropriate exchange rate determined in accordance with the detailed rules in the Tax Act in that regard.

Holders Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada ("Canadian Holder").

Computation of Income or Loss

Each Canadian Holder is required to include (or, subject to the "at-risk rules" discussed below, entitled to deduct) in computing his or her income for a particular taxation year, the Canadian Holder's share of the income (or loss) of our partnership for its fiscal year ending in, or coincidentally with, the Canadian Holder's taxation year, whether or not any of that income is distributed to the Canadian Holder in the taxation year and regardless of whether or not our units were held throughout such year.

Our partnership will not itself be a taxable entity and is not expected to be required to file an income tax return in Canada for any taxation year. However, the income (or loss) of our partnership for a fiscal period for purposes of the Tax Act will be computed as if our partnership were a separate person resident in Canada and the partners will be allocated a share of that income (or loss) in accordance with our partnership's Limited Partnership Agreement. The income (or loss) of our partnership will include our partnership's share of the income (or loss) of the Holding LP for a fiscal year determined in accordance with the Holding LP's limited partnership agreement. For this purpose, our partnership's fiscal year end and that of the Holding LP will be December 31.

The income for tax purposes of our partnership for a given fiscal year will be allocated to each Canadian Holder in an amount calculated by multiplying such income that is allocable to unitholders by a fraction, the numerator of which is the sum of the distributions received by such Canadian Holder with respect to such fiscal year and the denominator of which is the aggregate amount of the distributions made by our partnership to all partners with respect to such fiscal year, subject to adjustment in respect of distributions on the preferred units that are in satisfaction of accrued distributions on the preferred units that were not paid in a previous fiscal year of our partnership where our General Partner determines that the allocation to preferred unitholders based on such distributions would result in a preferred unitholder being allocated more income than it would have been if the distributions were paid in the fiscal year of our partnership in which they were accrued.

If, with respect to a given fiscal year, no distribution is made by our partnership to unitholders or our partnership has a loss for tax purposes, one quarter of the income, or loss, as the case may be, for tax purposes of our partnership for such fiscal year that is allocable to unitholders, will be allocated to the Canadian Holders of record at the end of each calendar quarter ending in such fiscal year as follows: (i) to the holders of preferred units in respect of the preferred units held by them on each such date, such amount of our partnership's income or loss for tax purposes, as the case may be, as our General Partner determines is reasonable in the circumstances having regard to such factors as our General Partner considers to be relevant, including, without limitation, the relative amount of capital contributed to our partnership on the issuance of preferred units as compared to all other units and the relative fair market value of the preferred units, as the case may be, as compared to all other units, and (ii) to the unitholders other than in respect of the preferred units, the remaining amount of our partnership's income or loss for tax purposes, as the case may be, pro rata in the proportion that the number of units of our partnership (other than the preferred units) held at each such date by a unitholder is of the total number of units of our partnership (other than the preferred units) that are issued and outstanding at each such date.

Notwithstanding the foregoing, if each of the following conditions are true in a given fiscal year of our partnership:

- (i) our partnership or an affiliate of our partnership acquires, buys, buys back or otherwise purchases our units (other than preferred units) in connection with an offer or program by our partnership or the affiliate to acquire, buy, buy back, or otherwise purchase our units (other than preferred units) other than by way of a normal course issuer bid or other open market purchase;
- (ii) the money or property that is used by our partnership or the affiliate to acquire, buy, buy back or otherwise purchase our units (other than preferred units) is derived exclusively in whole or in part, directly or indirectly, from money or property that is received by our partnership from the Holding LP as consideration for the purchase for cancellation by the Holding LP of Managing General Partner Units owned by our partnership;
- (iii) our partnership has income for tax purposes; and
- (iv) the income for tax purposes includes positive amounts each of which is an amount that is derived from (A) capital gains realized by our partnership by reason of the purchase for cancellation by the Holding LP of Managing General Partner Units owned by our partnership or (B) the allocation of income for tax purposes of the Holding LP to our partnership in accordance with the Holding LP's limited partnership agreement in connection with transactions that provide money or property to the Holding LP that is used exclusively in whole or in part by the Holding LP to purchase for cancellation Managing General Partner Units owned by our partnership,

then the income for tax purposes of our partnership for such fiscal year will generally be allocated as follows: the lesser of (1) the amount of income for tax purposes of our partnership for such fiscal year, and (2) the aggregate of the positive amounts included in income for tax purposes for such fiscal year described in item (iv) above, will be allocated exclusively and specially (the "Special Income Allocation Amount") to Canadian Holders whose units (other than preferred units) are acquired, bought, bought back or otherwise purchased by our partnership or the affiliate, on the basis that each such Canadian Holder shall be allocated the proportion of the Special Income Allocation Amount that the number of units (other than preferred units) acquired by our partnership or the affiliate from the Canadian Holder is of the total number of units (other than preferred units) acquired from all partners. The balance (if any) of the income for tax purposes for such fiscal year (being the amount remaining after subtracting the Special Income Allocation Amount from the income for tax purposes for such fiscal year) will be allocated in the regular manner described above. For greater certainty, the money or property received by a partner whose units (other than preferred units) are acquired, bought, bought back, or otherwise purchased by our partnership or an affiliate of our partnership will not be considered to be a "distribution" from our partnership.

The income of our partnership as determined for purposes of the Tax Act may differ from its income as determined for accounting purposes and may not be matched by cash distributions. In addition, for purposes of the Tax Act, all income (or losses) of our partnership and the Holding LP must be calculated in Canadian currency. Where our partnership (or the Holding LP) holds investments denominated in U.S. dollars or other foreign currencies, gains and losses may be realized by our partnership as a consequence of fluctuations in the relative values of the Canadian and foreign currencies.

In computing the income (or loss) of our partnership, deductions may be claimed in respect of reasonable administrative costs, interest and other expenses incurred by our partnership for the purpose of earning income, subject to the relevant provisions of the Tax Act. Our partnership may also deduct from its income for the year a portion of the reasonable expenses, if any, incurred by our partnership to issue units. The portion of such issue expenses deductible by our partnership in a taxation year is 20% of such issue expenses, pro-rated where our partnership's taxation year is less than 365 days.

In general, a Canadian Holder's share of any income (or loss) from our partnership from a particular source will be treated as if it were income (or loss) of the Canadian Holder from that source, and any provisions of the Tax Act applicable to that type of income (or loss) will apply to the Canadian Holder. Our partnership will invest in partnership units of the Holding LP. In computing our partnership's income (or loss) under the Tax Act, the Holding LP will itself be deemed to be a separate person resident in Canada which computes its income (or loss) and allocates to its partners their respective share of such income (or loss). Accordingly, the source and character of amounts included in (or deducted from) the income of Canadian Holders on account of income (or loss) earned by the Holding LP generally will be determined by reference to the source and character of such amounts when earned by the Holding LP.

A Canadian Holder's share of taxable dividends received or considered to be received by our partnership in a fiscal year from a corporation resident in Canada will be treated as a dividend received by the Canadian Holder and will be subject to the normal rules in the Tax Act applicable to such dividends, including the enhanced gross-up and dividend tax credit for "eligible dividends" (as defined in the Tax Act) when the dividend received by the Holding LP is designated as an "eligible dividend".

Foreign taxes paid by our partnership or the Holding LP and taxes withheld at source on amounts paid or credited to our partnership or the Holding LP (other than for the account of a particular partner) will be allocated pursuant to the governing partnership agreement. Each Canadian Holder's share of the "business-income tax" and "non-business-income tax" paid to the government of a foreign country for a year will be creditable against its Canadian federal income tax liability to the extent permitted by the detailed foreign tax credit rules contained in the Tax Act. Although the foreign tax credit rules are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, the foreign tax credit rules may not provide a full foreign tax credit for the "business-income tax" and "non-business-income tax" paid by our partnership or the Holding LP to the government of a foreign country. The Tax Act contains anti-avoidance rules to address certain foreign tax credit generator transactions. Under the Foreign Tax Credit Generator Rules, the foreign "business-income tax" or "non-business-income tax" allocated to a Canadian Holder for the purpose of determining such Canadian Holder's foreign tax credit for any taxation year may be limited in certain circumstances, including where a Canadian Holder's share of the income of our partnership or the Holding LP under the income tax laws of any country (other than Canada) under whose laws the income of our partnership or the Holding LP is subject to income taxation (the "Relevant Foreign Tax Law") is less than the Canadian Holder's share of such income for purposes of the Tax Act. For this purpose, a Canadian Holder is not considered to have a lesser direct or indirect share of the income of our partnership or the Holding LP under the Relevant Foreign Tax Law than for the purposes of the Tax Act solely because, among other reasons, of a difference between the Relevant Foreign Tax Law and the Tax Act in the manner of computing the income of our partnership or the Holding LP or in the manner of allocating the income of our partnership or the Holding LP because of the admission or withdrawal of a partner. No assurance can be given that the Foreign Tax Credit Generator Rules will not apply to any Canadian Holder. If the Foreign Tax Credit Generator Rules apply, the allocation to a Canadian Holder of foreign "business-income tax" or "non-business-income tax" paid by our partnership or the Holding LP, and therefore such Canadian Holder's foreign tax credits, will be limited.

Our partnership and the Holding LP will each be deemed to be a non-resident person in respect of certain amounts paid or credited or deemed to be paid or credited to them by a person resident or deemed to be resident in Canada, including dividends or interest. Dividends or interest (other than interest not subject to Canadian federal withholding tax) paid or deemed to be paid by a person resident or deemed to be resident in Canada to the Holding LP will be subject to withholding tax under Part XIII of the Tax Act at the rate of 25%. However, the CRA's administrative practice in similar circumstances is to permit the rate of Canadian federal withholding tax applicable to such payments to be computed by looking through the partnership and taking into account the residency of the partners (including partners who are resident in Canada) and any reduced rates of Canadian federal withholding tax that any non-resident partners may be entitled to under an applicable income tax treaty or convention, provided that the residency status and entitlement to the treaty benefits can be established. In determining the rate of Canadian federal withholding tax applicable to amounts paid by the Holding Entities to the Holding LP, our General Partner expects the Holding Entities to look-through the Holding LP and our partnership to the residency of the partners of our partnership (including partners who are resident in Canada) and to take into account any reduced rates of Canadian federal withholding tax that non-resident partners may be entitled to under an applicable income tax treaty or convention in order to determine the appropriate amount of Canadian federal withholding tax to withhold from dividends or interest paid to the Holding LP. However, there can be no assurance that the CRA will apply its administrative practice in this context. Under the Treaty, a Canadian-resident payer is required in certain circumstances to look-through fiscally transparent partnerships, such as our partnership and the Holding LP, to the residency and Treaty entitlements of their partners and to take into account the reduced rates of Canadian federal withholding tax that such partners may be entitled to under the Treaty. Under our Limited Partnership Agreement, the amount of any taxes withheld or paid by our Partnership, the Holding LP or the Holding Entities in respect of our units may be treated either as a distribution to our unitholders or as a general expense of our Partnership, as determined by our General Partner in its sole discretion. However, our General Partner's current intention is to treat all such amounts as a distribution to our unitholders.

If our partnership incurs losses for tax purposes, each Canadian Holder will be entitled to deduct in the computation of income for tax purposes the Canadian Holder's share of any net losses for tax purposes of our partnership for its fiscal year to the extent that the Canadian Holder's investment is "at-risk" within the meaning of the Tax Act. The Tax Act contains "at-risk rules" which may, in certain circumstances, restrict the deduction of a limited partner's share of any losses of a limited partnership. Our General Partner does not anticipate that our partnership or the Holding LP will incur losses but no assurance can be given in this regard. Accordingly, Canadian Holders should consult their own tax advisors for specific advice with respect to the potential application of the "at-risk rules".

Section 94.1 of the Tax Act contains rules relating to interests held by a taxpayer in Non-Resident Entities that could, in certain circumstances, cause income to be imputed to Canadian Holders, either directly or by way of allocation of such income imputed to our partnership or the Holding LP. These rules would apply if it is reasonable to conclude, having regard to all the circumstances, that one of the main reasons for the Canadian Holder, our partnership or the Holding LP acquiring, holding or having an investment in a Non-Resident Entity is to derive a benefit from “portfolio investments” in certain assets from which the Non-Resident Entity may reasonably be considered to derive its value in such a manner that taxes under the Tax Act on income, profits and gains from such assets for any year are significantly less than they would have been if such income, profits and gains had been earned directly. In determining whether this is the case, section 94.1 of the Tax Act provides that consideration must be given to, among other factors, the extent to which the income, profits and gains for any fiscal period are distributed in that or the immediately following fiscal period. No assurance can be given that section 94.1 of the Tax Act will not apply to a Canadian Holder, our partnership or the Holding LP. If these rules apply to a Canadian Holder, our partnership or the Holding LP, income, determined by reference to a prescribed rate of interest plus two percent applied to the “designated cost” (as defined in section 94.1 of the Tax Act) of the interest in the Non-Resident Entity, will be imputed directly to the Holder or to our partnership or the Holding LP and allocated to the Canadian Holder in accordance with the rules in section 94.1 of the Tax Act. The rules in section 94.1 of the Tax Act are complex and Canadian Holders should consult their own tax advisors regarding the application of these rules to them in their particular circumstances.

Certain of the Non-Resident Subsidiaries in which the Holding LP directly invests are expected to be CFAs of the Holding LP. Dividends paid to the Holding LP by a CFA of the Holding LP will be included in computing the income of the Holding LP. To the extent that any CFA or Indirect CFA of the Holding LP earns income that is characterized as FAPI in a particular taxation year of the CFA or Indirect CFA, the FAPI allocable to the Holding LP under the rules in the Tax Act must be included in computing the income of the Holding LP for Canadian federal income tax purposes for the fiscal period of the Holding LP in which the taxation year of that CFA or Indirect CFA ends, whether or not the Holding LP actually receives a distribution of that FAPI. Our partnership will include its share of such FAPI of the Holding LP in computing its income for Canadian federal income tax purposes and Canadian Holders will be required to include their proportionate share of such FAPI allocated from our partnership in computing their income for Canadian federal income tax purposes. As a result, Canadian Holders may be required to include amounts in their income even though they have not and may not receive an actual cash distribution of such amounts. If an amount of FAPI is included in computing the income of the Holding LP for Canadian federal income tax purposes, an amount may be deductible in respect of the “foreign accrual tax” applicable to the FAPI. Any amount of FAPI included in income net of the amount of any deduction in respect of “foreign accrual tax” will increase the adjusted cost base to the Holding LP of its shares of the particular CFA in respect of which the FAPI was included. At such time as the Holding LP receives a dividend of this type of income that was previously included in the Holding LP’s income as FAPI, such dividend will effectively not be included in computing the income of the Holding LP and there will be a corresponding reduction in the adjusted cost base to the Holding LP of the particular CFA shares. Under the Foreign Tax Credit Generator Rules, the “foreign accrual tax” applicable to a particular amount of FAPI included in the Holding LP’s income in respect of a particular “foreign affiliate” of the Holding LP may be limited in certain specified circumstances, including where the direct or indirect share of the income allocated to any member of the Holding LP (which is deemed for this purpose to include a Canadian Holder) that is a person resident in Canada or a “foreign affiliate” of such a person is, under a Relevant Foreign Tax Law, less than such member’s share of such income for purposes of the Tax Act. No assurance can be given that the Foreign Tax Credit Generator Rules will not apply to the Holding LP. For this purpose, a Canadian Holder is not considered to have a lesser direct or indirect share of the income of the Holding LP under the Relevant Foreign Tax Law than for the purposes of the Tax Act solely because, among other reasons, of a difference between the Relevant Foreign Tax Law and the Tax Act in the manner of computing the income of the Holding LP or in the manner of allocating the income of the Holding LP because of the admission or withdrawal of a partner. If the Foreign Tax Credit Generator Rules apply, the “foreign accrual tax” applicable to a particular amount of FAPI included in the Holding LP’s income in respect of a particular “foreign affiliate” of the Holding LP will be limited.

Disposition of Units

The disposition (or deemed disposition) by a Canadian Holder of a unit of any class or series will result in the realization of a capital gain (or capital loss) by such Canadian Holder in the amount, if any, by which the proceeds of disposition of such unit, less any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of such unit.

Subject to the general rules on averaging of cost base, the adjusted cost base of each class or series of a Canadian Holder's units would generally be equal to: (i) the actual cost of such class or series of units (excluding any portion thereof financed with limited recourse indebtedness); plus (ii) the share of the income of our partnership allocated to the Canadian Holder for fiscal years of our partnership ending before the relevant time in respect of the particular class or series of units; less (iii) the aggregate of the share of losses of our partnership allocated to the Canadian Holder (other than losses which cannot be deducted because they exceed the Canadian Holder's "at-risk" amount) for the fiscal years of our partnership ending before the relevant time in respect of the particular class or series of units; and less (iv) the Canadian Holder's distributions received from our partnership made before the relevant time in respect of the particular class or series of units.

The foregoing discussion of the calculation of the adjusted cost base assumes that each class and series of partnership interests in our partnership are treated as separate property for purposes of the Tax Act. However, the CRA's position is to treat all the different types of interests in a partnership that a partner may hold as one capital property, including for purposes of determining the adjusted cost base of all such partnership interests. As a result, on a disposition of a particular type of unit, a partner's total adjusted cost base is required to be allocated in a reasonable manner to the particular type of unit being disposed of. As acknowledged by the CRA, there is no particular method for determining a reasonable allocation of the adjusted cost base of a partnership interest to the part of the partnership interest that is disposed of. Furthermore, more than one method may be reasonable. If the CRA's position applies, on a disposition of units by a Canadian Holder of a particular type of units of our partnership, the Canadian Holder should generally be able to allocate his or her adjusted cost base in a manner that treats the different classes and series of units of our partnership as separate property. Accordingly, the General Partner intends to provide unitholders with partnership information returns using such allocation.

Where a Canadian Holder disposes of all of its units in our partnership, it will no longer be a partner of our partnership. If, however, a Canadian Holder is entitled to receive a distribution from our partnership after the disposition of all such units, then the Canadian Holder will be deemed to dispose of the units at the later of: (i) the end of the fiscal year of our partnership during which the disposition occurred; and (ii) the date of the last distribution made by our partnership to which the Canadian Holder was entitled. The share of the income (or loss) of our partnership for tax purposes for a particular fiscal year which is allocated to a Canadian Holder who has ceased to be a partner will generally be added (or deducted) in the computation of the adjusted cost base of the Canadian Holder's units immediately prior to the time of the disposition.

A Canadian Holder will generally realize a deemed capital gain if, and to the extent that, the adjusted cost base of the Canadian Holder's units is negative at the end of any fiscal year of our partnership. In such a case, the adjusted cost base of the Canadian Holder's units will be nil at the beginning of the next fiscal year of our partnership.

Canadian Holders should consult their own tax advisors for advice with respect to the specific tax consequences to them of disposing of our units.

Taxation of Capital Gains and Capital Losses

In general, one-half of a capital gain realized by a Canadian Holder must be included in computing such Canadian Holder's income as a taxable capital gain. One-half of a capital loss is deducted as an allowable capital loss against taxable capital gains realized in the year and any remainder may be deducted against net taxable capital gains in any of the three years preceding the year or any year following the year to the extent and under the circumstances described in the Tax Act.

Special rules in the Tax Act may apply to disallow the one-half treatment on all or a portion of a capital gain realized on a disposition of our units if a partnership interest is acquired by a tax-exempt person or a non-resident person (or by a partnership or trust (other than certain trusts) of which a tax-exempt person or a non-resident person is a member or beneficiary, directly or indirectly through one or more partnerships or trusts (other than certain trusts)). Our General Partner does not expect these rules to apply to any disposition of our units. A Canadian Holder that is throughout the relevant taxation year a “Canadian—controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year, which is defined to include taxable capital gains.

Eligibility for Investment

Provided that our units are listed on a “designated stock exchange” (which currently includes the NYSE and the TSX), our units will be “qualified investments” under the Tax Act for a trust governed by an RRSP, deferred profit sharing plan, RRIF, RESP, RDSP, and a TFSA.

Notwithstanding the foregoing, an annuitant under an RRSP or RRIF, a holder of a TFSA or RDSP or a subscriber of an RESP, as the case may be, will be subject to a penalty tax if our units held in the RRSP, RRIF, TFSA, RDSP or RESP are “prohibited investments” for the RRSP, RRIF, TFSA, RDSP or RESP, as the case may be. Our units generally will not be a “prohibited investment” as of the date hereof for a trust governed by an RRSP, RRIF, TFSA, RDSP or RESP, provided that the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP or subscriber of the RESP, as applicable; (i) deals at arm’s-length with our partnership for the purposes of the Tax Act; and (ii) does not have a “significant interest” in our partnership. Canadian Holders who hold our units in an RRSP, RRIF, TFSA, RDSP or RESP should consult with their own tax advisors regarding the application of the foregoing “prohibited investment” rules having regard to their particular circumstances.

Alternative Minimum Tax

Canadian Holders that are individuals or trusts may be subject to the alternative minimum tax rules. Such Canadian Holders should consult their own tax advisors.

Holders Not Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is not, and is not deemed to be, resident in Canada and who does not use or hold and is not deemed to use or hold the units in connection with a business carried on in Canada (a “Non-Canadian Holder”).

The following portion of the summary assumes that (i) our units are not, and will not at any relevant time constitute, “taxable Canadian property” of any Non-Canadian Holder and (ii) our partnership and the Holding LP will not dispose of property that is “taxable Canadian property”. “Taxable Canadian property” includes, but is not limited to, property that is used or held in a business carried on in Canada and shares of corporations that are not listed on a “designated stock exchange” if more than 50% of the fair market value of the shares is derived from certain Canadian properties during the 60-month period immediately preceding the particular time. In general, our units will not constitute “taxable Canadian property” of any Non-Canadian Holder at a particular time, unless (a) at any time during the 60-month period immediately preceding the particular time, more than 50% of the fair market value of our units was derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves “taxable Canadian property”), from one or any combination of (i) real or immovable property situated in Canada; (ii) “Canadian resource properties”; (iii) “timber resource properties”; and (iv) options in respect of, or interests in, or for civil law rights in, such property, whether or not such property exists, or (b) our units are otherwise deemed to be “taxable Canadian property”. Since our partnership’s assets will consist principally of units of the Holding LP, our units would generally be “taxable Canadian property” at a particular time if the units of the Holding LP held by our partnership derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves “taxable Canadian property”) more than 50% of their fair market value from properties described in (i) to (iv) above, at any time in the 60-month period preceding the particular time. Our General Partner does not expect our units to be “taxable Canadian property” at any relevant time and does not expect our partnership or the Holding LP to dispose of “taxable Canadian property”. However, no assurance can be given in these regards. See Item 3.D “Risk Factors—Risks Related to Taxation—Canada”.

The following portion of the summary also assumes that neither our partnership nor the Holding LP will be considered to carry on business in Canada. Our General Partner intends to organize and conduct the affairs of each of these entities, to the extent possible, so that neither of these entities should be considered to carry on business in Canada for purposes of the Tax Act. However, no assurance can be given in this regard. If our partnership or the Holding LP carry on business in Canada, the tax implications to our partnership or the Holding LP and to Non-Canadian Holders may be materially and adversely different than as set out herein.

Special rules, which are not discussed in this summary, may apply to a Non-Canadian Holder that is an insurer carrying on business in Canada and elsewhere.

Taxation of Income or Loss

A Non-Canadian Holder will not be subject to Canadian federal income tax under Part I of the Tax Act on its share of income from a business carried on by our partnership (or the Holding LP) outside Canada or the non-business income earned by our partnership (or the Holding LP) from sources in Canada. However, a Non-Canadian Holder may be subject to Canadian federal withholding tax under Part XIII of the Tax Act, as described below.

Our partnership and the Holding LP will each be deemed to be a non-resident person in respect of certain amounts paid or credited or deemed to be paid or credited to them by a person resident or deemed to be resident in Canada, including dividends or interest. Dividends or interest (other than interest not subject to Canadian federal withholding tax) paid or deemed to be paid by a person resident or deemed to be resident in Canada to the Holding LP will be subject to withholding tax under Part XIII of the Tax Act at the rate of 25%. However, the CRA's administrative practice in similar circumstances is to permit the rate of Canadian federal withholding tax applicable to such payments to be computed by looking through our partnership and taking into account the residency of the partners (including partners who are resident in Canada) and any reduced rates of Canadian federal withholding tax that any non-resident partners may be entitled to under an applicable income tax treaty or convention, provided that the residency status and entitlement to the treaty benefits can be established. In determining the rate of Canadian federal withholding tax applicable to amounts paid to the Holding LP by the Holding Entities, our General Partner expects the Holding Entities to look-through the Holding LP and our partnership to the residency of the partners of our partnership (including partners who are resident in Canada) and to take into account any reduced rates of Canadian federal withholding tax that non-resident partners may be entitled to under an applicable income tax treaty or convention in order to determine the appropriate amount of Canadian federal withholding tax to withhold from dividends or interest paid to the Holding LP. However, there can be no assurance that the CRA will apply its administrative practice in this context. Under the Treaty, a Canadian-resident payer is required in certain circumstances to look-through fiscally transparent partnerships, such as our partnership and the Holding LP, to the residency and Treaty entitlements of their partners and to take into account the reduced rates of Canadian federal withholding tax that such partners may be entitled to under the Treaty. Under our Limited Partnership Agreement, the amount of any taxes withheld or paid by our Partnership, the Holding LP or the Holding Entities in respect of our units may be treated either as a distribution to our unitholders or as a general expense of our Partnership, as determined by our General Partner in its sole discretion. However, our General Partner's current intention is to treat all such amounts as a distribution to our unitholders.

AUSTRALIAN TAX CONSIDERATIONS

Set out below are general Australian income tax implications for Australian tax resident holders of units (Australian Holders).

This is not tax advice an Australian Holder can rely on. The individual circumstances of each Australian Holder will affect the taxation implications of each Australian Holder's interest in our partnership. Australian Holders should seek appropriate independent professional advice that considers the taxation implications in respect of their own specific circumstances.

The discussion is primarily intended for Australian Holders who hold their interest in our partnership on capital account. Different outcomes will potentially arise for Australian Holders who are investing on revenue account. Those Australian Holders should seek professional taxation advice in relation to their interest in our partnership.

The summary of the Australian income tax implications set out below is based on established judicial and administrative interpretations of the Income Tax Assessment Act 1997 (Cth) ("ITAA 1997"), the Income Tax Assessment Act 1936 (Cth) ("ITAA 1936") and the Taxation Administration Act 1953 (Cth) ("Administration Act") as at the date of this annual report on Form 20-F.

Summary

The key Australian income tax implications for Australian Holders of units are set out below:

Our partnership should be classified as a “corporate limited partnership” for Australian income tax purposes as:

- it satisfies the definition of “corporate limited partnership”; and
- it is not either a “venture capital limited partnership”, an “early stage venture capital limited partnership”, an “Australian venture capital fund of funds” or a “venture capital management partnership”; and
- it is not a “foreign hybrid limited partnership”.

On the basis that our partnership is a corporate limited partnership and at least one member’s liability is limited, it should be treated as a company for Australian tax purposes.

Our partnership is a non-resident of Australia for tax purposes and therefore, should not be subject to income tax in Australia except for any income sourced in Australia, or in respect of certain capital gains that relate to “taxable Australian property” as detailed in the ITAA 1997.

Distributions made by our partnership to Australian Holders should be characterized as dividends for Australian income tax purposes and included in Australian Holders’ assessable unfranked dividend income on the basis that a “foreign hybrid election” is not able to be made by Australian resident shareholders to treat the partnership as a partnership for Australian tax purposes.

Australian Holders should not be subject to income tax on an accruals basis under the Controlled Foreign Company rules. This conclusion is dependent on the quantum and nature of the interests held in our partnership.

The disposal of units by Australian Holders should give rise to a capital gains tax (“CGT”) event for the Australian Holders. Broadly, Australian Holders that hold their units on capital account should realize a capital gain (or loss) equal to the difference between any capital proceeds received and the cost base (or reduced cost base) of the units.

Characterization of the Partnership

Definition of “limited partnership”

A limited partnership is defined in section 995-1 of the ITAA 1997 and means:

- a. an association of persons (other than a company) carrying on business as partners or in receipt of ordinary income or statutory income jointly, where the liability of at least one of those persons is limited; or
- b. an association of persons (other than one referred to in paragraph (a)) with legal personality separate from those persons that was formed solely for the purpose of becoming a “venture capital limited partnership” (“VCLP”), an “early stage venture capital limited partnership” (“ESVCLP”), an “Australian venture capital fund of funds” (“AFOF”) or a “venture capital management partnership” (“VCMP”) and to carry on activities that are carried on by a body of that kind.

There is no requirement as to where or under which law the liability is limited. For tax purposes, the liability is limited if it is effectively limited under the laws applying to the partnership (as per the partnership agreement). Our partnership should be a limited partnership for Australian tax purposes.

Definition of “corporate limited partnership”

Under subsection 94D(1)(a) of the ITAA 1936, a limited partnership will be a corporate limited partnership in relation to the year of income of the partnership if the year of income is the 1995-96 year of income or a later year of income. Our partnership should be a corporate limited partnership under subsection 94D(1) of the above definition.

Subsection 94D(2) of the ITAA 1936 specifically excludes from a corporate limited partnership a VCLP, ESVCLP, or AFOF. A requirement for each of these definitions is that the partnership be registered either in Australia or a country prescribed by relevant regulations or be an Australian resident. Our partnership is registered in Bermuda and is not a resident of Australia. Bermuda is not a country prescribed by relevant regulations. Therefore our partnership will not be a VCLP, ESVCLP or AFOF. A VCLP is defined by reference to the Venture Capital Act 2002. Our partnership, as a Bermudian Exempted Limited Partnership, will not be excluded from the definition of a corporate limited partnership as subsection 9-1(1) of the Venture Capital Act requires of a VCLP that:

- (a) the partnership was established by or under a law in force in, or in any part of:
 - I. Australia; or
 - II. foreign country in respect of which a double tax agreement (as defined in Part X of the ITAA 1936) is in force; and
- (b) all of the partners who are general partners are residents of a country referred to in paragraph (a).

Definition of “foreign hybrid limited partnership”

Pursuant to sub-section 94D(5) of the ITAA 1936, an exception to our partnership being a corporate limited partnership applies if it is a “foreign hybrid limited partnership” (“FHLP”), as defined in section 830-10 of the ITAA 1997. A limited partnership will be a FHLP if:

- (a) it was formed in a foreign country (i.e. other than Australia); and
- (b) foreign income tax is imposed under the law of the foreign country on the partners, not the limited partnership, in respect of the income or profits of the partnership for the income year; and
- (c) at no time during the income year is the limited partnership, for the purposes of a law of any foreign country that imposes foreign income tax on entities because they are residents of the foreign country, a resident of that country; and
- (d) disregarding subsection 94D(5) of the ITAA 1936, at no time during the income year is it an Australian resident; and
- (e) disregarding that subsection, in relation to the same income year of another taxpayer:
 - I. the limited partnership is a Controlled Foreign Company at the end of a statutory accounting period that ends in the income year; and
 - II. at the end of the statutory accounting period, the taxpayer is an attributable taxpayer in relation to the Controlled Foreign Company with an attribution percentage greater than nil.

Paragraph (a) should be met on the basis that our partnership was formed in Bermuda. Paragraph (b) would not be met on the basis that Bermuda does not impose any tax on income, profits, dividends or wealth. Therefore, there is no foreign tax imposed under the laws of Bermuda on the partners of our partnership and this paragraph will not be satisfied. This position is confirmed by the Australia Taxation Office (“ATO”) in ATO ID 2006/149. On the basis that paragraph (b) is not met, our partnership should not be a FHLP.

Conclusion

Our partnership should be classified as a corporate limited partnership for Australian income tax purposes in accordance with section 94D of the ITAA 1997. The consequences of that include that our partnership is treated as a company for the purposes of applying Australian domestic income tax law (sections 94J and 94K of the ITAA 1936). Accordingly, Australian Holders' units in our partnership should be treated as shares in a company.

Partnership distributions to Australian Holders

Australian Holders will potentially receive distributions from our partnership. Distributions will be treated as dividends on the basis that our partnership is a corporate limited partnership for Australian tax purposes. The distributions should be treated as unfranked dividends to Australian Holders.

Our partnership will not provide information to enable Australian Holders to determine whether a return of capital has been made for Australian tax purposes. Therefore, Australian Holders should treat all distributions as unfranked dividends.

The taxation treatment of a partnership dividend received by Australian Holders will vary depending on the type of Australian Holder. Australian Holders should seek further independent advice in relation to the nature of future distributions received from our partnership.

Set out below is a summary of how different types of Australian Holders should treat a distribution received from our partnership.

Australian tax resident individuals

Distributions received by Australian tax resident individuals should in most cases be included in their Australian assessable income. Australian Holders should be entitled to an Australian foreign income tax offset which reduces the Australian tax payable on assessable dividends by an amount of any foreign income tax withheld by our partnership, up to the amount of Australian tax payable..

Australian Holders should seek independent advice in relation to their entitlement to Australian foreign income tax offsets to the extent foreign tax is withheld.

Australian tax resident companies

The taxation treatment of a dividend received by an Australian tax resident company is the same as that described above for an Australian tax resident individual.

Australian tax resident trusts

The comments below relate to Australian tax resident beneficiaries who are not under a legal disability where those beneficiaries are presently entitled to income of an Australian resident trust. If the beneficiary is under a legal disability, we recommend those beneficiaries seek independent professional taxation advice.

Distributions in the form of dividend income should either be included in the trustee's, or the beneficiary's, assessable income, as the case may be. The tax treatment of the dividend then depends on the tax status of the Australian resident trust and the legal identity of the beneficiary as an individual, a company or a trust (refer to comments above).

Australian tax resident superannuation funds

Dividends paid to an Australian tax resident superannuation fund should be included in the fund's Australian assessable income. Superannuation funds should be entitled to an Australian foreign income tax offset against the Australian tax payable on assessable dividends of the amount of any foreign income tax withheld by our partnership on the distribution, up to the amount of Australian tax payable.

Australian Holders should seek further independent advice in relation to their entitlement to Australian foreign income tax offsets to the extent foreign tax is withheld on our partnership distributions.

Documentation for Australian Holders

Australian Holders with income tax years that end on 30 June will not receive any documentation from our partnership that will correlate directly to a 30 June income tax year end. Australian Holders will need to rely on distribution payment statements to support their Australian income tax disclosures.

Australian CGT implications for Australian Holders

Cost base of the Partnership Units

The cost base of the units for Australian Holders who bought their units in our partnership directly should equal the money paid for those units plus any incidental costs of acquisition and disposal of the units (e.g. broker's fees, borrowing expenses).

Where an Australian Holder received the units as consideration for entering into the Merger Transaction, the cost base or reduced cost base of the units acquired is made up of a number of elements including the money paid or market value of property given to acquire the units. That amount should be the market value of the Prime Infrastructure securities exchanged for the units under the Merger Transaction plus the incidental costs of acquisition and disposal of the Prime Infrastructure securities (if any).

On the basis that our partnership and the Prime Infrastructure security holders were acting at arm's length, the market value of the Prime Infrastructure securities disposed of under the Merger Transaction should be the same as the market value of the units received in exchange.

The acquisition date for the units for CGT purposes should be the date the units were allotted to the Prime Infrastructure security holders (8 December 2010 Australian Eastern Standard Time).

The market value of the units may be determined by reference to the NYSE/TSX VWAP of these units on 8 December 2010 (A\$20.651 per unit).

Disposal of units

In the event Australian Holders dispose of units, a capital gain should arise where the sale proceeds received exceed an Australian Holders' cost base in the units. A capital loss should arise where the Australian Holders' reduced cost base exceeds the sale proceeds. The time that the CGT event occurs is when the contract is entered into or, if there is no contract, when the change of ownership occurs.

Partnership distributions should be treated as unfranked dividends and no CGT cost base reduction should be calculated as a result of the distributions.

Where the proceeds received are in foreign currency (e.g. US\$ or C\$), these should be converted into A\$ at the daily average exchange rate for the day of the sale (the date the sale contract is entered into). The ATO publish daily average exchange rates on their website (www.ato.gov.au). This may be a different amount than the A\$ cash an Australian Holder ultimately receives.

Accordingly, there may be a foreign exchange gain or loss if there are any fluctuations in the exchange rate between the date of the sale contract and the date payment is received by the Australian Holders. To the extent payment is received within 12 months of the date of disposal (the date the sale contract is entered into) of the units any such foreign exchange realization gains or losses will be capital in nature and subject to the CGT provisions (i.e. included in the overall gain or loss on the disposal of the units).

If payment is received more than 12 months after the contract date, the foreign exchange gain or loss provisions of the ITAA 1997 apply. Australian Holders should seek specific advice in this circumstance.

Discount of capital gain

Provided the units that gave rise to the capital gain were held for at least 12 months prior to the occurrence of the CGT event (excluding the date of acquisition), any net capital gain realized by an Australian Holder on those units (e.g. if a sale were to occur) may qualify for discount capital gains tax treatment.

The discount is taken into account after applying any available capital losses against the capital gain eligible for the discount.

This treatment broadly only applies in respect of units held by Australian Holders that are individuals, trustees of trusts, and trustees of superannuation funds. No such discount is available for corporate Australian Holders.

Where the CGT discount is available, individual Australian Holders (either holding their units directly or indirectly through a trust) may reduce their net capital gain by 50%. For trustees (responsible entities) of superannuation funds, the net capital gain may be reduced by 33^{1/3}%.

BERMUDA TAX CONSIDERATIONS

In Bermuda there are no taxes on profits, income or dividends, nor is there any capital gains tax, estate duty or death duty. Profits can be accumulated and it is not obligatory to pay dividends. As “exempted undertakings”, exempted partnerships and overseas partnerships are entitled to apply for (and will ordinarily receive) an assurance pursuant to the Exempted Undertakings Tax Protection Act 1966 that, in the event that legislation introducing taxes computed on profits or income, or computed on any capital asset, gain or appreciation, is enacted, such taxes shall not be applicable to the partnership or any of its operations until March 31, 2035. Such an assurance may include the assurance that any tax in the nature of estate duty or inheritance tax shall not be applicable to the units, debentures or other obligations of the partnership.

Exempted partnerships and overseas partnerships fall within the definition of “international businesses” for the purposes of the Stamp Duties (International Businesses Relief) Act 1990, which means that instruments executed by or in relation to an exempted partnership or an overseas partnership are exempt from stamp duties (such duties were formerly applicable under the Stamp Duties Act 1976). Thus, stamp duties are not payable upon, for example, an instrument which effects the transfer or assignment of a unit in an exempted partnership or an overseas partnership, or the sale or mortgage of partnership assets; nor are they payable upon the partnership capital.

10.F DIVIDENDS AND PAYING AGENTS

Not applicable.

10.G STATEMENT BY EXPERTS

Not applicable.

10.H DOCUMENTS ON DISPLAY

Our partnership is subject to the information filing requirements of the Exchange Act, and accordingly we are required to file periodic reports and other information with the SEC. As a foreign private issuer under the SEC's regulations, we file annual reports on Form 20-F and other reports on Form 6-K. The information disclosed in our reports may be less extensive than that required to be disclosed in annual and quarterly reports on Forms 10-K and 10-Q required to be filed with the SEC by U.S. issuers.

Moreover, as a foreign private issuer, we are not subject to the proxy requirements under Section 14 of the Exchange Act, and our directors and principal shareholders are not subject to the insider short swing profit reporting and recovery rules under Section 16 of the Exchange Act. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding us and other issuers that file electronically with the SEC. The address of the SEC internet site is www.sec.gov. Our website is at <https://bip.brookfield.com>.

In addition, our partnership is required to file documents required by Canadian securities laws electronically with Canadian securities regulatory authorities and these filings are available on our SEDAR profile at www.sedar.com. Written requests for such documents should be directed to our Corporate Secretary at 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda.

10.I SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT NON-PRODUCT RELATED MARKET RISK

See the information contained in this annual report on Form 20-F under Item 5.B "Liquidity and Capital Resources—Other Market Risks", Item 5.B "Liquidity and Capital Resources—Foreign Currency Hedging Strategy" and Item 18 "Financial Statements" (Note 7, "Fair Value of Financial Instruments", Note 34, "Derivative Financial Instruments" and Note 35, "Financial Risk Management").

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of December 31, 2021, an evaluation of the effectiveness of our “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) was carried out under the supervision and with the participation of persons performing the functions of principal executive and principal financial officers for us and the Service Provider. Based upon that evaluation, the persons performing the functions of principal executive and principal financial officers for us have concluded that, as of December 31, 2021, our disclosure controls and procedures were effective: (i) to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms; and (ii) to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including the persons performing the functions of principal executive and principal financial officers for us, to allow timely decisions regarding required disclosure.

While our management, including persons performing the functions of principal executive and principal financial officers for us, believe our disclosure controls and procedures provide a reasonable level of assurance that such controls and procedures are effective, they do not expect that our disclosure controls and procedures or internal controls will prevent all error and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including persons performing the functions of principal executive and principal financial officers for us, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2021, based on the criteria set forth in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on evaluation under Internal Control—Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2021. Excluded from our evaluation were internal controls over financial reporting at Inter Pipeline Ltd., for which control was acquired on August 20, 2021. The financial statements of this entity constitute approximately 21% of total assets, 23% of partnership capital, 8% of revenues and 2% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2021.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Report of Independent Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by Deloitte LLP, Independent Registered Public Accounting Firm, who have also audited the financial statements of our partnership, as stated in their reports which are included herein.

Changes in Internal Control

There was no change in our internal control over financial reporting during the year ended December 31, 2021, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our General Partner’s board of directors has determined that Daniel Muñoz Quintanilla possesses specific accounting and financial management expertise, that he is the audit committee financial expert as defined by the SEC and that he is independent within the meaning of the rules of the NYSE. The board of directors of our General Partner has also determined that other members of the audit committee have sufficient experience and ability in finance and compliance matters to enable them to adequately discharge their responsibilities.

ITEM 16B. CODE OF ETHICS

On December 4, 2007, our General Partner adopted a Code of Conduct and Ethics (“Code”) that applies to the members of the board of directors of our General Partner, our partnership and any officers or employees of our General Partner. The Code is periodically updated and we have posted a copy of the current Code on our website at <https://bip.brookfield.com/corporate-governance/governance-documents>.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our General Partner has retained Deloitte LLP (PCAOB ID No. 1208), to act as our partnership's Independent Registered Public Accounting Firm.

The table below summarizes the fees for professional services rendered by Deloitte LLP:

FEES	For the year ended December 31,			
	2021 ⁽¹⁾		2020 ⁽²⁾	
	USD ('000)	%	USD ('000)	%
Audit fees ⁽³⁾	\$ 13,561	92 %	\$ 12,493	86 %
Audit-related fees ⁽⁴⁾	1,112	8 %	1,838	13 %
Tax fees ⁽⁵⁾	50	— %	78	— %
All other fees ⁽⁶⁾	1	— %	121	1 %
Total	\$ 14,724	100 %	\$ 14,530	100 %

(1) Fees in 2021 include \$1.8 million of audit fees and \$0.1 million of audit related fees in connection with Brookfield Infrastructure Corporation.

(2) Fees in 2020 include \$1.2 million of audit fees and \$0.2 million of audit related fees in connection with Brookfield Infrastructure Corporation.

(3) Audit fees relate to annual fees for the audits and interim reviews of our partnership and the Holding LP, including its subsidiaries, associates, and joint ventures.

(4) Audit-related fees relate primarily to services pertaining to the filing of our partnership's short form base shelf prospectuses and other securities-related matters.

(5) Tax fees relate to fees incurred for tax compliance, tax advice and tax planning.

(6) Other relates to certain permissible operational and pre-acquisition consulting and advisory services.

The audit committee of our General Partner pre-approves all audit and audit-related services provided to our partnership and the Holding LP by Deloitte LLP.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEE

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASER

Our partnership may from time-to-time, subject to applicable law, purchase our units or preferred units for cancellation in the open market, provided that any necessary approval has been obtained. Brookfield has also advised our partnership that it may from time-to-time, subject to applicable law, purchase our units in the market without making an offer to all unitholders.

In November 2021, we announced that the TSX accepted a notice filed by our partnership of its intention to renew its normal course issuer bid to repurchase units and Class A Preferred Units. A copy of the notice may be obtained free of charge by contacting our partnership. We believe that at times our units and Class A Preferred Units may trade in a price range that does not fully reflect their value. As a result, from time to time, acquiring our units and Class A Preferred Units for cancellation represents an attractive use of available funds. Under the normal course issuer bid, the board of directors of our General Partner authorized our partnership to repurchase up to 5% of our units, representing approximately 15,259,720 of our issued and outstanding units. Under the normal course issuer bid, our partnership may purchase up to 55,768 units on the TSX during any trading day.

The board of directors of our General Partner also authorized our partnership to repurchase up to 498,926 Series 1 Preferred Units, 498,926 Series 3 Preferred Units, 1,190,365 Series 7 Preferred Units, 798,659 Series 9 Preferred Units and 993,619 Series 11 Preferred Units, representing approximately 10% of the public float of each series of Class A Preferred Units. Under the normal course issuer bid, our partnership may purchase up to 1,000 Series 1 Preferred Units, 1,179 Series 3 Preferred Units, 1,917 Series 7 Preferred Units, 1,319 Series 9 Preferred Units and 1,483 Series 11 Preferred Units on the TSX during any trading day. The price to be paid for our Class A Preferred Units under the normal course issuer bid will be the market price of the relevant series of Class A Preferred Units at the time of purchase. The actual number of any particular series of Class A Preferred Units to be purchased and the timing of such purchases will be determined by our partnership, and all purchases will be made through the facilities of the TSX.

Repurchases of units and Class A Preferred Units were authorized to commence on November 29, 2021 and will terminate on November 28, 2022 or earlier should our partnership complete its repurchases prior to such date. The price to be paid for our units and Class A Preferred Units under the normal course issuer bid will be the market price at the time of purchase. The actual number of units and Class A Preferred Units to be purchased and the timing of such purchases will be determined by our partnership, and all purchases will be made through the facilities of the TSX or the NYSE. Repurchases may occur subject to prevailing market conditions and will be funded from available cash. Repurchases will also be subject to compliance with applicable U.S. federal securities laws, including Rule 10b-18 under the Exchange Act, as well as applicable Canadian securities laws. All of our units and Class A Preferred Units acquired by our partnership under the normal course issuer bid will be cancelled. A copy of the Notice of Intention for each normal course issuer bid may be obtained without charge by contacting Investor Relations by phone at +1 416 956 5129 or by email at bip.enquiries@brookfield.com.

In the year ended December 31, 2021, we did not repurchase any units or Class A Preferred Units under our normal course issuer bid.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Our corporate governance practices are not materially different from those required of domestic limited partnerships under the NYSE listing standards.

ITEM 16H. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

See the financial statements and notes thereto beginning on page F-1 which are filed as part of this annual report on Form 20-F.

ITEM 19. EXHIBITS

Number	Description
1.1	Certificate of registration of Brookfield Infrastructure Partners L.P., registered as of May 29, 2007-incorporated by reference to Exhibit 1.1 to our partnership's Registration Statement on Form 20-F filed July 31, 2007. (With regard to applicable cross-references in this report, our partnership's registration statement was filed with the SEC under File No. 1-33632).
1.2	Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure Partners L.P., dated February 16, 2018-incorporated by reference to Exhibit 99.1 to our partnership's Form 6-K filed February 16, 2018.
1.3	First Amendment to the Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure Partners L.P., dated September 12, 2018-incorporated by reference to Exhibit 99.1 to our partnership's Form 6-K filed September 12, 2018.
1.4	Second Amendment to the Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure Partners L.P., dated February 27, 2020-incorporated by reference to Exhibit 99.1 to our partnership's Form 6-K filed February 27, 2020.
1.5	Third Amendment to the Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure Partners L.P., dated September 21, 2020-incorporated by reference to Exhibit 3.1 to our partnership's Form 6-K filed September 21, 2020.
1.6	Fourth Amendment to the Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure Partners L.P., dated January 21, 2021-incorporated by reference to Exhibit 3.1 to our partnership's Form 6-K filed January 21, 2020.
1.7	Fifth Amendment to the Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure Partners L.P., dated May 24, 2021-incorporated by reference to Exhibit 4.1 to our partnership's Form 6-K filed May 28, 2021.
2.1	Description of Securities*
4.1	Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure L.P., dated February 16, 2018-incorporated by reference to Exhibit 99.2 to our partnership's Form 6-K filed February 16, 2018.
4.2	First Amendment to the Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure L.P., dated September 12, 2018-incorporated by reference to Exhibit 99.2 to our partnership's Form 6-K filed September 12, 2018.
4.3	Second Amendment to the Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure L.P., dated August 1, 2019 effective as of November 30, 2018-incorporated by reference to Exhibit 99.1 to our partnership's Form 6-K filed November 19, 2019.
4.4	Third Amendment to the Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure L.P., dated February 27, 2020-incorporated by reference to Exhibit 99.2 to our partnership's Form 6-K filed February 27, 2020.
4.5	Fourth Amendment to the Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure L.P., dated March 31, 2020-incorporated by reference to Exhibit 99.1 to our partnership's Form 6-K filed April 2, 2020.
4.6	Fifth Amendment to the Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure L.P., dated September 21, 2020-incorporated by reference to Exhibit 3.2 to our partnership's Form 6-K filed September 21, 2020.

- 4.7 Sixth Amendment to the Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure L.P., dated January 21, 2021-incorporated by reference to Exhibit 3.2 to our partnership's Form 6-K filed January 21, 2021.
- 4.8 Seventh Amendment to the Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure L.P., dated May 24, 2021-incorporated by reference to Exhibit 10.1 to our partnership's Form 6-K filed May 24, 2021
- 4.9 Amended and Restated Master Services Agreement, dated March 13, 2015, by and among Brookfield Asset Management Inc., Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., and others-incorporated by reference to Exhibit 4.3 to our partnership's Annual Report on Form 20-F filed March 18, 2015.
- 4.10 First Amendment, dated as of March 31, 2020, to the Amended and Restated Master Services Agreement, by and among Brookfield Asset Management Inc., the Service Recipients and the Service Providers-incorporated by reference to Exhibit 99.2 to our partnership's Form 6-K filed April 2, 2020.
- 4.11 Amended and Restated Relationship Agreement, dated March 28, 2014, by and among Brookfield Asset Management Inc., Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., and others-incorporated by reference to Exhibit 4.3 to our partnership's Annual Report on Form 20-F filed March 28, 2014.
- 4.12 Registration Rights Agreement, dated December 4, 2007, between Brookfield Infrastructure Partners L.P. and Brookfield Asset Management Inc.-incorporated by reference to Exhibit 4.4 to our partnership's Registration Statement on Form 20-F/A filed December 13, 2007.
- 4.13 Support Agreement, dated October 15, 2018, between Brookfield Infrastructure Partners L.P. and Brookfield Infrastructure Partners Exchange LP. -incorporated by reference to Exhibit 4.6 to our partnership's Annual Report on Form 20-F filed February 28, 2019.
- 4.14 First Amendment, dated March 9, 2020, to Support Agreement between Brookfield Infrastructure Partners L.P. and Brookfield Infrastructure Partners Exchange LP-incorporated by reference to Exhibit 99.1 to our partnership's Form 6-K filed March 12, 2020.
- 4.15 Indenture dated October 10, 2012 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada, as supplemented from time to time-incorporated by reference to Exhibit 4.6 to our partnership's Annual Report on Form 20-F filed March 18, 2015.
- 4.16 Fifth Supplemental Indenture dated February 22, 2017 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada-incorporated by reference to Exhibit 99.1 to our partnership's Form 6-K filed February 22, 2017.
- 4.17 Guarantee dated February 22, 2017 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favor of Computershare Trust Company of Canada-incorporated by reference to Exhibit 99.2 to our partnership's Form 6-K filed February 22, 2017.
- 4.18 Sixth Supplemental Indenture dated September 10, 2018 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada-incorporated by reference to Exhibit 99.1 to our partnership's Form 6-K filed September 10, 2018.
- 4.19 Guarantee dated September 10, 2018 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favor of Computershare Trust Company of Canada-incorporated by reference to Exhibit 99.2 to our partnership's Form 6-K filed September 10, 2018.
- 4.20 Guarantee indenture dated February 5, 2019 among Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation, BIP Investment Corporation and Computershare Trust Company of Canada.-incorporated by reference to Exhibit 4.16 to our partnership's Annual Report on Form 20-F filed February 28, 2019.

- 4.21 Seventh Supplemental Indenture dated October 7, 2019 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada-incorporated by reference to Exhibit 99.1 to our partnership's Form 6-K filed on October 7, 2019.
- 4.22 Guarantee dated October 7, 2019 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favor of Computershare Trust Company of Canada-incorporated by reference to Exhibit 99.2 to our partnership's Form 6-K filed on October 7, 2019.
- 4.23 Guarantee indenture, dated as of March 30, 2020, among BIPC Holdings Inc., Brookfield Infrastructure Partners L.P. and Computershare Trust Company of Canada-incorporated by reference to Exhibit 99.3 to our partnership's Form 6-K filed April 2, 2020.
- 4.24 Eighth Supplemental Indenture, dated September 1, 2020, by and among Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance PTY Ltd and Computershare Trust Company of Canada-incorporated by reference to Exhibit 99.1 to our partnership's Form 6-K filed September 21, 2020.
- 4.25 Guarantee, dated September 1, 2020, by and among Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation and Computershare Trust Company of Canada-incorporated by reference to Exhibit 99.2 to our partnership's Form 6-K filed September 21, 2020.
- 4.26 Indenture dated May 24, 2021, by and among Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation, BIPC Holdings Inc., Computershare Trust Company of Canada and Computershare Trust Company N.A.-incorporated by reference to Exhibit 4.1 to our partnership's Form 6-K filed May 24, 2021.
- 4.27 First Supplemental Indenture dated May 24, 2021, by and among Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation, BIPC Holdings Inc., Computershare Trust Company of Canada and Computershare Trust Company N.A.-incorporated by reference to Exhibit 4.2 to our partnership's Form 6 K filed May 24, 2021.
- 4.28 Indenture dated January 21, 2022, by and among BIP Bermuda Holdings I Limited, Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure Finance ULC, Brookfield Infrastructure US Holdings I Corporation, BIPC Holdings Inc., Computershare Trust Company, N.A. and Computershare Trust Company of Canada-incorporated by reference to Exhibit 4.1 to our partnership's Form 6 K filed January 21, 2022.
- 4.29 First Supplemental Indenture dated January 21, 2022, by and among BIP Bermuda Holdings I Limited, Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure Finance ULC, Brookfield Infrastructure US Holdings I Corporation, BIPC Holdings Inc., Computershare Trust Company, N.A. and Computershare Trust Company of Canada-incorporated by reference to Exhibit 4.2 to our partnership's Form 6-K filed January 21, 2022.
- 4.30 Support Agreement dated August 20, 2021, by and among Brookfield Infrastructure Corporation, Brookfield Infrastructure Partners L.P., Brookfield Infrastructure Corporation Exchange Limited Partnership, Brookfield Infrastructure Corporation Exchange GP Inc. and Brookfield Infrastructure Holdings (Canada) Inc.*
- 8.1 Significant Subsidiaries of Brookfield Infrastructure Partners L.P. (Incorporated by reference to Item 4.C, "Organizational Structure").
- 12.1 Certification of Samuel Pollock, Chief Executive Officer, Brookfield Infrastructure Group L.P., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
- 12.2 Certification of David Krant, Chief Financial Officer, Brookfield Infrastructure Group L.P., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

- 13.1 Certification of Samuel Pollock, Chief Executive Officer, Brookfield Infrastructure Group L.P., pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of the Sarbanes-Oxley Act of 2002.*
- 13.2 Certification of David Krant, Chief Financial Officer, Brookfield Infrastructure Group L.P., pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of the Sarbanes-Oxley Act of 2002.*
- 15.1 Consent of Deloitte LLP, Independent Registered Public Accounting Firm, relating to the incorporation of its audit reports on the consolidated financial statements of Brookfield Infrastructure Partners L.P. into the Registration Statements on Form F-3 Nos. 333-262098, 333-255051-01, 333-249031, 333-235653, 333-232256 and 333-167860.*
- 17.1 List of Subsidiary Guarantors and Subsidiary Issuers of Guaranteed Securities - incorporated by reference to Exhibit 22.1 to our partnership's Form F-3 filed January 11, 2022.
- 101.INS Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document*
- 101.SCH Inline XBRL Taxonomy Extension Schema Document*
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document*
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document*
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document*
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document*
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed electronically herewith.

The registrant hereby agrees to furnish to the SEC at its request copies of long-term debt instruments defining the rights of holders of outstanding long-term debt that are not required to be filed herewith.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing an annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Dated: March 9, 2022

BROOKFIELD INFRASTRUCTURE PARTNERS L.P. by its
general partner, Brookfield Infrastructure Partners Limited

By: /S/ WILLIAM COX
Name: William Cox
Title: *Director*

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
Audited Financial Statements of Brookfield Infrastructure Partners L.P. as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019	F-8

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners and Board of Directors of
Brookfield Infrastructure Partners L.P.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Brookfield Infrastructure Partners L.P. and subsidiaries (the “Partnership”) as of December 31, 2021 and 2020, the related consolidated statements of operating results, comprehensive income, partnership capital, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 9, 2022 expressed an unqualified opinion on the Partnership's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Partnership’s management. Our responsibility is to express an opinion on the Partnership’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revaluation of Property, Plant and Equipment - Refer to Notes 3 and 13 to the financial statements

Critical Audit Matter Description

The Partnership has elected the revaluation method for all classes of property, plant and equipment, and accordingly measures certain classes of property, plant and equipment at fair value subsequent to initial recognition on the statement of financial position using a discounted cash flow approach.

While there are several assumptions that are required to determine the fair value of property, plant and equipment, the significant inputs with the highest degree of subjectivity and impact on fair value are the future revenues and operating margins, terminal value multiples and discount rates for those classes of property, plant and equipment where such inputs significantly impact the revaluation. Given the revaluation of property, plant and equipment requires management to make significant assumptions relating to significant inputs of future revenues and operating margins, terminal value multiples and discount rates for certain asset classes of property, plant and equipment, auditing these assumptions required a high degree of auditor judgment as the estimations made by management contain significant measurement uncertainty. This resulted in an increased extent of audit effort, including the need to involve fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future revenues and operating margins, terminal value multiples and discount rates for certain classes of property, plant and equipment included the following, among others:

- Evaluated the effectiveness of controls over revaluation, including those over the unobservable estimates of future revenues and operating margins, terminal value multiples and discount rates.
- Evaluated management's ability to accurately estimate future revenue and operating margins by comparing actual results to management's historical forecasts.
- Assessed the reasonableness of management's estimated future revenues and operating margins by comparing the projections to historical results, objective contractual terms, observable macroeconomic indicators and independent market data, where applicable.
- With the assistance of fair value specialists, we evaluated the reasonableness of the terminal value multiples and discount rates by (1) testing the source information underlying the terminal value multiples and discount rates, and (2) developing a range of independent estimates and comparing those to the terminal value multiples and discount rates selected by management.

Valuation of Investments in Associates and Joint Ventures - Refer to Notes 3 and 12 to the financial statements

Critical Audit Matter Description

The Partnership applies the equity method for interests in investments where significant influence or joint control exists. When indicators of impairment or impairment reversals are identified, management of the Partnership is required to estimate the recoverable amount of the equity accounted investment. Management prepares discounted cash flow models to evaluate whether an impairment or a previous impairment reversal occurred.

While there are several assumptions that are required to determine recoverable amount, the judgments with the highest degree of subjectivity and impact on fair values are future cash flow projections, terminal value multiples and discount rates. Given the determination of recoverability requires management to make significant estimates and assumptions relating to the forecasts of future cash flow projections, terminal value multiples and discount rates, performing audit procedures to evaluate the reasonableness of such estimates and assumptions required a high degree of auditor judgment as the estimations made by management contain significant measurement uncertainty. This resulted in an increased extent of audit effort, including the need to involve fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future cash flow projections, terminal value multiples and discount rates included the following, among others:

- Evaluated the effectiveness of controls over the determination of recoverable amount, including those over the forecasts of future cash flow projections, terminal value multiples, and discount rates.
- Evaluated management's ability to accurately forecast future cash flow projections by comparing actual results to management's historical forecasts.
- Assessed the reasonableness of management's estimated future cash flow projections by comparing the projections to historical results, objective contractual terms, observable macroeconomic indicators and independent market data, where applicable.
- With the assistance of fair value specialists, we evaluated the reasonableness of the terminal value multiples and discount rates by (1) testing the source information underlying the determination of terminal value multiples and discount rates, and (2) developing a range of independent estimates and comparing those to the discount rates and terminal value multiples selected by management.

Acquisition of Inter Pipeline Ltd. - Refer to Notes 3 and 6 to the financial statements

Critical Audit Matter Description

The Partnership acquired several businesses during the year. When each business was acquired, the Partnership assessed the degree of influence it exerted and whether it had control. Once it was established that control existed, the Partnership accounted for the business combination using the acquisition method of accounting. The purchase price of each acquisition was allocated to the assets acquired and liabilities assumed based on their respective fair values at the date of acquisition.

While there were several estimates made by management in the determination of the fair value of the assets acquired and the liabilities assumed, the estimates with the greatest measurement uncertainty for the acquisition of Inter Pipeline Ltd. ("IPL") were forecasted revenue and discount rates in the valuation of certain property, plant and equipment and intangible assets. Auditing these estimates required a high degree of auditor judgment and this resulted in an increased extent of audit effort, including the involvement of fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the estimates made by management in the acquisition of IPL businesses included the following, among others:

- Evaluated the effectiveness of controls over management's process for determining the fair value of property, plant and equipment and intangible assets, including those over forecasted revenue and discount rates.
- With the assistance of capital project specialists, evaluated the reasonableness of management's forecasted revenue used in the valuation of property, plant and equipment by comparing the projections to engineering reports, analyst industry reports and evidence obtained in other areas of the audit.
- With the assistance of fair value specialists, evaluated the reasonableness of the discount rates used in the valuation of property, plant and equipment and intangible assets, including testing the source information underlying the determination of the discount rates, testing the mathematical accuracy of the calculation, and developing a range of independent estimates, comparing it to the discount rates selected by management.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
March 9, 2022

We have served as the Partnership's auditor since 2007.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners and Board of Directors of
Brookfield Infrastructure Partners L.P.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Brookfield Infrastructure Partners L.P. and subsidiaries (the “Partnership”) as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Partnership and our report dated March 9, 2022, expressed an unqualified opinion on those financial statements.

As described in Management’s Annual Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Inter Pipeline Ltd. (“IPL”), for which control was acquired on August 20, 2021, and whose financial statements constitute 21% of total assets, 23% of partnership capital, 8% of revenues and 2% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2021. Accordingly, our audit did not include the internal control over financial reporting at IPL.

Basis for Opinion

The Partnership’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
March 9, 2022

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<u>US\$ MILLIONS</u>	Notes	As of December 31, 2021	As of December 31, 2020
Assets			
Cash and cash equivalents	7, 8	\$ 1,406	\$ 867
Financial assets	7, 9	740	698
Accounts receivable and other	7, 10	2,204	1,925
Inventory	11	400	221
Assets classified as held for sale	12	146	—
Current assets		<u>4,896</u>	<u>3,711</u>
Property, plant and equipment	13	38,655	31,584
Intangible assets	14	14,214	11,767
Investments in associates and joint ventures	12	4,725	5,528
Investment properties	16	655	518
Goodwill	15	8,979	6,634
Financial assets	7, 9	536	709
Other assets	10	1,141	756
Deferred income tax asset	26	160	124
Total assets		<u>\$ 73,961</u>	<u>\$ 61,331</u>
Liabilities and Partnership Capital			
Liabilities			
Accounts payable and other	7, 17	4,019	3,277
Corporate borrowings	7, 19, 20	431	—
Non-recourse borrowings	7, 19	2,701	1,551
Financial liabilities	7, 18	1,510	696
Current liabilities		<u>8,661</u>	<u>5,524</u>
Corporate borrowings	7, 19, 20	2,288	3,158
Non-recourse borrowings	7, 19	23,833	18,469
Financial liabilities	7, 18	1,730	2,678
Other liabilities	17	5,027	5,197
Deferred income tax liability	26	6,011	4,612
Preferred shares	7, 21	20	20
Total liabilities		<u>47,570</u>	<u>39,658</u>
Partnership capital			
Limited partners	27	5,702	4,233
General partner	27	31	19
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield	27	2,408	1,687
BIPC exchangeable shares	27	1,369	638
Exchangeable units ⁽¹⁾	27	85	12
Interest of others in operating subsidiaries		15,658	13,954
Preferred unitholders	27	1,138	1,130
Total partnership capital		<u>26,391</u>	<u>21,673</u>
Total liabilities and partnership capital		<u>\$ 73,961</u>	<u>\$ 61,331</u>

(1) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF OPERATING RESULTS

<u>US\$ MILLIONS (except per unit information)</u>	Notes	For the year ended December 31,		
		2021	2020	2019
Revenues	4	\$ 11,537	\$ 8,885	\$ 6,597
Direct operating costs ⁽¹⁾	13, 14, 23	(8,247)	(6,548)	(4,609)
General and administrative expenses		(406)	(312)	(279)
		2,884	2,025	1,709
Interest expense	22	(1,468)	(1,179)	(904)
Share of earnings from investments in associates and joint ventures ..	12	88	131	224
Mark-to-market on hedging items	7	80	(16)	57
Other income (expense)	5	1,749	234	(158)
Income before income tax		3,333	1,195	928
Income tax expense				
Current	26	(374)	(237)	(250)
Deferred	26	(240)	(54)	(28)
Net income		\$ 2,719	\$ 904	\$ 650
Attributable to:				
Limited partners		\$ 556	\$ 141	\$ 52
General partner		210	183	159
Non-controlling interest attributable to:				
Redeemable Partnership Units held by Brookfield		229	55	22
BIPC exchangeable shares		95	14	—
Exchangeable units ⁽²⁾		3	1	—
Interest of others in operating subsidiaries		1,626	510	417
Basic and diluted income per unit attributable to ⁽³⁾ :				
Limited partners	27	\$ 1.74	\$ 0.35	\$ 0.06

(1) During the fourth quarter of 2021, the partnership reclassified \$2,036 million of depreciation and amortization expenses, which were previously presented as a separate line item, to direct operating costs. Prior period amounts were also adjusted to reflect this change, which resulted in an increase to direct operating costs by \$1,705 million and \$1,214 million for years ended December 31, 2020 and 2019, respectively, with equal and offsetting decreases to depreciation and amortization expense. This reclassification had no impact on revenues, net income, or basic and diluted earnings per limited partner unit.

(2) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

(3) Basic and diluted income per limited partner unit for the years ended December 31, 2020, and 2019 have been restated to reflect the impact of the special distribution on March 31, 2020. Refer to Note 1, Organization and Description of the Business, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<u>US\$ MILLIONS</u>	Notes	For the year ended December 31,		
		2021	2020	2019
Net income		\$2,719	\$ 904	\$ 650
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Revaluation of property, plant and equipment	13	252	786	719
Marketable securities	7	153	59	47
Unrealized actuarial gains (losses)		170	(157)	(6)
Taxes on the above items	26	(197)	(188)	(148)
Share of income from investments in associates and joint ventures	12	96	98	108
		474	598	720
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation		(513)	(516)	64
Cash flow hedge	7	293	(104)	(33)
Net investment hedge	7	2	(12)	(113)
Taxes on the above items	26	(63)	63	6
Share of losses from investments in associates and joint ventures	12	67	(91)	(54)
		(214)	(660)	(130)
Total other comprehensive income (loss)		260	(62)	590
Comprehensive income		\$2,979	\$ 842	\$1,240
Attributable to:				
Limited partners	28	\$ 694	\$ 130	\$ 298
General partner	28	210	182	160
Non-controlling interest attributable to:				
Redeemable Partnership Units held by Brookfield	28	287	48	125
BIPC exchangeable shares	28	125	101	—
Exchangeable units ⁽¹⁾	28	4	1	1
Interest of others in operating subsidiaries		1,659	380	656

(1) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

US\$ MILLIONS	Limited Partners						Non-Controlling Interest—Redeemable Partnership Units held by Brookfield									
	Limited partners' capital	(Deficit)	Ownership Changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner	Redeemable units held by Brookfield	(Deficit)	Ownership Changes	Accumulated other comprehensive income ⁽¹⁾	Non-Controlling Interest—Redeemable Partnership Units held by Brookfield	Non-controlling interest—BIPC exchangeable shares	Non-controlling interest—Exchangeable Units ⁽⁷⁾	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	\$ 2,328	\$ (975)	\$ 125	\$ 209	\$ 1,687	\$ 638	\$ 12	\$ 13,954	\$ 1,130	\$ 21,673
Net income	—	556	—	—	556	210	—	229	—	—	229	95	3	1,626	—	2,719
Other comprehensive income	—	—	—	138	138	—	—	—	—	58	58	30	1	33	—	260
Comprehensive income	—	556	—	138	694	210	—	229	—	58	287	125	4	1,659	—	2,979
Unit issuance ⁽²⁾	545	—	—	—	545	—	400	—	—	—	400	1,770	259	—	—	2,974
Partnership distributions ⁽³⁾	—	(608)	—	—	(608)	(209)	—	(251)	—	—	(251)	(115)	(7)	—	—	(1,190)
Partnership preferred distributions ⁽³⁾	—	(41)	—	—	(41)	—	—	(18)	—	—	(18)	(8)	—	—	—	(67)
Acquisition of subsidiaries ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	2,707	—	2,707
Disposition of subsidiaries ⁽⁵⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,340)	—	(1,340)
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	(955)	—	(955)
Acquisition of non-controlling interest ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	(939)	—	(939)
Preferred units redeemed ⁽²⁾	—	(13)	—	—	(13)	—	—	(5)	—	—	(5)	(2)	—	—	(186)	(206)
Preferred units issued ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	194	194
Other items ^{(1),(2),(4),(6)}	3	266	890	(267)	892	11	—	109	329	(130)	308	(1,039)	(183)	572	—	561
Balance as at December 31, 2021	\$ 6,074	\$ (2,125)	\$ 1,430	\$ 323	\$ 5,702	\$ 31	\$ 2,728	\$ (911)	\$ 454	\$ 137	\$ 2,408	\$ 1,369	\$ 85	\$ 15,658	\$ 1,138	\$ 26,391

(1) Refer to Note 28, Accumulated Other Comprehensive Income (Loss).

(2) Refer to Note 27, Partnership Capital.

(3) Refer to Note 29, Distributions.

(4) Refer to Note 6, Acquisition of Businesses.

(5) Refer to Note 5, Disposition of Businesses.

(6) Refer to Note 1, Organization and Description of the Business.

(7) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

US\$ MILLIONS	Limited Partners						Non-Controlling Interest—Redeemable Partnership Units held by Brookfield									
	Limited partners' capital	(Deficit)	Ownership Changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner	Redeemable units held by Brookfield	(Deficit)	Ownership Changes	Accumulated other comprehensive income ⁽¹⁾	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, 2020	5,495	(1,430)	510	473	5,048	24	2,328	(613)	101	223	2,039	—	18	14,113	935	22,177
Net income	—	141	—	—	141	183	—	55	—	—	55	14	1	510	—	904
Other comprehensive (loss) income	—	—	—	(11)	(11)	(1)	—	—	—	(7)	(7)	87	—	(130)	—	(62)
Comprehensive income	—	141	—	(11)	130	182	—	55	—	(7)	48	101	1	380	—	842
Unit issuance ⁽²⁾	9	—	—	—	9	—	—	—	—	—	—	—	—	—	—	9
Partnership distributions ⁽³⁾	—	(588)	—	—	(588)	(185)	—	(240)	—	—	(240)	(66)	(4)	—	—	(1,083)
Partnership preferred distributions ⁽³⁾	—	(35)	—	—	(35)	—	—	(13)	—	—	(13)	(3)	—	—	—	(51)
Acquisition of subsidiaries ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	1,880	—	1,880
Disposition of subsidiaries ⁽⁵⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,078)	—	(1,078)
Capital provided by non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	63	—	63
Subsidiary distribution to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,278)	—	(1,278)
Acquisition of non-controlling interest ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	(107)	—	(107)
Preferred units issued ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	195	195
Issuance of BIPC exchangeable shares ^{(2),(6)}	—	(398)	(61)	18	(441)	(2)	—	(174)	(14)	5	(183)	626	—	—	—	—
Other items ^{(1),(4)}	22	25	91	(28)	110	—	—	10	38	(12)	36	(20)	(3)	(19)	—	104
Balance as at December 31, 2020	\$ 5,526	\$ (2,285)	\$ 540	\$ 452	\$ 4,233	\$ 19	\$ 2,328	\$ (975)	\$ 125	\$ 209	\$ 1,687	\$ 638	\$ 12	\$ 13,954	\$ 1,130	\$ 21,673

(1) Refer to Note 28, Accumulated Other Comprehensive Income (Loss).

(2) Refer to Note 27, Partnership Capital.

(3) Refer to Note 29, Distributions.

(4) Refer to Note 6, Acquisition of Businesses

(5) Refer to Note 5, Disposition of Businesses.

(6) Refer to Note 1, Organization and Description of the Business.

	Limited Partners						Non-Controlling Interest— Redeemable Partnership Units held by Brookfield						Preferred Unitholders Capital	Total partners' capital	
	Limited partners' capital	(Deficit)	Ownership Changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner	Redeemable units held by Brookfield	(Deficit)	Ownership Changes	Accumulated other comprehensive income ⁽¹⁾	Non-Controlling Interest—Redeemable Partnership Units held by Brookfield	Non-controlling interest—Exchange LP Units			Non-controlling interest—in operating subsidiaries
US\$ MILLIONS															
Balance as at January 1, 2019	4,911	(856)	249	209	4,513	22	2,078	(370)	3	112	1,823	71	7,303	936	14,668
Net income	—	52	—	—	52	159	—	22	—	—	22	—	417	—	650
Other comprehensive income	—	—	—	246	246	1	—	—	—	103	103	1	239	—	590
Comprehensive income	—	52	—	246	298	160	—	22	—	103	125	1	656	—	1,240
Unit issuance ⁽²⁾	559	—	—	—	559	—	250	—	—	—	250	—	—	—	809
Unit repurchases ⁽²⁾	(28)	—	—	—	(28)	—	—	—	—	—	—	—	—	(1)	(29)
Partnership distributions ⁽³⁾	—	(575)	—	—	(575)	(158)	—	(241)	—	—	(241)	(4)	—	—	(978)
Partnership preferred distributions ⁽³⁾	—	(33)	—	—	(33)	—	—	(16)	—	—	(16)	—	—	—	(49)
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	7,559	—	7,559
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	(1,216)	—	(1,216)
Other items ⁽¹⁾	53	(18)	261	18	314	—	—	(8)	98	8	98	(50)	(189)	—	173
Balance as at December 31, 2019	\$ 5,495	\$ (1,430)	\$ 510	\$ 473	\$ 5,048	\$ 24	\$ 2,328	\$ (613)	\$ 101	\$ 223	\$ 2,039	\$ 18	\$ 14,113	\$ 935	\$ 22,177

(1) Refer to Note 28, Accumulated Other Comprehensive Income (Loss).

(2) Refer to Note 27, Partnership Capital.

(3) Refer to Note 29, Distributions.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS

<u>US\$ MILLIONS</u>	Notes	For the year ended December 31,		
		2021	2020	2019
Operating Activities				
Net income		\$ 2,719	\$ 904	\$ 650
Adjusted for the following items:				
Earnings from investments in associates and joint ventures, net of distributions received	12	69	36	30
Depreciation and amortization expense	13, 14	2,036	1,705	1,214
Mark-to-market on hedging items, provisions and other	5	(1,768)	51	153
Deferred income tax expense	26	240	54	28
Changes in non-cash working capital, net	37	(524)	(220)	68
Cash from operating activities		2,772	2,530	2,143
Investing Activities				
Acquisition of subsidiaries, net of cash acquired	6	(2,923)	(3,405)	(10,271)
Disposal of subsidiaries and assets held for sale, net of cash disposed		3,284	745	272
Investments in associates and joint ventures	12	—	(369)	(539)
Disposal of investments in associates and joint ventures	12	412	—	135
Purchase of long lived assets	13, 14, 16	(2,067)	(1,472)	(1,182)
Disposal of long lived assets	13, 14, 16	85	46	38
Purchase of financial assets		(1,324)	(1,170)	(176)
Sale of financial assets		1,341	933	278
Net settlement of foreign exchange hedging items		19	83	73
Cash used by investing activities		(1,173)	(4,609)	(11,372)
Financing Activities				
Distributions to general partner	29	(209)	(185)	(158)
Distributions to other unitholders	29	(1,048)	(949)	(869)
Subsidiary distributions to non-controlling interest		(955)	(1,278)	(1,216)
Capital provided by non-controlling interest	6	3,071	3,091	6,902
Capital provided to non-controlling interest	6	(1,560)	(828)	—
Disposal of partial interest to non-controlling interest, net of taxes	5	—	168	165
Acquisition of partial interest from non-controlling interest	6	(1,399)	(150)	—
Net proceeds from commercial paper program	19	431	—	—
Deposit (repaid to) received from parent		(545)	545	—
Proceeds from corporate borrowings	19	244	657	376
Repayment of corporate borrowings	19	—	(339)	(288)
Proceeds from corporate credit facility	19	5,928	3,183	4,651
Repayment of corporate credit facility	19	(7,059)	(2,872)	(4,341)
Proceeds from non-recourse borrowings ⁽¹⁾	19	16,510	5,196	8,625
Repayment of non-recourse borrowings	19	(14,499)	(4,077)	(5,052)
Lease liability repaid and other	6	(966)	(240)	(106)
Net preferred units (redeemed) issued	27	(12)	195	72
Partnership units issued, net of costs and repurchases	27	1,073	9	781
Cash (used by) from financing activities		(995)	2,126	9,542
Cash and cash equivalents				
Change during the year		604	47	313
Impact of foreign exchange on cash		(65)	(7)	(13)
Cash reclassified as held for sale		—	—	(13)
Balance, beginning of year		867	827	540
Balance, end of year		\$ 1,406	\$ 867	\$ 827

(1) Includes proceeds from the settlement of cross-currency interest rate swaps at our Australian export terminal.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

a) Brookfield Infrastructure Partners L.P.

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 7, Series 9 and Series 11 are listed on the Toronto Stock Exchange under the symbols “BIP.PR.A”, “BIP.PR.B,” “BIP.PR.D,” “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 7 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 5, cumulative Class A preferred limited partnership units, Series 7, 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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

b) Brookfield Infrastructure Corporation

On August 30, 2019, Brookfield Infrastructure Corporation (“BIPC”) was established by the partnership. On March 30, 2020, the partnership contributed our U.K. regulated distribution operation and Brazilian regulated gas transmission operation to BIPC. On March 31, 2020, the partnership completed a special distribution (the “special distribution”) whereby unitholders as of March 20, 2020 (the “Record Date”) received one class A exchangeable subordinate voting share (“BIPC exchangeable share”) for every nine units held. Immediately prior to the special distribution, the partnership received exchangeable shares through a distribution by Brookfield Infrastructure L.P. (“Holding LP”), or the Holding LP Distribution, of the BIPC exchangeable shares to all of its unitholders. As a result of the Holding LP Distribution, (i) Brookfield and its subsidiaries received approximately 13.7 million BIPC exchangeable shares and (ii) the partnership received approximately 32.6 million BIPC exchangeable shares, which it subsequently distributed to unitholders pursuant to the special distribution. Immediately following the special distribution, (i) holders of units held approximately 70.4% of the issued and outstanding BIPC exchangeable shares (ii) Brookfield and its affiliates held approximately 29.6% of the issued and outstanding BIPC exchangeable shares, and (iii) a subsidiary of the partnership owned all of the issued and outstanding class B multiple voting shares, or class B shares, which represent a 75.0% voting interest in BIPC, and all of the issued and outstanding class C non-voting shares, or class C shares, of BIPC, which entitle the partnership to the residual value in BIPC after payment in full of the amount due to holders of BIPC exchangeable shares and class B shares. The partnership directly and indirectly controlled BIPC prior to the special distribution and continues to control BIPC subsequent to the special distribution through its interests in the company.

The BIPC exchangeable shares are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol “BIPC”.

i) BIPC exchangeable shares

At any time, holders of BIPC exchangeable shares have the right to exchange all or a portion of their BIPC exchangeable shares for one unit per BIPC exchangeable share held or its cash equivalent based on the NYSE closing price of one unit on the date that the request for exchange is received, on a fixed-for-fixed basis. BIPC or the partnership, as applicable, has the ability to satisfy exchanges of BIPC exchangeable shares in units instead of cash. Additionally, the partnership has the ability to exchange all BIPC exchangeable shares for units at our election, on a fixed-for fixed basis. As a result of these characteristics, BIPC exchangeable shares have been classified as non-controlling interests in the Consolidated Statements of Financial Position.

ii) Basic and diluted income per unit:

The special distribution resulted in the issuance of approximately 46.3 million exchangeable shares.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

c) Brookfield Infrastructure Corporation Exchange Limited Partnership

On April 21, 2021, Brookfield Infrastructure Corporation Exchange Limited Partnership (“BIPC Exchange LP”) was established by the partnership. In connection with the acquisition of Inter Pipeline Ltd. (“IPL,” “Inter Pipeline,” or “Canadian diversified midstream operation”), certain IPL shareholders were given the right to elect to receive, for each common share of IPL and in lieu of cash consideration, 0.25 BIPC exchange LP class B exchangeable limited partnership units (“BIPC exchangeable LP units”), or 0.25 BIPC exchangeable shares. The BIPC exchangeable LP units provide holders with economic terms that are substantially equivalent to those of a BIPC exchangeable share and are exchangeable, on a one-for-one basis, for BIPC exchangeable shares. Given the exchangeable features, we present the BIPC Exchangeable LP units as a component of non-controlling interest.

d) Comparative figures

In the current period, the partnership identified an immaterial error which has been corrected in the current period. The error relates to the classification of non-controlling interests within our Indian natural gas operations and our Indian telecom tower operation which should have been reported as liabilities in the amount of \$0.1 billion in fiscal 2019 and \$0.4 billion in fiscal 2020. As a result, approximately \$0.4 billion that was previously reported within non-controlling interest attributable to interest of others in operating subsidiaries has been reclassified to financial liabilities within the Consolidated Statements of Financial Position in the current period. The comparative figures have not been corrected to reflect the effect of the above adjustment. The partnership has concluded that this reclassification error is immaterial and has no impact on the Partnership’s historical audited Consolidated Statements of Operating Results, Consolidated Statements of Comprehensive Income, and Consolidated Statements of Cash Flows.

NOTE 2. SUBSIDIARIES

The following provides information about our partnership’s wholly-owned subsidiaries as of December 31, 2021 and 2020:

Defined Name	Name of entity	Country of incorporation	Ownership interest (%)	
			2021	2020
Transport				
Australian rail operation	Arc Infrastructure Holdings No. 1 Pty Ltd	Australia	100	100

The following table presents details of non-wholly owned subsidiaries of our partnership:

Defined Name	Name of entity	Country of incorporation	Effective Ownership Interest (%)		Voting interest (%)	
			2021	2020	2021	2020
Utilities						
U.K. regulated distribution operation	BUUK Infrastructure No 1 Limited ⁽³⁾	U.K.	80	80	80	80
Canadian district energy operation	Enwave Energy Corporation ^{(1),(3)}	Canada	—	25	—	100
U.S. district energy operation	Enwave USA ^{(1),(3)}	U.S.	—	40	—	100

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Defined Name	Name of entity	Country of incorporation	Effective Ownership Interest (%)		Voting interest (%)	
			2021	2020	2021	2020
Brazilian regulated gas transmission operation	Nova Transportadora do Sudeste S.A. ^{(1),(2)}	Brazil	31	28	92	90
Colombian natural gas distribution operation	Vanti S.A. ESP ^{(1),(2)}	Colombia	21	21	75	75
Brazilian electricity transmission operation	Odoya Transmissora de Energia S.A., Esperanza Transmissora de Energia S.A., Jose Maria de Macedo de Eletricidade S.A, Giovanni Sanguinetti Transmissora de Energia S.A. & Veredas Transmissora de Eletricidade S.A. ^{(1),(2)}	Brazil	31	31	100	100
European residential infrastructure operation	Thermondo GmbH ⁽²⁾	Germany	11	—	51	—
North American residential energy infrastructure operation	Enercare Inc. ⁽¹⁾	Canada	30	30	100	100
Indian gas transmission operation	Pipeline Infrastructure Ltd. ⁽¹⁾	India	23	24	80	83
U.K. residential infrastructure business	BOXT Limited ^{(1),(2)}	U.K.	15	—	60	—
Transport						
North American rail operation	Genesee & Wyoming Inc. ⁽¹⁾	U.S.	9	9	72	72
U.K. ports operation	Brookfield Port Acquisitions (UK) Limited ⁽¹⁾	U.K.	59	59	100	100
Australian port operation	Linx Cargo Care Group Pty Ltd ⁽¹⁾	Australia	27	27	67	67
Chilean toll roads	Sociedad Concesionaria Vespucio Norte Express S.A. ^{(1),(3)}	Chile	—	17	—	60
Indian toll roads	BIF India Holdings Pte Ltd ⁽¹⁾	Singapore	40	40	93	93
Peruvian toll roads	Rutas de Lima S.A.C ⁽¹⁾	Peru	17	17	57	57
Indian toll roads	Simhapuri Expressway Limited ⁽¹⁾	India	29	29	93	93
Indian toll roads	Rayalseema Expressway Private Limited ⁽¹⁾	India	26	26	84	84

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Defined Name	Name of entity	Country of incorporation	Effective Ownership Interest (%)		Voting interest (%)	
			2021	2020	2021	2020
Midstream						
North American gas storage operation	Warwick Gas Storage L.P. ⁽¹⁾	Canada	25	25	100	100
North American gas storage operation	Lodi Gas Storage LLC ⁽¹⁾	U.S.	40	40	100	100
North American gas storage operation	Rockpoint Gas Storage Partners L.P. ⁽¹⁾	U.S.	40	40	100	100
Canadian diversified midstream operation	Inter Pipeline Ltd. ^{(1),(2)}	Canada	59	—	100	—
Western Canadian natural gas gathering and processing operation	NorthRiver Midstream Inc. ⁽¹⁾	Canada	29	29	100	100
Data						
U.S. data center operation	Dawn Acquisitions LLC ⁽¹⁾	U.S.	29	29	100	100
Australian data center operation	Ruby Pooling Hold Trust ⁽¹⁾	Australia	29	29	100	100
Indian telecom towers operation	Summit Digitel Infrastructure Private Limited ^{(1),(2)}	India	17	17	62	62
U.K. telecom towers operation	WIG Holdings I Limited ⁽¹⁾	U.K.	24	25	98	100
Corporate						
Holding LP	Brookfield Infrastructure L.P.	Bermuda	70	70	100	100

(1) For the above noted subsidiaries, our partnership has entered into voting arrangements to provide our partnership with the ability to direct the relevant activities of the investee. Our partnership controls these investees given that our partnership is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Our partnership exercises judgment to determine the level of variability that will achieve control over an investee, particularly in circumstances where our partnership's voting interest differs from its ownership interest in an investee. The following were considered to determine whether our partnership controls these investees: the degree of power (if any) held by other investors, the degree of exposure to variability of each investor, the determination of whether any general partner removal rights are substantive and the purpose and design of the investee.

(2) See Note 6, Acquisition of Businesses, for further details.

(3) See Note 5, Disposition of Businesses, for further details.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

The consolidated financial statements were authorized for issue by the Board of Directors on March 9, 2022.

(b) Basis of Preparation

The consolidated financial statements are prepared on a going concern basis.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(i) Subsidiaries

These consolidated financial statements include the accounts of our partnership and subsidiaries over which our partnership has control. Subsidiaries are consolidated from the date of acquisition, being the date on which our partnership obtains control, and continue to be consolidated until the date when control is lost. Our partnership (investor) controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Together, our partnership and its subsidiaries are referred to as “Brookfield Infrastructure” in these financial statements.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets. The choice of measurement basis is made on an acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in partnership capital in addition to changes in ownership interests. Total comprehensive income is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Holding LP has issued Redeemable Partnership Units held by Brookfield, which may, at the request of the holder, require the Holding LP to redeem the Redeemable Partnership Units for cash consideration equal to the market price of our partnership’s units. This right is subject to our partnership’s right of first refusal which entitles it, at its sole discretion, to elect to acquire any Redeemable Partnership Unit so presented to Holding LP in exchange for one of our partnership’s units subject to certain customary adjustments.

All intercompany balances, transactions, revenues and expenses are eliminated in full.

(ii) Associates and Joint Ventures

Associates and joint ventures are entities over which our partnership has significant influence or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not constitute control. Our partnership accounts for investments over which it has significant influence using the equity method, and are recorded as Investments in associates and joint ventures on the Consolidated Statements of Financial Position.

Interests in investments accounted for using the equity method are initially recorded at cost. If the cost of the associate is lower than the proportionate share of the investment’s underlying fair value, our partnership records a gain on the difference between the cost and the underlying fair values of the identifiable net assets of the associate. If the cost of the associate is greater than our partnership’s proportionate share of the underlying fair value, goodwill and other adjustments arising from the purchase price allocation relating to the associate is included in the carrying amount of the investment. Subsequent to initial recognition, the carrying value of our partnership’s interest in an investee is adjusted for our partnership’s share of comprehensive income or loss and distributions from the investee.

Profits or losses resulting from transactions with an associate are recognized in the consolidated financial statements based on the interests of unrelated investors in the associate.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(c) Foreign Currency Translation

The U.S. dollar is the functional and presentation currency of Brookfield Infrastructure. Each of Brookfield Infrastructure's subsidiaries, associates and jointly controlled entities determines its own functional currency and items included in the financial statements of each subsidiary and associate are measured using that functional currency.

Assets and liabilities of foreign operations having a functional currency other than the U.S. dollar are translated at the rate of exchange prevailing at the reporting date and revenues and expenses at average rates during the period. Gains or losses on translation are included as a component of other comprehensive income. On disposal of a foreign operation resulting in the loss of control, the component of other comprehensive income due to accumulated foreign currency translation relating to that foreign operation is reclassified to net income. Gains or losses on foreign currency denominated balances and transactions that are designated as hedges of net investments in these operations are reported in the same manner. On partial disposal of a foreign operation in which control is retained, the proportionate share of the component of other comprehensive income or loss relating to that foreign operation is reclassified to non-controlling interests in that foreign operation.

Foreign currency denominated monetary assets and liabilities are translated using the rate of exchange prevailing at the reporting date and non-monetary assets and liabilities measured at fair value are translated at the rate of exchange prevailing at the date when the fair value was determined. Revenues and expenses are measured at average rates during the period. Gains or losses on translation of these items are included in net income. Gains and losses on transactions which hedge these items are also included in net income or loss. Foreign currency denominated non-monetary assets and liabilities, measured at historic cost, are translated at the rate of exchange at the transaction date.

(d) Business Combinations

Business acquisitions in which control is acquired are accounted for using the acquisition method, other than those between and among entities under common control. The consideration of each acquisition is measured at the aggregate of the fair values at the acquisition date of assets transferred by the acquirer, liabilities incurred or assumed, and equity instruments issued by Brookfield Infrastructure in exchange for control of the acquiree. Acquisition related costs are recognized in the Consolidated Statements of Operating Results as incurred and included in other expenses.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in fair values are adjusted against the cost of the acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as liabilities will be recognized in the Consolidated Statements of Operating Results, whereas changes in the fair values of contingent consideration classified within partnership capital are not subsequently re-measured.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Where a business combination is achieved in stages, Brookfield Infrastructure's previously held interests in the acquired entity are remeasured to fair value at the acquisition date, that is, the date Brookfield Infrastructure attains control and the resulting gain or loss, if any, is recognized in the Consolidated Statements of Operating Results. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the Consolidated Statements of Operating Results, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Brookfield Infrastructure reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

The measurement period is the period from the date of acquisition to the date Brookfield Infrastructure obtains complete information about facts and circumstances that existed as of the acquisition date. The measurement period is subject to a maximum of one year subsequent to the acquisition date.

If, after reassessment, Brookfield Infrastructure's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree if any, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37") and the amount initially recognized less cumulative amount of income recognized in accordance with IFRS 15, *Revenue from Contracts with Customers*.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Accounts Receivable

Trade receivables are recognized initially at their transaction price and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(g) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average costing method and includes direct purchase costs as well as costs of production, storage, and transportation of natural gas, natural gas liquids and other hydrocarbons. Net realizable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and selling costs. If applicable, an increase in net realizable value representing a reversal of a previous inventory write-down is recognized as an increase in inventory.

(h) Property, Plant and Equipment

Brookfield Infrastructure uses the revaluation method of accounting for all classes of property, plant and equipment. Property, plant and equipment is initially measured at cost and subsequently carried at its revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations are made on at least an annual basis, and on a sufficient basis to ensure that the carrying amount does not differ significantly from fair value. Where the carrying amount of an asset is increased as a result of a revaluation, the increase is recognized in other comprehensive income or loss and accumulated in equity within the revaluation surplus reserve, unless the increase reverses a previously recognized impairment recorded through net income, in which case that portion of the increase is recognized in net income. Where the carrying amount of an asset is decreased, the decrease is recognized in other comprehensive income to the extent of any balance existing in revaluation surplus in respect of the asset, with the remainder of the decrease recognized in net income. Revaluation gains are included in other comprehensive income, but are not subsequently recycled into profit or loss.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Consolidated Statements of Operating Results. However, any balance accumulated in revaluation surplus is subsequently recorded in retained earnings when an asset is derecognized and not transferred to profit or loss.

Depreciation of an asset commences when it is available for use. Property, plant and equipment are depreciated on a straight-line or declining-balance basis over the estimated useful lives of each component of the assets as follows:

Buildings	Up to 75 years
Transmission stations, towers and related fixtures	Up to 40 years
Leasehold improvements	Up to 50 years
Plant and equipment	Up to 40 years
Network systems	Up to 65 years
Track	Up to 40 years
District energy systems	Up to 50 years
Pipelines	Up to 20 years
Gas storage assets	Up to 50 years

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Depreciation on property, plant and equipment is calculated on a straight-line or declining-balance basis so as to depreciate the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes recognized on a prospective basis.

(i) Investment Properties

Brookfield Infrastructure uses the fair value method to account for assets classified as investment property. An asset is determined to be an investment property when it is principally held to earn rental income or for capital appreciation, or both. Investment property is initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value. Gains or losses arising from changes in fair value are included in profit or loss.

Fair values are primarily determined by valuation of the lease term and freehold reversion. An income capitalization approach is used by applying a yield to the rental income of the capitalization rate that is reflective of the characteristics, location and market of each property. Fair value is estimated by management of our partnership with due consideration given to observable market inputs, where available.

(j) Asset Impairment

At each reporting date, Brookfield Infrastructure assesses whether for assets, other than those measured at fair value with changes in values recorded in profit or loss, there is any indication that such assets are impaired. This assessment includes a review of internal and external factors which includes, but is not limited to, changes in the technological, political, economic or legal environment in which the entity operates in, structural changes in the industry, changes in the level of demand, physical damage and obsolescence due to technological changes. An impairment is recognized if the recoverable amount, determined as the higher of the estimated fair value less costs of disposal or the discounted future cash flows generated from use and eventual disposal from an asset or cash generating unit is less than its carrying value. The projections of future cash flows take into account the relevant operating plans and management's best estimate of the most probable set of conditions anticipated to prevail. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

(k) Intangible Assets

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Brookfield Infrastructure's intangible assets are comprised primarily of conservancy rights, service concession arrangements, customer order backlogs, track access rights, operating network agreements and customer contracts and relationships.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization unless indefinite-lived and accumulated impairment losses, on the same basis as intangible assets acquired separately.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Public service concessions that provide Brookfield Infrastructure the right to charge users for a service in which the service and fee is regulated by the grantor are accounted for as an intangible asset under IFRIC 12, *Service Concession Arrangements*.

Concession arrangements were acquired as part of the acquisition of the Brazilian regulated gas transmission operation, Brazilian electricity transmission operation and Indian and Peruvian toll roads and were initially recognized at their fair values. The intangible assets at the Brazilian regulated gas transmission operation and Brazilian electricity transmission operation relate to concession contracts. For our Brazilian regulated gas transmission operation, the concession arrangement provides the business with the right to operate the asset perpetually. As a result, the asset is amortized over its estimated useful life. For our Brazilian electricity transmission operation, the intangible asset is amortized on a straight-line basis over the life of the contractual arrangement. The intangible assets at the Indian and Peruvian toll roads relate to the right to operate a road and charge users a specified tariff for a contractual length of time and is amortized over the life of the contractual arrangement with an average of 15 and 21 years remaining, respectively.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

(I) Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets and liabilities acquired. Goodwill is allocated to the cash generating unit or units to which it relates. Brookfield Infrastructure identifies cash generating units as identifiable groups of assets that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is evaluated for impairment annually or more often if events or circumstances indicate there may be impairment. Impairment is determined for goodwill by assessing if the carrying value of a cash generating unit, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal or the value in use. Impairment losses recognized in respect of a cash generating unit are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the cash generating unit. Any goodwill impairment is charged to profit or loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. In the year of a business acquisition, the recoverability of the acquired goodwill is assessed by revisiting the assumptions of the related underwriting model.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal of the operation.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(m) Revenue Recognition

Our partnership recognizes revenue when it transfers control of a product or service to a customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Brookfield Infrastructure recognizes revenue when the specific criteria have also been met for each of Brookfield Infrastructure's activities as described below. Cash received by Brookfield Infrastructure from customers is recorded as deferred revenue until revenue recognition criteria are met.

Utilities

Revenue from utilities infrastructure is derived from the transmission of energy and natural gas, and from our commercial and residential distribution operations. Distribution and transmission revenue each contain a single performance obligation that is recognized over time. The connection revenue relating to Brookfield Infrastructure's U.K. regulated distribution operation contains a distinct performance obligation that is recognized over the period that the connection is constructed, based on an input method of progress recognition on the basis that this methodology is most reflective of the underlying transfer of control. Performance obligations relating to commercial and residential distribution operations are satisfied over time as the services are rendered or upon commencement of a finance lease agreement. The payment terms for all of our businesses in the utilities segment require payment upon completion, except for connections income whereby payment is typically collected up-front prior to the completion of any services.

Transport

Revenue from transport infrastructure consists primarily of freight, toll road operations, transportation services revenue, and from our Australian export terminal. These services consist of a single performance obligation and revenue is recognized over time when services are rendered, based primarily on usage or volume during the period. Terminal infrastructure revenue contains both a capacity charge and a handling charge associated with operating the terminal. The terminal infrastructure service contracts contain a performance obligation recognized over time pertaining to capacity for the period the services are provided and for handling services based on tons of coal shipped through the terminal when service is provided. The payment terms for all of our businesses in the transport segment require payment upon completion of the underlying transportation service.

Midstream

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Data

Revenues from data transmission and distribution operations are derived from contracts with media broadcasting and telecom customers to access infrastructure, and revenue from data storage operations are generated from providing data storage services to enterprise customers. These contracts consist of performance obligations that are satisfied over time in accordance with the underlying agreements. The payment terms require upfront and recurring payments to utilize space on towers to host the customers' equipment at our data transmission and distribution operations, and to receive colocation services, mainly leased space and power, at our data storage operations. The differing payment terms do not constitute separate performance obligations as revenue is recognized over time for the period the services are provided.

(n) Financial Instruments and Hedge Accounting

(i) Financial Instrument Classification

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

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

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(ii) Hedge Accounting

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

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

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

(o) Income Taxes

Income tax expense represents the sum of the tax accrued in the period and deferred income tax.

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the reporting date. Current income tax relating to items recognized directly in partnership capital and other comprehensive income are also recognized directly in partnership capital and other comprehensive income, respectively.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(ii) Deferred income tax

Deferred income tax liabilities are provided for using the liability method on temporary differences between the tax bases used in the computation of taxable income and carrying amounts of assets and liabilities in the consolidated financial statements. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. Such deferred income tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income, other than in a business combination. The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the income tax asset will be recovered.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where Brookfield Infrastructure is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and assets reflect the tax consequences that would follow from the manner in which Brookfield Infrastructure expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority within a single taxable entity or Brookfield Infrastructure intends to settle its current tax assets and liabilities on a net basis in the case where there exist different taxable entities in the same taxation authority and when there is a legally enforceable right to set off current tax assets against current tax liabilities.

(p) Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification subject to limited exceptions.

When Brookfield Infrastructure is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether Brookfield Infrastructure will retain a non-controlling interest in its former subsidiary after the sale.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale and the assets of a disposal group are presented separately from other assets in the Consolidated Statements of Financial Position and are classified as current. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Consolidated Statements of Financial Position.

Once classified as held for sale, property, plant and equipment and intangible assets are not depreciated or amortized, respectively.

(q) Provisions

Provisions are recognized when Brookfield Infrastructure has a present obligation, either legal or constructive, as a result of a past event, it is probable that Brookfield Infrastructure will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(r) Significant Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(i) Common control transactions

IFRS 3 (2008) *Business Combinations* does not include specific measurement guidance for transfers of businesses or subsidiaries between entities under common control. Accordingly, Brookfield Infrastructure has developed a policy to account for such transactions taking into consideration other guidance in the IFRS framework and pronouncements of other standard-setting bodies. Brookfield Infrastructure's policy is to record assets and liabilities recognized as a result of transactions between entities under common control at the carrying value on the transferor's financial statements, and to have the Consolidated Statements of Financial Position, Consolidated Statements of Operating Results, Consolidated Statements of Comprehensive Income and Statements of Cash Flows reflect the results of combining entities for all periods presented for which the entities were under the transferor's common control, irrespective of when the combination takes place.

(ii) Financial instruments

Brookfield Infrastructure's accounting policies relating to derivative financial instruments are described in Note 3(m), Financial Instruments and Hedge Accounting. The significant judgments inherent in these policies relate to applying the criteria to the assessment of the effectiveness of hedging relationships. Estimates and assumptions used in determining the fair value of financial instruments are equity and commodity prices; future interest rates; the credit worthiness of the company relative to its counterparties; the credit risk of our partnership and counterparty; estimated future cash flows; and discount rates.

(iii) Revaluation of property, plant and equipment

Property, plant and equipment is revalued on a regular basis. The significant estimates and assumptions underlying the valuation of property, plant and equipment are set out in Note 13, Property, Plant and Equipment.

(iv) Fair values in business combinations

Brookfield Infrastructure accounts for business combinations using the acquisition method of accounting. This method requires the application of fair values for both the consideration given and the assets and liabilities acquired. The calculation of fair values is often predicated on estimates and judgments including future cash flows discounted at an appropriate rate to reflect the risk inherent in the acquired assets and liabilities (refer to Note 6, Acquisition of Businesses for details of business combinations). The determination of the fair values may remain provisional for up to 12 months from the date of acquisition due to the time required to obtain independent valuations of individual assets and to complete assessments of provisions. When the accounting for a business combination has not been completed as at the reporting date, this is disclosed in the financial statements, including observations on the estimates and judgments made as of the reporting date.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(v) Assets held for sale

Brookfield Infrastructure applies judgment to determine whether an asset or disposal group is available for immediate sale in its present condition and that its sale is highly probable and therefore should be classified as held for sale at the balance sheet date. Conditions that support a highly probable sale include the following: an appropriate level of management is committed to a plan to sell the asset or disposal group, an active program to locate a buyer is initiated, the asset is being actively marketed for sale at a price reasonable in relation to its fair value, the sale is highly probably within 12 months of classification as held for sale, and actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

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

The impairment assessment of goodwill and intangible assets with indefinite lives requires estimation of 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 the intangible asset has been allocated. Brookfield Infrastructure uses the following critical assumptions and estimates: the circumstances that gave rise to the goodwill, timing and amount of future cash flows expected from the cash-generating units; discount rates; terminal capitalization rates; terminal valuation dates and useful lives.

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

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

The rapid spread of the COVID-19 virus, including subsequent mutations, and actions taken globally in response to COVID-19, have generally disrupted business activities in the jurisdictions in which we operate and elsewhere. Governments around the world implemented stringent measures to control the spread of the virus, including quarantines, social distancing protocols, "shelter in place" and "stay at home" orders, travel restrictions, business curtailments, school closures and other measures, that restricted economic and social activity. Governments and central banks around the world have also enacted fiscal and monetary stimulus measures to mitigate the economically harmful impact of these COVID-19 response measures. Our group's business relies, to a certain extent, on free movement of goods, services, and capital around the world, all of which were restricted as a result of COVID-19. At the outset of the pandemic, we implemented a response plan designed to maintain our operations despite the outbreak of the virus, including extra safety precautions with respect to our personnel and contingency plans with respect to our facilities.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

In light of the economic environment, our partnership has assessed the impact of the economic shutdowns on our asset valuations. In making these assessments, we reviewed business risks, cash flow assumptions, and discount rates for the impacts of government imposed shutdowns. We have applied certain assumptions as to the pace of economic recovery and continue to monitor operating results against them. As a provider of essential services, substantially all of our businesses have remained in operation while we continue to safeguard the health of our employees. In addition, the majority of our businesses are subject to regulated cash flows or long-term take-or-pay contracts with minimal volume risk. Based on the analysis performed for the year ended December 31, 2021, our asset valuations remain largely unaffected by the global pandemic.

Recently adopted accounting standards

Brookfield Infrastructure applied, for the first time, certain new standards applicable to our partnership that became effective January 1, 2021. The impact of these amendments on our partnership's accounting policies are as follows:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Disclosures

Our partnership adopted Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 ("Phase II Amendments"), effective January 1, 2021. The Phase II Amendments provide additional guidance to address issues that will arise during the transition of benchmark interest rates. The Phase II Amendments primarily relate to the modification of financial assets, financial liabilities and lease liabilities where the basis for determining the contractual cash flows changes as a result of IBOR reform, allowing for prospective application of the applicable benchmark interest rate and to the application of hedge accounting, providing an exception such that changes in the formal designation and documentation of hedge accounting relationships that are needed to reflect the changes required by IBOR reform do not result in the discontinuation of hedge accounting or the designation of new hedging relationships. The adoption did not have a significant impact on our partnership's financial reporting.

Refer to note 34, *Derivative Financial Instruments*, for further details.

NOTE 4. 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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

FOR THE YEAR ENDED DECEMBER 31, 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 ⁽²⁾	\$ 1,623	\$ 2,062	\$ 1,101	\$ 625	\$ —	\$ 5,411	\$ (1,976)	\$ 8,102	\$ 11,537
Costs attributed to revenues ⁽³⁾	(681)	(1,094)	(489)	(290)	—	(2,554)	964	(4,621)	(6,211)
General and administrative costs	—	—	—	—	(406)	(406)	—	—	(406)
Other (expense) income	(64)	(8)	(4)	7	106	37	9	(256)	(210)
Interest expense	(173)	(259)	(116)	(104)	(103)	(755)	258	(971)	(1,468)
FFO	705	701	492	238	(403)	1,733			
Depreciation and amortization						(1,144)	480	(1,372)	(2,036)
Deferred taxes						(168)	(10)	(62)	(240)
Mark-to-market on hedging items and other						672	187	806	1,665
Share of earnings from associates						—	88	—	88
Net income attributable to non-controlling interest						—	—	(1,626)	(1,626)
Net income attributable to partnership⁽⁴⁾						\$ 1,093	\$ —	\$ —	\$ 1,093

FOR THE YEAR ENDED DECEMBER 31, 2020 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non- controlling interest	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Midstream	Data	Corporate	Total			
Revenues ⁽²⁾	\$ 1,434	\$ 1,573	\$ 572	\$ 519	\$ —	\$ 4,098	\$ (1,379)	\$ 6,166	\$ 8,885
Costs attributed to revenues ⁽³⁾	(580)	(767)	(193)	(253)	—	(1,793)	600	(3,650)	(4,843)
General and administrative costs	—	—	—	—	(312)	(312)	—	—	(312)
Other (expense) income	(43)	(2)	3	(1)	127	84	17	(188)	(87)
Interest expense	(152)	(214)	(93)	(69)	(95)	(623)	177	(733)	(1,179)
FFO	659	590	289	196	(280)	1,454			
Depreciation and amortization						(1,034)	471	(1,142)	(1,705)
Deferred taxes						3	(65)	8	(54)
Mark-to-market on hedging items and other						(29)	48	49	68
Share of earnings from associates						—	131	—	131
Net income attributable to non-controlling interest						—	—	(510)	(510)
Net income attributable to partnership⁽⁴⁾						\$ 394	\$ —	\$ —	\$ 394

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

FOR THE YEAR ENDED DECEMBER 31, 2019 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non- controlling interest	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Midstream	Data	Corporate	Total			
Revenues ⁽²⁾	\$ 1,432	\$ 1,614	\$ 491	\$ 336	\$ —	\$ 3,873	\$ (1,424)	\$ 4,148	\$ 6,597
Costs attributed to revenues ⁽³⁾	(582)	(781)	(171)	(161)	—	(1,695)	649	(2,349)	(3,395)
General and administrative costs	—	—	—	—	(279)	(279)	—	—	(279)
Other (expense) income	(31)	(3)	10	3	91	70	11	(109)	(28)
Interest expense	(147)	(227)	(86)	(42)	(83)	(585)	173	(492)	(904)
FFO	672	603	244	136	(271)	1,384			
Depreciation and amortization						(895)	399	(718)	(1,214)
Deferred taxes						(77)	52	(3)	(28)
Mark-to-market on hedging items and other						(179)	(84)	(60)	(323)
Share of losses from associates						—	224	—	224
Net income attributable to non-controlling interest						—	—	(417)	(417)
Net income attributable to partnership ⁽⁴⁾						\$ 233	\$ —	\$ —	\$ 233

- (1) The above table reconciles Brookfield Infrastructure's share of results to our partnership's Consolidated Statements of Operating Results on a line by line basis by aggregating the components comprising the earnings from our partnership's investments in associates and reflecting the portion of each line item attributable to non-controlling interests.
- (2) Revenues on a consolidated basis were \$4,622 million (2020: \$4,083 million, 2019: \$4,265 million) from our utilities segment, \$3,497 million (2020: \$3,449 million, 2019: \$1,617 million) from our transport segment, \$1,829 million (2020: \$643 million, 2019: \$399 million) from our midstream segment and \$1,589 million (2020: \$710 million, 2019: \$316 million) from our data segment.
- (3) Costs attributed to revenues exclude depreciation and amortization expense. Refer to Note 23, Direct Operating Costs, for further details.
- (4) Includes net income attributable to limited partners, the general partner, non-controlling interests - Redeemable Partnership Units held by Brookfield, non-controlling interests - Exchangeable units and non-controlling interests - BIPC exchangeable shares.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

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 AT 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	Brookfield Infrastructure				
Total assets	<u>\$ 6,184</u>	<u>\$ 8,601</u>	<u>\$ 10,378</u>	<u>\$ 3,405</u>	<u>\$ (1,471)</u>	<u>\$ 27,097</u>	<u>\$ (4,825)</u>	<u>\$ 42,415</u>	<u>\$ 9,274</u>	<u>\$ 73,961</u>

AS AT DECEMBER 31, 2020 US\$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non- controlling interest	Working capital adjustment and other	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Midstream	Data	Corporate	Brookfield Infrastructure				
Total assets	<u>\$ 6,814</u>	<u>\$ 9,155</u>	<u>\$ 3,829</u>	<u>\$ 3,338</u>	<u>\$ (2,062)</u>	<u>\$ 21,074</u>	<u>\$ (4,895)</u>	<u>\$ 37,851</u>	<u>\$ 7,301</u>	<u>\$ 61,331</u>

(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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Geographic Information

Revenues from external customers

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	2021	2020	2019
United States	\$ 2,644	\$ 2,279	\$ 921
Canada	2,423	1,461	976
India	1,717	740	399
United Kingdom	1,511	1,305	688
Brazil	1,164	981	1,142
Colombia	862	799	1,054
Australia	617	916	1,031
Chile	138	117	163
Peru	96	81	107
Other	365	206	116
	<u>\$11,537</u>	<u>\$ 8,885</u>	<u>\$ 6,597</u>

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 year ended December 31, 2021, revenue generated from this customer within the utilities and data segment was \$1,405 million (2020: \$477 million, 2019: \$82 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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Non-current assets

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Canada ⁽¹⁾	\$ 23,324	\$ 10,057
United States	12,382	13,372
India	10,836	10,986
United Kingdom	8,831	8,940
Brazil	5,840	5,404
Australia	3,688	4,042
Europe	1,467	1,022
Peru	1,132	1,247
Colombia	1,061	1,256
Chile	8	841
Other	496	453
	<u>\$ 69,065</u>	<u>\$ 57,620</u>

(1) Includes the impact from the acquisition of our Canadian diversified midstream operation. Refer to Note 6, Acquisition of Businesses, for details.

NOTE 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 Statement 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 Statement 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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

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.

Dispositions Completed in 2020

a) Partial disposition of our Australian export terminal

On December 7, 2020, Brookfield Infrastructure, alongside institutional partners (collectively the “DBI Consortium”) completed the partial sale of a 22% interest in our Australian export terminal for net proceeds of approximately \$55 million (DBI consortium total of approximately \$265 million). Our partnership recognized gains of approximately \$400 million (DBI consortium total of \$575 million) in Other income (expense) in the Consolidated Statement of Operating Results related to the disposition and remeasurement of our residual 49% interest. The partnership derecognized the business from our consolidated financial statements effective December 7, 2020, and accounts for our residual interest using the equity method, as it retained significant influence over the Australian export terminal. Net losses relating to foreign currency translation and net investment and cash flow hedges of approximately \$35 million (DBI consortium total of approximately \$70 million) were reclassified from accumulated other comprehensive income to Other income (expense) on the Consolidated Statement of Operating Results.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

b) Disposition of the Australian portion of our North American rail operation

On February 15, 2020, Brookfield Infrastructure, together with institutional partners, completed the sale of its 51% interest in the Australian operations of its North American rail infrastructure business for total consideration of approximately \$420 million, of which approximately \$40 million is attributable to our partnership. The total consideration includes deferred consideration of approximately \$195 million. Our partnership recognized no gain or loss on disposition.

c) Partial disposition of our interest in our Chilean toll road business

On February 6, 2020, Brookfield Infrastructure completed the sale of a further 33% interest in its Chilean toll road business for net proceeds of approximately \$170 million. Brookfield Infrastructure retained control over the business subsequent to the sale. As a result of the partial disposition, a gain of approximately \$140 million (net of tax) and accumulated other comprehensive losses of \$44 million were recognized directly in retained earnings (deficit) on the Consolidated Statements of Partnership Capital.

d) Disposition of Colombian regulated distribution operation

On January 14, 2020, Brookfield Infrastructure, alongside institutional partners (collectively, the “EBSA consortium”) completed the sale of its 17% interest in a Colombian regulated distribution operation for proceeds of approximately \$88 million (EBSA consortium total of approximately \$495 million). Our partnership recognized a gain of \$36 million (EBSA consortium total of \$197 million) in the Consolidated Statement of Operating Results. The partnership’s share of accumulated revaluation surplus was \$61 million which 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 losses relating to previous foreign exchange movements and cash flow hedges was \$44 million which were reclassified from accumulated other comprehensive income to Other income (expense) on the Consolidated Statement of Operating Results.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 6. ACQUISITION OF BUSINESSES

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	<u>\$ 148</u>

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	<u>489</u>
Non-controlling interest ⁽²⁾	<u>(341)</u>
Net assets acquired	<u>\$ 148</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 intangible assets, deferred income taxes and the resulting impact to goodwill as at the date of the acquisition.*

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(b) Acquisition of a Canadian diversified midstream operation

On August 20, 2021, Brookfield Infrastructure, alongside institutional partners (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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

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	<u>4,665</u>
Non-controlling interest ⁽³⁾	<u>(1,899)</u>
Net assets acquired	<u><u>\$ 2,766</u></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' unused capacity and production growth. The goodwill recognized is not deductible for income tax purposes.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

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.

For the year ended December 31, 2021, our Canadian diversified midstream operation contributed revenues of \$906 million and net income of \$59 million.

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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

d) Individually insignificant business combinations

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

US\$ MILLIONS

Cash	\$	79
Deferred consideration		3
Contingent consideration		2
Total consideration	\$	84

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

US\$ MILLIONS

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

(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.*

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Acquisitions Completed in 2020

a) Acquisition of a telecom tower operation in India

On August 31, 2020, Brookfield Infrastructure, alongside institutional partners (the “Summit consortium”), acquired an effective 17% interest in Summit Digitel Infrastructure Private Limited, an Indian telecom tower operation (“Summit”) from Reliance Industries Limited (“RIL”) for \$584 million (Summit consortium total of approximately \$3.4 billion). 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 31, 2020. Acquisition costs of approximately \$15 million were recorded in Other income (expense) within the Consolidated Statements of Operating Results.

Consideration transferred

US\$ MILLIONS

Cash	\$ 584
Total Consideration	\$ 584

Fair value of assets and liabilities acquired as of August 31, 2020:

US\$ MILLIONS

Accounts receivable and other	\$ 367
Property, plant and equipment ⁽¹⁾	6,766
Intangible assets ⁽¹⁾	830
Goodwill ⁽¹⁾	153
Accounts payable and other liabilities	(391)
Non-recourse borrowings	(2,341)
Lease liabilities ⁽¹⁾	(1,967)
Deferred income tax liabilities ⁽¹⁾	(12)
Net assets acquired before non-controlling interest	3,405
Non-controlling interest ⁽²⁾	(2,821)
Net assets acquired	\$ 584

(1) Revisions to the purchase price allocation resulted in adjustments to the preliminary fair values, including intangible assets, property, plant and equipment, lease liabilities, and deferred income tax liabilities. The revisions resulted in an adjustment to goodwill of approximately \$125 million.

(2) Non-controlling interest represents the consideration paid for the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date, and includes capital provided by non-controlling interest in the form of a shareholder loan to the operating business.

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

b) Partial acquisition of interest in our Colombian natural gas transmission operation

On July 15, 2020, Brookfield Infrastructure, alongside institutional partners (the “Vanti consortium”), completed a take private tender offer resulting in the acquisition of an additional 20% interest (Brookfield Infrastructure’s share of approximately 6%) in our Colombian natural gas transmission operation, increasing our ownership of the business to approximately 21%. Total consideration paid was approximately \$45 million (Vanti consortium total of \$150 million), of which approximately \$25 million (Vanti consortium total of approximately \$90 million) was funded through equity and the remainder with 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 \$10 million was recognized directly in ownership changes and recorded within Other items on the Consolidated Statements of Partnership Capital.

Supplemental Information

Had the acquisitions of IPL, our Brazilian electricity transmission operations and the individually insignificant acquisitions been effective January 1, 2021, the revenue and net income of Brookfield Infrastructure would have been approximately \$13.1 billion (unaudited) and \$2.9 billion (unaudited), respectively, for the year ended December 31, 2021.

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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Carrying Value and Fair Value of Financial Instruments

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

US\$ MILLIONS

Financial Instrument Classification

MEASUREMENT BASIS	Fair value through profit or loss	Fair value through OCI	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	<u>\$ 1,171</u>	<u>\$ —</u>	<u>\$ 4,229</u>	<u>\$ 5,400</u>
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	<u>\$ 501</u>	<u>\$ —</u>	<u>\$ 39,244</u>	<u>\$ 39,745</u>

(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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

The following table provides the allocation of financial instruments and their associated financial instrument classifications as at December 31, 2020:

US\$ MILLIONS

Financial Instrument Classification

MEASUREMENT BASIS	Fair value through profit or loss	Fair value through OCI	Amortized Cost	Total
Financial assets				
Cash and cash equivalents	\$ —	\$ —	\$ 867	\$ 867
Accounts receivable and other	—	—	2,031	2,031
Financial assets (current and non-current) ⁽¹⁾	846	239	322	1,407
Total	\$ 846	\$ 239	\$ 3,220	\$ 4,305
Financial liabilities				
Corporate borrowings	\$ —	\$ —	\$ 3,158	\$ 3,158
Non-recourse borrowings (current and non-current)	—	—	20,020	20,020
Accounts payable and other	—	—	2,745	2,745
Financial liabilities (current and non-current) ⁽¹⁾	931	—	2,443	3,374
Lease liabilities	—	—	3,803	3,803
Preferred shares ⁽²⁾	—	—	20	20
Total	\$ 931	\$ —	\$ 32,189	\$ 33,120

(1) Derivative instruments which are elected for hedge accounting totaling \$373 million are included in financial assets and \$572 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 December 31, 2021 and December 31, 2020:

US\$ MILLIONS	Dec. 31, 2021		Dec. 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	\$ 1,406	\$ 1,406	\$ 867	\$ 867
Accounts receivable and other	2,718	2,718	2,031	2,031
Financial assets (current and non-current)	1,276	1,276	1,407	1,407
Total	\$ 5,400	\$ 5,400	\$ 4,305	\$ 4,305

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

US\$ MILLIONS	Dec. 31, 2021		Dec. 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial liabilities				
Corporate borrowings ⁽¹⁾	\$ 2,719	\$ 2,805	\$ 3,158	\$ 3,350
Non-recourse borrowings (current and non-current) ⁽²⁾	26,534	26,769	20,020	20,328
Accounts payable and other	3,392	3,392	2,745	2,745
Financial liabilities (current and non-current)	3,240	3,240	3,374	3,374
Preferred shares ⁽³⁾	20	20	20	20
Total	\$ 35,905	\$ 36,226	\$ 29,317	\$ 29,817

(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 year ended December 31, 2021, pre-tax net unrealized gains of \$293 million (2020: losses of \$104 million, 2019: losses of \$33 million) were recorded in other comprehensive income for the effective portion of the cash flow hedges. As at December 31, 2021, there was a net derivative asset balance of \$101 million relating to derivative contracts designated as cash flow hedges (2020: liability balance of \$150 million).

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

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 year ended December 31, 2021, gains of \$2 million (2020: losses of \$12 million, 2019: losses of \$113 million) were recorded in other comprehensive income relating to hedges of net investments in foreign operations. Further, Brookfield Infrastructure paid \$11 million (2020: received \$83 million, 2019: paid \$62 million) relating to the settlement of foreign exchange contracts in the period. As at December 31, 2021, there was a net unrealized derivative liability balance of \$31 million relating to derivative contracts designated as net investment hedges (2020: net unrealized derivative liability balance of \$49 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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

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:

<u>US\$ MILLIONS</u>	<u>Fair value hierarchy</u>	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>
Marketable securities	Level 1 ⁽¹⁾	\$ 179	\$ 526
Foreign currency forward contracts	Level 2 ⁽²⁾		
Financial asset		\$ 104	\$ 115
Financial liability		98	251
Interest rate swaps & other	Level 2 ⁽²⁾		
Financial asset		\$ 882	\$ 438
Financial liability		307	561
Other contracts	Level 3 ⁽³⁾		
Financial asset		\$ 6	\$ 6
Financial liability		96	119

(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 flows and discount rates.

Assets and liabilities measured at fair value on a recurring basis include \$1,171 million (2020: \$1,085 million) of financial assets and \$501 million (2020: \$931 million) of financial liabilities which are measured at fair value using valuation inputs based on management's best estimates.

During the year, no transfers were made between level 1 and 2 or level 2 and 3.

NOTE 8. CASH AND CASH EQUIVALENTS

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 745	\$ 520
Cash equivalents ⁽¹⁾	505	222
Restricted cash ⁽²⁾	156	125
Total cash and cash equivalents	\$1,406	\$ 867

(1) Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(2) Restricted cash primarily relates to our partnership's financing arrangements, including debt service accounts. Cash that becomes unrestricted within one year of the reporting date is classified as cash and cash equivalents.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 9. FINANCIAL ASSETS

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Current:		
Marketable securities	\$ 518	\$ 563
Foreign currency forward contracts	79	34
Cross currency interest rate swaps	58	22
Loans and receivables	47	68
Other	38	11
Total current	<u>\$ 740</u>	<u>\$ 698</u>
 Non-current:		
Marketable securities	\$ 168	\$ 97
Foreign currency forward contracts	24	81
Cross currency interest rate swaps	202	262
Loans and receivables	63	259
Other	79	10
Total non-current	<u>\$ 536</u>	<u>\$ 709</u>

NOTE 10. ACCOUNTS RECEIVABLE AND OTHER

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Current:		
Accounts receivable	\$1,847	\$1,463
Finance lease receivables	29	12
Prepayments & other assets	328	450
Total current	<u>\$2,204</u>	<u>\$1,925</u>
 Non-current:		
Finance lease receivables	\$ 667	\$ 343
Restricted cash ⁽¹⁾	127	81
Accounts receivable	35	123
Other assets	312	209
Total non-current	<u>\$1,141</u>	<u>\$ 756</u>

(1) Restricted cash primarily relates to our partnership's financing arrangements, including debt service accounts. Cash that becomes unrestricted within one year of the reporting date is classified as cash and cash equivalents.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

The table below outlines Brookfield Infrastructure’s undiscounted lease payments to be received under operating and finance leases as at December 31, 2021:

<u>US\$ MILLIONS</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-4 years</u>	<u>4-5 years</u>	<u>5+ years</u>	<u>Total lease payment receivable</u>
Finance lease receivables . . .	\$ 128	\$ 127	\$ 126	\$ 124	\$ 122	\$ 1,040	\$ 1,667
Operating lease receivables . .	361	350	308	284	260	1,289	2,852
Total lease receivables	<u>\$ 489</u>	<u>\$ 477</u>	<u>\$ 434</u>	<u>\$ 408</u>	<u>\$ 382</u>	<u>\$ 2,329</u>	<u>\$ 4,519</u>

The table below outlines Brookfield Infrastructure’s undiscounted lease payments to be received under operating and finance leases as at December 31, 2020:

<u>US\$ MILLIONS</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-4 years</u>	<u>4-5 years</u>	<u>5+ years</u>	<u>Total lease payment receivable</u>
Finance lease receivables . . .	\$ 62	\$ 61	\$ 61	\$ 60	\$ 59	\$ 555	\$ 858
Operating lease receivables . .	396	384	318	295	271	1,474	3,138
Total lease receivables	<u>\$ 458</u>	<u>\$ 445</u>	<u>\$ 379</u>	<u>\$ 355</u>	<u>\$ 330</u>	<u>\$ 2,029</u>	<u>\$ 3,996</u>

NOTE 11. INVENTORY

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Natural gas inventory	\$ 132	\$ 71
Raw materials and other	268	150
Carrying amount of inventories	<u>\$ 400</u>	<u>\$ 221</u>

Refer to Note 23, *Direct Operating Costs*, for further details on inventory expenses identified as “*cost of inventory*”.

NOTE 12. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Our partnership’s investment in associates and joint ventures are reviewed and reported on a segmented basis. Investments in the utilities segment include a 15% interest in a Brazilian electricity transmission operation, a 13% and 11% interest in two businesses collectively referred to as our regulated natural gas transmission business in Mexico and four associates of our Colombian natural gas distribution operation. Transport investments include a 45% interest in a Brazilian toll road business, an 11% interest in a Brazilian rail and port logistics business, a 19% ownership interest of a North American container terminal operation, our 13% and 49% interests in port and export terminal operations in Australia and a 6% interest in a U.S. LNG export terminal. In our midstream segment, investments in associates and joint ventures include our 38% interest in a U.S. gas pipeline and a 20% interest in a North American gas storage operation. Our investments in the data segment include our 21% interest in a European telecommunications infrastructure operation, a 12% interest in a Brazilian data center operation, a 13% interest in a New Zealand data distribution business and a 13% interest in an Indian data center business.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

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

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$5,528	\$4,967
Share of earnings for the year	88	131
Foreign currency translation and other	(323)	(245)
Share of other comprehensive income	163	7
Distributions	(157)	(167)
Disposition of interest ⁽¹⁾	(336)	—
Held for sale ⁽²⁾	(146)	—
Change in basis of accounting ^{(3),(4),(5)}	(92)	466
Acquisitions ⁽⁶⁾	—	369
Balance at end of year ^{(7),(8)}	<u>\$4,725</u>	<u>\$5,528</u>

- (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 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 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 each operation to 31%. As a result of governance rights obtained, Brookfield Infrastructure consolidated both operations effective December 24, 2021. Refer to Note 6, Acquisition of Businesses, for further details.
- (5) On December 7, 2020, our partnership completed the partial sale of an effective 22% interest in our Australian export terminal. Our 49% retained interest was remeasured using the initial public offering price of \$466 million. Based on our ownership interest and governance rights retained, our partnership equity accounts for the entity.
- (6) In September 2020, Brookfield Infrastructure, acquired an effective 6% interest in a U.S. LNG export terminal (“Sabine Pass”), Cheniere Energy Partners, L.P. for \$369 million. Brookfield maintains a co-controlling interest in a joint venture with Blackstone Infrastructure Partners, which holds an approximate 41% interest in Sabine Pass. Based on our ownership interest and governance rights retained, our partnership equity accounts for the entity.
- (7) The closing balance includes a shareholder loan of \$375 million from our U.S. gas pipeline (2020: \$500 million).
- (8) Subsequent to December 31, 2021, Brookfield Infrastructure acquired an approximate 10% interest in AusNet Services Ltd., an Australian regulated utility, for total equity consideration of approximately \$0.5 billion.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

The following tables present the gross assets and liabilities of Brookfield Infrastructure's investments in associates and joint ventures:

		As at December 31, 2021								
		Total						Attributable to		
US\$ MILLIONS	Ownership and Voting Interest	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Total Net Assets	Other Ownership Interests	Partnership's Share
Utilities	11-20%	\$ 359	\$ 5,723	\$ 6,082	\$ 444	\$ 3,738	\$ 4,182	\$ 1,900	\$ 1,670	\$ 230
Transport	6-49%	1,356	24,437	25,793	2,172	13,044	15,216	10,577	8,260	2,317
Midstream ⁽¹⁾	20-38%	223	6,275	6,498	234	4,087	4,321	2,177	1,125	1,052
Data	12-21%	1,055	13,393	14,448	1,727	6,284	8,011	6,437	5,350	1,087
Corporate	25-50%	4	144	148	1	—	1	147	108	39
Total		<u>\$ 2,997</u>	<u>\$ 49,972</u>	<u>\$ 52,969</u>	<u>\$ 4,578</u>	<u>\$ 27,153</u>	<u>\$ 31,731</u>	<u>\$21,238</u>	<u>\$ 16,513</u>	<u>\$ 4,725</u>

(1) The partnership's share of total net assets include a shareholder loan of \$375 million receivable from our U.S. gas pipeline.

		As at December 31, 2020								
		Total						Attributable to		
US\$ MILLIONS	Ownership and Voting Interest	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Total Net Assets	Other Ownership Interests	Partnership's Share
Utilities	11-20%	\$ 646	\$ 6,142	\$ 6,788	\$ 487	\$ 4,238	\$ 4,725	\$ 2,063	\$ 1,810	\$ 253
Transport	6-50%	1,266	25,762	27,028	1,959	9,836	11,795	15,233	12,474	2,759
Midstream ⁽¹⁾	20-50%	173	6,392	6,565	249	4,033	4,282	2,283	911	1,372
Data	12-21%	841	13,308	14,149	1,263	6,081	7,344	6,805	5,672	1,133
Corporate	25-50%	22	121	143	14	56	70	73	62	11
Total		<u>\$ 2,948</u>	<u>\$ 51,725</u>	<u>\$ 54,673</u>	<u>\$ 3,972</u>	<u>\$ 24,244</u>	<u>\$ 28,216</u>	<u>\$26,457</u>	<u>\$ 20,929</u>	<u>\$ 5,528</u>

(1) The partnership's share of total net assets include a shareholder loan of \$500 million receivable from our U.S. gas pipeline.

Our investments in associates and joint ventures are evaluated for impairment annually or more often if events or circumstances indicate there may be impairment. Based on the analysis performed for the year ended December 31, 2021, our investments in associates and joint ventures remain largely unaffected by the global pandemic. Investments in associates and joint ventures represent long-term critical infrastructure supported by regulated or highly contracted revenues that provide stable and predictable cash flows.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Our investments in associates and joint ventures are predominantly comprised of our U.S. gas pipeline, our Brazilian toll road operation, our European telecommunications infrastructure operation, our Australian export terminal and our U.S. LNG export terminal. Each of our U.S. gas pipeline, Australian export terminal and U.S. LNG export terminal generate cash flows through long-term capacity based “ship-or-pay” or “take-or-pay” agreements with high-quality investment grade counterparties which minimize volume and price risk. Our European telecommunications business is comprised of approximately 8,000 multi-purpose towers and active rooftop sites and 50,000 kilometers of fiber located in France. Cash flows are supported by long-term contracts which have not been affected by the current market environment. Investments in our Brazilian toll road operation relate to concession arrangements with local transportation authorities.

As at December 31, 2021, two (2020: two) of our investments in associates or joint ventures have a quoted price in an active market.

The following tables present the gross amounts of revenue, net income, other comprehensive income from Brookfield Infrastructure’s investments in associates and joint ventures for the years ended December 31, 2021, 2020, and 2019:

US\$ MILLIONS	Year ended December 31, 2021				
	Total				Net income (loss) attributable to the Partnership
	Revenue	Net Income	OCI	Total Comprehensive Income	
Utilities	\$ 1,336	\$ 521	\$ 28	\$ 549	\$ 84
Transport	11,808	1,574	(435)	1,139	15
Midstream	833	146	(46)	100	74
Data	2,460	70	73	143	14
Corporate	—	(76)	102	26	(99)
Total	\$ 16,437	\$ 2,235	\$ (278)	\$ 1,957	\$ 88
US\$ MILLIONS	Year ended December 31, 2020				
	Total				Net income (loss) attributable to the Partnership
	Revenue	Net Income	OCI	Total Comprehensive Income	
Utilities	\$ 1,715	\$ 364	\$ (205)	\$ 159	\$ 50
Transport	4,161	171	(1,419)	(1,248)	(101)
Midstream	767	236	—	236	136
Data	2,245	293	374	667	45
Corporate	9	(15)	(245)	(260)	1
Total	\$ 8,897	\$ 1,049	\$ (1,495)	\$ (446)	\$ 131

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

US\$ MILLIONS	Year ended December 31, 2019				
	Total				Net income (loss) attributable to the Partnership
	Revenue	Net Income	OCI	Total Comprehensive Income	
Utilities	\$ 1,046	\$ 354	\$ 26	\$ 380	\$ 57
Transport	3,351	22	364	386	2
Midstream	734	351	(54)	297	184
Data	1,447	(38)	57	19	(9)
Corporate	17	(38)	(156)	(194)	(10)
Total	\$ 6,595	\$ 651	\$ 237	\$ 888	\$ 224

The following tables present the cash flow activities of Brookfield Infrastructure's investments in associates and joint ventures for the years ended December 31, 2021, 2020, and 2019:

US\$ MILLIONS	Year ended December 31, 2021					
	Total			Total Cash Flows	Attributable to	
	Operating	Investing	Financing		Other Ownership Interests	Partnership's Share
Utilities	\$ 202	\$ (611)	\$ 176	\$ (233)	\$ (199)	\$ (34)
Transport	3,192	(372)	(1,627)	1,193	1,091	102
Midstream	342	(33)	(314)	(5)	(2)	(3)
Data	718	(996)	489	211	171	40
Corporate	(79)	(293)	372	—	—	—
Total	\$ 4,375	\$ (2,305)	\$ (904)	\$ 1,166	\$ 1,061	\$ 105

US\$ MILLIONS	Year ended December 31, 2020					
	Total			Total Cash Flows	Attributable to	
	Operating	Investing	Financing		Other Ownership Interests	Partnership's Share
Utilities	\$ 184	\$ (697)	\$ 285	\$ (228)	\$ (199)	\$ (29)
Transport	1,189	(1,039)	826	976	843	133
Midstream	378	(314)	(56)	8	3	5
Data	852	(735)	(77)	40	34	6
Corporate	—	—	—	—	—	—
Total	\$ 2,603	\$ (2,785)	\$ 978	\$ 796	\$ 681	\$ 115

US\$ MILLIONS	Year ended December 31, 2019					
	Total			Total Cash Flows	Attributable to	
	Operating	Investing	Financing		Other Ownership Interests	Partnership's Share
Utilities	\$ 108	\$ (1,109)	\$ 1,548	\$ 547	\$ 471	\$ 76
Transport	692	(852)	11	(149)	(76)	(73)
Midstream	357	(267)	(95)	(5)	(3)	(2)
Data	531	(2,707)	2,201	25	30	(5)
Corporate	—	—	—	—	—	—
Total	\$ 1,688	\$ (4,935)	\$ 3,665	\$ 418	\$ 422	\$ (4)

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

<u>US\$ MILLIONS</u>	<u>Utilities</u>	<u>Transport</u>	<u>Midstream</u>	<u>Data</u>	<u>Total</u>
Gross Carrying Amount:					
Balance at January 1, 2020	\$ 8,633	\$ 8,309	\$ 3,971	\$ 1,131	\$ 22,044
Additions, net of disposals	535	387	306	77	1,305
Non-cash additions (disposals)	15	(241)	(29)	(26)	(281)
Acquisitions through business combinations ⁽¹⁾	—	—	—	7,334	7,334
Net foreign currency exchange differences	106	242	73	77	498
Balance at December 31, 2020	<u>\$ 9,289</u>	<u>\$ 8,697</u>	<u>\$ 4,321</u>	<u>\$ 8,593</u>	<u>\$ 30,900</u>
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	<u>\$ 7,565</u>	<u>\$ 8,998</u>	<u>\$ 14,862</u>	<u>\$ 8,324</u>	<u>\$ 39,749</u>
Accumulated depreciation:					
Balance at January 1, 2020	\$ (1,171)	\$ (950)	\$ (208)	\$ (88)	\$ (2,417)
Depreciation expense	(419)	(498)	(141)	(189)	(1,247)
Disposals	12	4	—	—	16
Non-cash disposals	—	130	—	17	147
Net foreign currency exchange differences	(35)	(90)	(7)	(3)	(135)
Balance at December 31, 2020	<u>\$ (1,613)</u>	<u>\$ (1,404)</u>	<u>\$ (356)</u>	<u>\$ (263)</u>	<u>\$ (3,636)</u>
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	<u>\$ (1,272)</u>	<u>\$ (1,668)</u>	<u>\$ (622)</u>	<u>\$ (629)</u>	<u>\$ (4,191)</u>

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

<u>US\$ MILLIONS</u>	<u>Utilities</u>	<u>Transport</u>	<u>Midstream</u>	<u>Data</u>	<u>Total</u>
Accumulated fair value adjustments:					
Balance at January 1, 2020	\$ 2,212	\$ 857	\$ 317	\$ —	\$ 3,386
Fair value adjustments	652	113	21	—	786
Net foreign currency exchange differences ..	70	78	—	—	148
Balance at December 31, 2020	\$ 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	(1,399)	—	—	—	(1,399)
Balance at December 31, 2021	\$ 1,643	\$ 1,046	\$ 408	\$ —	\$ 3,097
Net book value:					
December 31, 2021⁽⁴⁾	\$ 7,936	\$ 8,376	\$ 14,648	\$ 7,695	\$ 38,655
December 31, 2020	\$ 10,610	\$ 8,341	\$ 4,303	\$ 8,330	\$ 31,584

1. See Note 6, Acquisition of Businesses, for additional information.
2. See Note 5, Disposition of Businesses, for additional information.
3. Non-cash disposals within the data segment primarily relates to revisions to the purchase price allocation at our telecom tower operation in India. Refer to Note 6, Acquisition of Businesses, for additional information.
4. Includes right-of-use assets of \$118 million (2020: \$159 million) in our utilities segment, \$1,179 million (2020: \$1,187 million) in our transport segment, \$389 million (2020: \$113 million) in our midstream segment and \$2,287 million (2020: \$2,643 million) in our data segment.

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 and 2020. Brookfield Infrastructure determined fair value under the income method or on a depreciated replacement cost basis. Assets under development were revalued where fair value could be reliably measured.

The following table summarizes the valuation techniques and significant inputs for Brookfield Infrastructure's property, plant and equipment assets valued using the income method, categorized by segment.

<u>Segment</u>	<u>Dec. 31, 2021</u>				<u>Dec. 31, 2020</u>			
	<u>Valuation Technique⁽¹⁾</u>	<u>Discount Rate</u>	<u>Terminal Value Multiple</u>	<u>Investment Horizon</u>	<u>Primary Valuation Technique⁽¹⁾</u>	<u>Discount Rate</u>	<u>Terminal Value Multiple</u>	<u>Investment Horizon</u>
Utilities	Discounted cash flow model	7% to 11%	20x	10 to 20 yrs	Discounted cash flow model	7% to 14%	7x to 23x	10 yrs
Transport	Discounted cash flow model	7% to 14%	9x to 15x	10 yrs	Discounted cash flow model	7% to 13%	9x to 14x	10 yrs
Midstream	Discounted cash flow model	15%	10x	5 to 10 yrs	Discounted cash flow model	15%	10x	5 to 10 yrs

(1) Certain businesses are valued using the replacement cost method as a result of their underlying operations. Replacement costs are determined with guidance from independent studies and third party evaluators.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

An increase in the discount rate would lead to a decrease in the fair value of property, plant and equipment. Conversely, an increase to the terminal value multiple would increase the fair value of property, plant and equipment. Our partnership has classified all property, plant and equipment under level 3 of the fair value hierarchy.

At December 31, 2021, Brookfield Infrastructure carried out an assessment of the fair value of its utilities property, plant and equipment, resulting in a gain from revaluation of \$134 million (2020: \$652 million) which was recognized in revaluation surplus in the Consolidated Statements of Comprehensive Income. The key driver behind the revaluation gain recorded was growth in underlying cash flows at our U.K. regulated distribution business. The prior year included an uplift at our North American district energy operations which were disposed of during the year ended December 31, 2021. See Note 5, *Disposition of Businesses*, for additional information.

At December 31, 2021, Brookfield Infrastructure carried out an assessment of the fair value of its transport property, plant and equipment. A gain from revaluation of \$48 million (2020: \$113 million) was recognized in revaluation surplus in the Consolidated Statements of Comprehensive Income. Underlying valuation assumptions in the transport segment remain relatively consistent with the prior year with the current year's gain attributable to increasing cash flows associated with organic growth.

At December 31, 2021, Brookfield Infrastructure carried out an assessment of the fair value of its midstream property, plant and equipment. A gain from revaluation of \$70 million (2020: \$21 million) was recognized in revaluation surplus in the Consolidated Statements of Comprehensive Income. Underlying valuation assumptions in the midstream segment remain relatively consistent with the prior year with the current year's gain attributable to increasing cash flows associated with organic growth.

At December 31, 2021, Brookfield Infrastructure carried out an assessment of the fair value of its data property, plant and equipment. No revaluation gains were recognized in revaluation surplus in the Consolidated Statements of Comprehensive Income (2020: \$nil).

The following table summarizes the carrying amount of property, plant and equipment that would have been recognized had assets been carried under the cost model, inclusive of purchase price allocations.

<u>US\$ MILLIONS</u>	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>
Utilities	\$ 6,504	\$ 8,114
Transport	7,557	7,548
Midstream	14,300	4,007
Data	7,694	8,330

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 14. INTANGIBLE ASSETS

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Cost	\$ 15,785	\$ 13,233
Accumulated amortization	(1,571)	(1,466)
Net intangible assets	<u>\$ 14,214</u>	<u>\$ 11,767</u>

Intangible assets are allocated to the following cash generating units:

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Brazilian regulated transmission operation	\$ 2,645	\$ 2,903
Canadian diversified midstream operation ⁽²⁾	2,536	—
North American rail operations	1,867	1,929
North American residential energy infrastructure operation	1,720	1,748
Brazilian electricity transmission operation ⁽²⁾	1,366	270
Peruvian toll roads	976	1,073
Indian telecom tower operation ⁽²⁾	782	537
Indian toll roads ⁽¹⁾	658	714
U.K. telecom towers operation	480	491
U.K. port operation	289	292
Other ⁽³⁾	895	985
Chilean toll roads ⁽⁴⁾	—	825
Total	<u>\$ 14,214</u>	<u>\$ 11,767</u>

(1) Indian toll roads include \$604 million of intangible assets at our investments in Simhapuri Expressway Limited and Rayalseema Expressway Limited and \$54 million at BIF India Holdings Pte Ltd.

(2) Refer to Note 6, Acquisition of Businesses, for further details.

(3) Other intangibles are primarily comprised of customer contracts at our Western Canadian natural gas gathering and processing operation, U.S. data center operation, Colombian natural gas transmission operation and our natural gas operation in India.

(4) Refer to Note 5, Disposition of Businesses, for further details.

Our intangible assets are evaluated for impairment annually or more often if events or circumstances indicate there may be impairment. Despite recent volatility observed in commodity and foreign exchange markets and the interruption to global supply chains as a result of the global pandemic, our intangible assets remain largely unaffected, with no impairment required during the year ended December 31, 2021. Our intangible assets represent long-term critical infrastructure supported by regulated or highly contracted revenues which help protect value over the long term.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

The intangible assets at our Brazilian regulated transmission operation relate to concession arrangements with the local energy regulator, Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (“ANP”). Total capacity is fully contracted under long-term “ship-or-pay” gas transportation agreements (“GTA”) and therefore, the business is exposed to no volume or price risk. Each GTA takes into account a return on regulatory asset base (“RAB”), and the tariffs are calculated on an inflation adjusted regulatory weighted average cost of capital (“WACC”) fixed for the life of GTAs. On April 8, 2021, new legislation was passed in Brazil which provides our Brazilian regulated gas transmission operation the right to operate the gas pipelines perpetually. The intangible assets will be amortized on a straight-line basis over the estimated useful life of the underlying infrastructure.

The intangible assets at our Canadian diversified midstream operation relate to long-term take-or-pay and fee-for-service contractual arrangements which are not materially impacted by volume or commodity price fluctuations. These customer relationships and shipping agreements are with investment grade counterparties. Revenues are recognized over time as transportation services are fulfilled. The intangible assets will be amortized on a straight-line basis over the estimated useful life.

The intangible assets at Brookfield Infrastructure’s North American rail operations mainly relate to customer relationships, operating network agreements and track access rights. The business provides critical first and last mile rail services which connect large Class I railroad operators to end customers. Our North American freight revenue is diversified across numerous commodities and the business largely performed in line with expectations. Customer relationships and operating network agreements as well as trackage rights, which are long-term leases, are not expected to be negatively impacted in the long term.

The intangible assets at our North American residential infrastructure operation are comprised of contractual customer relationships, customer contracts, proprietary technology and brands. The contractual customer relationships and customer contracts represent ongoing economic benefits from leasing customers and annuity-based management agreements. Proprietary technology is recognized for the development of new metering technology, which allows the business to generate revenue through its sub-metering business. Brands represent the intrinsic value customers place on the operation’s various brand names. The business generates revenues under long-term contracts with a diversified customer base across North America and is exposed to minimum volume risk.

The terms and conditions of the Brazilian electricity transmission concession are regulated by the Brazilian Electricity Regulatory Agency (“ANEEL”). The concession agreement grants the right to construct, maintain and operate the transmission lines, in exchange for a regulated return (“RAP”) during the concession period. Concessions are awarded for a period of 30 years and RAP is adjusted for inflation annually and updated every five years to reflect changes in third-party cost of capital.

The terms and conditions of the Peruvian toll roads concession, including tariffs that can be charged to the users and the duties to be performed by the operator, are regulated by the Municipalidad Metropolitana de Lima (“MML”) and its municipal arm, Fondo Metropolitano de Inversiones. The service concession provides the operator the right to charge a tariff to vehicles which use the road network over the life of the concession in exchange for the design, construction, improvement, maintenance and operation of the road network. Tariffs are adjusted annually for the Lima Metropolitana Consumer Price Index. The concession arrangement has an expiration date of 2043 at which point the underlying concession assets will be returned to the MML.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

The intangible asset at Brookfield Infrastructure’s Indian telecom tower operation relates primarily to the customer contract with Reliance Jio, India’s largest cellular network operator. Reliance Jio is an anchor tenant of our tower operation under a 30-year Master Service Agreement.

The terms and conditions of the Simhapuri Expressway (“SEL”), Rayalseema Expressway (“REPL”) and Mumbai Nasik (“MNEL”) Indian toll road concessions, including tariffs that can be charged to the users and the duties to be performed by the operator, are regulated by the National Highways Authority of India (“NHAI”). The Service Concession Agreements provides the operators the right to charge a tariff to vehicles which use the road over the term of the concession in exchange for operating the road, including preserving the road based on a defined maintenance schedule. Tariffs are revised annually for the Indian Wholesale Price Index. The Concession Arrangements have expiration dates of 2041, 2040 and 2026, respectively, for SEL, REPL and MNEL, at which point the underlying concessions assets will be returned to the NHAI.

The intangible asset at Brookfield Infrastructure’s U.K telecom tower operation primarily relates to customer contracts and related relationships. The contractual customer contracts and customer relationships represent ongoing economic benefits from leasing space on the existing portfolio of towers and distributed antenna systems. Intangible assets are amortized straight-line over the average remaining contractual period plus a reasonable expectation of long term renewals.

The intangible asset at Brookfield Infrastructure’s U.K. port operation relates to a conservancy right. As a right in perpetuity issued by the Statutory Harbour Authority in the U.K., the conservancy right is classified as having an indefinite life, and is subject to an annual impairment review.

The carrying value as at December 31, 2021, of Brookfield Infrastructure’s indefinite lived intangibles is \$899 million (2020: \$876 million).

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

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Cost at beginning of the year	\$ 13,233	\$ 15,695
Acquisitions through business combinations ⁽¹⁾	3,734	532
Additions, net of disposals	67	102
Assets held by subsidiaries disposed during the period ⁽²⁾	(957)	—
Non-cash additions (disposals) ^{(3),(4)}	271	(2,118)
Foreign currency translation	(563)	(978)
Cost at end of year	<u>\$ 15,785</u>	<u>\$ 13,233</u>

(1) See Note 6, Acquisition of Businesses, for additional information.

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

(3) Non-cash additions during the year ended December 31, 2021 primarily relates to revisions to the purchase price allocation at our telecom tower operation in India. Refer to Note 6, Acquisition of Businesses, for additional information.

(4) Non-cash disposals during the year ended December 31, 2020, primarily relates to the partial disposition of our Australian export terminal. See Note 5, Disposition of Businesses, and Note 12, Investment in Associates and Joint Ventures, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

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

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Accumulated amortization at beginning of year	\$ (1,466)	\$ (1,309)
Assets held by subsidiaries disposed during the period ⁽²⁾	281	—
Non-cash disposals ⁽¹⁾	26	216
Amortization	(514)	(458)
Foreign currency translation	102	85
Accumulated amortization at end of year	<u>\$ (1,571)</u>	<u>\$ (1,466)</u>

(1) Non-cash disposals during the year ended December 31, 2020, primarily relates to the partial disposition of our Australian export terminal. See Note 5, Disposition of Businesses, and Note 12, Investment in Associates and Joint Ventures, for further details.

(2) See Note 5, Disposition of Businesses, for further details

NOTE 15. GOODWILL

The following table presents the carrying amount for Brookfield Infrastructure's goodwill:

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of the year	\$ 6,634	\$ 6,553
Acquisitions through business combinations ⁽¹⁾	2,400	27
Assets held by subsidiaries disposed during the period ⁽²⁾	(56)	—
Foreign currency translation and other	1	54
Balance at end of the year	<u>\$ 8,979</u>	<u>\$ 6,634</u>

(1) See Note 6, Acquisition of Businesses, for additional information.

(2) See Note 5, Disposition of Businesses, for additional information.

Goodwill is evaluated for impairment annually or more often if events or circumstances indicate there may be impairment. Impairment is determined by assessing if the carrying value of cash generating units or a group of cash generating units, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal or the value in use. During 2021, the carrying amount of each cash generating unit was determined to not exceed its recoverable amount.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Goodwill is allocated to the following cash generating units or group of cash generating units:

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Canadian diversified midstream operation ⁽¹⁾	\$ 2,125	\$ —
North American rail operations	2,105	2,126
North American residential energy infrastructure operation	1,356	1,296
Western Canadian natural gas gathering and processing operation	762	756
U.S. data center operation	503	487
Brazilian regulated transmission operation	456	490
Colombian natural gas distribution operation	433	520
U.K. telecom tower operation	341	345
Other	898	614
Total	<u>\$ 8,979</u>	<u>\$ 6,634</u>

(1) See Note 6, Acquisition of Businesses, for additional information.

The recoverable amount of the goodwill has been determined using a discounted cash flow model whereby the fair value measurement is classified under level 3 on the fair value hierarchy. For businesses with the most significant goodwill as separately listed in the table above, the key inputs in determining the fair value of each cash generating unit under the discounted cash flow model are the utilization of discount rates ranging from 11% to 14%, terminal value multiples of 6x to 20x and discrete cash flow periods from 6 to 20 years.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 16. INVESTMENT PROPERTIES

The following table presents the carrying amount for Brookfield Infrastructure's investment properties:

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of the year	\$ 518	\$ 416
Additions, net of disposals	106	3
Fair value adjustments	42	68
Foreign currency translation	(11)	31
Balance at end of the year	\$ 655	\$ 518

Investment properties are measured at fair value on a recurring basis and the effective date of revaluation is December 31, 2021 and 2020. The fair value of our partnership's investment properties are determined by management of our partnership with due consideration given to relevant market conditions. The following table summarizes the valuation techniques and significant inputs for Brookfield Infrastructure's investment property. Our partnership has classified all assets below under level 3 of the fair value hierarchy:

<u>Segment</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range of inputs</u>
<i>Transport</i>	Direct Income Capitalization	Capitalization Rate	6% to 14%
<i>Data</i>	Direct Income Capitalization	Capitalization Rate	6% to 8%

An increase in the capitalization rate would lead to a decrease in the fair value of investment property, with the opposite impact for a decrease in the capitalization rate.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 17. ACCOUNTS PAYABLE AND OTHER

<u>US\$ MILLIONS</u>	<u>Note</u>	<u>2021</u>	<u>2020</u>
Current:			
Accounts payable		\$ 1,877	\$ 1,461
Accrued liabilities		1,103	751
Deferred revenue	(i)	338	256
Lease liabilities		416	206
Provisions ⁽¹⁾		161	176
Loans and notes payable		—	134
Other liabilities		124	293
Total current		\$ 4,019	\$ 3,277
Non-current:			
Lease liabilities		\$ 3,423	\$ 3,597
Deferred revenue	(i)	366	467
Accrued liabilities		200	—
Provisions ⁽¹⁾		492	423
Pension liabilities ⁽²⁾		172	315
Loans and notes payable		28	84
Other liabilities		346	311
Total non-current		\$ 5,027	\$ 5,197

(1) Provisions primarily relate to decommissioning and site restoration liabilities at our Western Canadian natural gas gathering and processing operation and our Indian telecom tower operation.

(2) See Note 32, Retirement Benefit Plans, for further details.

Brookfield Infrastructure's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 35, Financial Risk Management.

(i) Deferred revenue

Deferred revenue relates primarily to cash contributions from third parties to build or upgrade existing network capabilities at our Australian rail operation, for future natural gas and electricity connections at our U.K. regulated distribution operation, for future transportation of gas at our Indian natural gas operation, for future protection plans at our North American residential energy infrastructure operation and to build or upgrade existing networks at our U.K. telecom towers operation. The deferred revenue is recorded on receipt of cash payments and recognized as revenue as services are rendered over the life of the contracted track access, connections arrangements, gas transportation agreement, contract plans or networks.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 18. FINANCIAL LIABILITIES

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Current:		
Deferred consideration ⁽¹⁾	\$1,148	\$ 136
Interest rate swaps	54	116
Foreign currency forward contracts	76	107
Other financial liabilities	232	337
Total current financial liabilities	<u>\$1,510</u>	<u>\$ 696</u>
 Non-current:		
Deferred consideration ⁽¹⁾	\$ 6	\$1,022
Interest rate swaps	160	341
Foreign currency forward contracts	22	138
Inflation swaps	—	46
Other financial liabilities ⁽²⁾	1,542	1,131
Total non-current financial liabilities	<u>\$1,730</u>	<u>\$2,678</u>

(1) *Deferred consideration primarily relates to the April 4, 2017 acquisition our Brazilian regulated gas transmission operation. The deferred consideration is denominated in U.S. dollars and accrues interest at 3.35% compounded annually. The financial liability is measured at amortized cost and is payable on the fifth anniversary of the date of acquisition.*

(2) *Other financial liabilities primarily includes capital provided by non-controlling interest in the form of a shareholder loan.*

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 19. BORROWINGS

(a) Corporate Borrowings

Brookfield Infrastructure has a \$1.975 billion senior unsecured revolving credit facility used for general working capital including acquisitions. The \$1.975 billion is available on a revolving basis for the full term of the facility. All amounts outstanding under this facility will be repayable on June 28, 2026. 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 December 31, 2021, there were no (2020: \$1,131 million) draws outstanding on the credit facility and \$12 million of letters of credit were issued (2020: \$63 million).

	<u>Maturity⁽²⁾</u>	<u>Annual Rate⁽²⁾</u>	<u>Currency</u>	<u>2021</u>	<u>2020</u>
Corporate revolving credit facility	June 29, 2026	LIBOR plus 1.2%	US\$	\$ —	\$1,131
Corporate revolving credit facility	April 14, 2022	LIBOR plus 1.2%	US\$	—	—
Commercial Paper	January 25, 2022	0.37%	US\$	431	—
Non-Current:					
Medium Term Notes ⁽¹⁾ :					
Public - Canadian	February 22, 2024	3.3%	C\$	237	236
Public - Canadian	February 22, 2024	3.3%	C\$	317	314
Public - Canadian	September 11, 2028	4.2%	C\$	554	550
Public - Canadian	October 9, 2029	3.4%	C\$	554	550
Public - Canadian	September 1, 2032	2.9%	C\$	396	392
Subordinated notes ⁽¹⁾					
Public - United States	May 24, 2081	5.0%	US\$	250	—
				2,739	3,173
Deferred financing costs and other				(20)	(15)
Total				\$2,719	\$3,158

(1) See Note 20, *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 December 31, 2021.

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 December 31, 2021, there were \$431 million of borrowings outstanding (2020: \$nil).

On September 1, 2020, Brookfield Infrastructure Finance ULC issued C\$500 million of medium-term notes maturing September 1, 2032 with a coupon of 2.9% per annum. On October 6, 2020, the proceeds were used to early redeem C\$450 million of medium-term notes maturing March 11, 2022.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

On April 14, 2020, the partnership secured an incremental \$1.0 billion syndicated revolving credit facility. The facility was secured to fund new investment opportunities that may arise while other sources of capital, including asset sales, are delayed. The facility matures on April 14, 2022 and all amounts not previously repaid will be due on such date. All obligations under the facility are guaranteed by our partnership and its subsidiary, BIPC Holdings Inc. Loans under this facility accrue interest at LIBOR plus 2.1% with an annual unused commitment fee of 42 basis points during the period prior to April 14, 2021, and LIBOR plus 2.2% thereafter with an annual unused commitment fee of 44 basis points. As of December 31, 2021, the balance remains undrawn (2020: \$nil).

On April 7, 2020, Brookfield Infrastructure Finance ULC, a wholly owned subsidiary of Brookfield Infrastructure, issued C\$400 million of medium-term notes. C\$200 million of the medium-term notes mature September 11, 2028 and have a coupon rate of 4.2% per annum. These notes were issued at a premium with an effective interest rate of 4.1% per annum. The remaining C\$200 million medium term notes mature on October 9, 2029 and have a coupon rate of 3.4% per annum. These notes were issued at a discount with an effective interest rate of 4.1%.

Brookfield Infrastructure has entered into a \$500 million revolving credit facility with Brookfield to provide additional liquidity for general corporate purposes and capital expenditures, if required. The revolving credit facility has an effective date of February 8, 2018 and automatically renews for four consecutive one year terms on the first, second, third and fourth anniversary of such effective date, which would result in it ultimately maturing on February 8, 2023. Brookfield has the option to terminate the agreement prior to February 8 each year by providing Brookfield Infrastructure with written notice. All obligations of Brookfield Infrastructure under the facility were guaranteed by our partnership. Loans under this facility accrued interest on LIBOR plus 1.8% and no commitment fees were incurred for any undrawn balance. As of December 31, 2021, there were no (2020: \$nil) borrowings outstanding.

The decrease in corporate borrowings of \$434 million during the year ended December 31, 2021 is primarily attributable to the repayment of \$1,131 million of our revolving credit facility, partially offset by \$431 million of net proceeds raised from our commercial paper program and the issuance of \$250 million subordinated notes.

(b) Non-Recourse Borrowings

The current and non-current balances of non-recourse borrowings are as follows:

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Current	<u>\$ 2,701</u>	<u>\$ 1,551</u>
Non-current	<u>23,833</u>	<u>18,469</u>
Total	<u>\$26,534</u>	<u>\$20,020</u>

Non-recourse borrowings have increased by \$6.5 billion since year-end. The impact from \$8.7 billion of additional net borrowings, inclusive of \$6.7 billion acquired as part of recent acquisitions, primarily our Canadian diversified midstream operation, was partially offset by recently completed dispositions.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Principal repayments on non-recourse borrowings due over the next five years and thereafter are as follows:

<u>US\$ MILLIONS</u>	<u>Utilities</u>	<u>Transport</u>	<u>Midstream</u>	<u>Data</u>	<u>Total</u>
2022 ⁽¹⁾	\$ 341	\$ 386	\$ 1,819	\$ 53	\$ 2,599
2023	1,619	247	715	216	2,797
2024	1,191	296	1,536	195	3,218
2025	440	258	1,264	707	2,669
2026	694	3,217	1,028	509	5,448
Thereafter	3,697	944	2,972	2,165	9,778
Total principal repayments ⁽²⁾	7,982	5,348	9,334	3,845	26,509
Deferred financing costs and other	(31)	(39)	156	(61)	25
Total - Dec. 31, 2021	\$ 7,951	\$ 5,309	\$ 9,490	\$ 3,784	\$ 26,534
Total - Dec. 31, 2020	\$ 8,067	\$ 6,635	\$ 2,111	\$ 3,207	\$ 20,020

(1) Includes commercial paper obligations at our Canadian diversified midstream operation.

(2) As of December 31, 2021, approximately \$145 million of debt was in breach of asset-level financial covenants. We anticipate being able to refinance or obtain waivers from our financial institutions and accordingly presented the debt in the contractually obligated year of maturity.

The weighted average interest rates of non-recourse borrowings are as follows:

<u>US\$ MILLIONS</u>	<u>Utilities</u>	<u>Transport</u>	<u>Midstream</u>	<u>Data</u>	<u>Total</u>
Dec. 31, 2021	4 %	5 %	6 %	7 %	6 %
Dec. 31, 2020	4 %	5 %	6 %	6 %	5 %

Principal repayments on non-recourse borrowings in their local currency are as follows:

<u>US\$ MILLIONS, except as noted</u>	<u>Dec. 31, 2021</u>	<u>Local Currency</u>	<u>Dec. 31, 2020</u>	<u>Local Currency</u>
Canadian dollars	\$ 9,257	CAD 11,698	\$ 2,400	CAD \$ 3,056
U.S. dollars	7,376	USD 7,376	7,457	USD 7,457
Indian rupees	3,650	INR 272,388	3,760	INR 274,457
British pounds	3,067	GBP 2,266	2,941	GBP 2,151
Brazilian real	1,840	BRL 10,268	1,161	BRL 6,035
Australian dollars	468	AUD 644	320	AUD 416
Colombian pesos	394	COP 1,621,399	418	COP 1,430,115
Peruvian soles	380	PEN 1,521	417	PEN 1,511
New Zealand dollars	41	NZD 60	43	NZD 60
Euro	36	EUR 32	59	EUR 48
Chilean Unidad de Fomento ^{(1),(2)}	—	UF —	1,201	UF 29

(1) Chilean Unidad de Fomento is an inflation adjusted unit of account indexed to the Chilean Peso.

(2) See Note 5, Disposition of Businesses, for additional information.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(c) Supplemental Information

Details of the “Changes in liabilities from financing activities”, including both changes arising from cash flows and non-cash changes are as follows:

<u>US\$ MILLIONS</u>	<u>2020</u>	<u>Cash Flows⁽¹⁾</u>	<u>Acquisitions/ Dispositions⁽¹⁾</u>	<u>Foreign Exchange Movement and Other</u>	<u>2021</u>
Corporate borrowings	\$ 3,158	\$ (456)	\$ —	\$ 17	\$ 2,719
Non-recourse borrowings	20,020	851	5,819	(156)	26,534

(1) Cash flows related to asset level debt raised on the closing of our Canadian diversified midstream operation and the acquisition of an additional interest in our Brazilian regulated gas transmission operation have been presented within Acquisitions/Dispositions. Refer to Note 6, Acquisition of Businesses, and Note 5, Disposition of Businesses, for further details.

NOTE 20. 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 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.

On September 1, 2020, the Co-Issuers issued C\$500 million of medium-term notes under the Indenture maturing September 1, 2032 in the Canadian bond market with a coupon of 2.9%, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 3.9%. On October 6, 2020, the proceeds were used to early redeem C\$450 million of medium-term notes maturing March 11, 2022.

On April 7, 2020, the Co-Issuers issued C\$200 million of medium-term notes under the Indenture maturing September 11, 2028 in the Canadian bond market with a coupon of 4.2%. The principal balance was hedged to U.S. dollars using foreign exchange contracts.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

On April 7, 2020, the Co-Issuers issued C\$200 million of medium-term notes under the Indenture maturing October 9, 2029 in the Canadian bond market with a coupon of 3.4%. The principal balance was hedged to U.S. dollars using foreign exchange contracts.

On October 7, 2019, the Co-Issuers issued C\$500 million of medium-term notes under the Indenture maturing October 9, 2029 in the Canadian bond market with a coupon of 3.4%. Our partnership swapped C\$92 million of the total issuance to U.S. dollars on a matched maturity basis at an all-in rate of 3.5% and the remaining principal balance of the issuance was subsequently hedged using foreign exchange contracts. On November 6, 2019, the proceeds were used to early redeem C\$375 million of medium-term notes maturing October 30, 2020.

These medium-term notes are fully and unconditionally guaranteed by the BIP Guarantors and BIPC Holdings.

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.

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

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:

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

For the year ended December 31, 2021 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	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 11,537	\$ 11,537
Net income (loss) attributable to partnership ⁽¹⁾	556	—	—	208	885	(556)	1,093
For the year ended December 31, 2020							
Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,885	\$ 8,885
Net income (loss) attributable to partnership ⁽¹⁾	141	—	—	5	389	(141)	394
For the year ended December 31, 2019							
Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,597	\$ 6,597
Net income (loss) attributable to partnership ⁽¹⁾	52	—	—	—	233	(52)	233
As at 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
As at December 31, 2020							
Current assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,711	\$ 3,711
Non-current assets	5,363	—	944	2,238	7,232	41,843	57,620
Current liabilities	—	—	77	—	—	5,447	5,524
Non-current liabilities	—	2,027	—	591	—	31,516	34,134
Non-controlling interests							
Redeemable Partnership Units held by Brookfield	—	—	—	—	—	1,687	1,687
BIPC exchangeable shares	—	—	—	—	—	638	638
Exchangeable units ⁽⁵⁾	—	—	—	—	—	12	12
In operating subsidiaries	—	—	—	—	—	13,954	13,954
Preferred unitholders	—	—	—	—	—	1,130	1,130

(1) Includes net income (loss) 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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

- (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. Refer to Note 1, Organization and Description of the Business, for further details.

NOTE 21. PREFERRED SHARES

As at December 31, 2021, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation and BIP Bermuda Holdings I Limited (wholly owned subsidiaries of Brookfield Infrastructure) have issued 196,000, 1 and 400,000 preferred shares, respectively, to wholly owned subsidiaries of Brookfield, for proceeds of \$5 million, \$5 million and \$10 million, respectively. Each preferred share is non-voting and is redeemable at \$25 per share except in the case of the preferred share issued by Brookfield Infrastructure US Holdings I Corporation, which is redeemable for \$5 million. Each of these preferred shares is redeemable, together with any accrued and unpaid dividends, at the option of the issuer on or after the tenth anniversary of the date of issue, subject to certain restrictions. Further, these preferred shares entitle the holders thereof to a fixed cumulative 6% preferential cash dividend payable quarterly as and when declared by the issuer's board of directors. At December 31, 2021, there were no dividends in arrears (2020: \$nil).

NOTE 22. INTEREST EXPENSE

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Interest on corporate facility	\$ 16	\$ 19	\$ 20
Interest on corporate debt	87	76	63
Interest on non-recourse borrowings	1,134	944	738
Other financing fees ⁽¹⁾	231	140	83
	<u>\$1,468</u>	<u>\$1,179</u>	<u>\$ 904</u>

(1) Other financing fees primarily relate to interest expense associated with leases in connection with IFRS 16.

NOTE 23. 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 years ended December 31, 2021, 2020 and 2019. Comparative figures have been reclassified to conform to the current period's presentation:

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Depreciation and amortization	\$ 2,036	\$ 1,705	\$ 1,214
Compensation	1,517	1,284	674
Fuel, transportation and distribution costs	1,514	1,291	929
Cost of inventory	1,308	706	463
Utilities	409	171	72
Other direct operating costs	1,463	1,391	1,257
Total	<u>\$ 8,247</u>	<u>\$ 6,548</u>	<u>\$ 4,609</u>

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 24. PAYROLL EXPENSE

Our partnership has no key employees; therefore, Brookfield Infrastructure does not remunerate key management personnel. Key decision makers of Brookfield Infrastructure are all employees of the ultimate parent company who provide management services under Brookfield Infrastructure's Master Services Agreement. Details of the management fees paid are disclosed in Note 33, Related Party Transactions.

Throughout the year, the General Partner in its capacity as our partnership's general partner, incurs director fees, a portion of which are charged to our partnership in accordance with the limited partnership agreement.

Refer to Note 23, *Direct Operating Costs*, for further details on payroll expenses identified as "compensation," across all of Brookfield Infrastructure's subsidiaries.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 25. NON-WHOLLY OWNED SUBSIDIARIES

The following tables present summarized accounts for non-wholly owned subsidiaries on the Consolidated Statement of Financial Position:

<u>US\$ MILLIONS</u>	As of December 31, 2021					
	<u>Current Assets</u>	<u>Non-Current Assets</u>	<u>Current Liabilities</u>	<u>Non-Current Liabilities</u>	<u>Non-Controlling Interest in Operating Subsidiaries</u>	<u>Partnership Capital⁽¹⁾</u>
<i>Utilities</i>						
U.K. regulated distribution operation	\$ 249	\$ 4,961	\$ 316	\$ 3,285	\$ 314	\$ 1,295
Brazilian regulated gas transmission operation	668	3,115	1,278	2,028	389	88
Colombian natural gas distribution operation	219	1,061	162	522	512	84
Brazilian electricity transmission operation ⁽²⁾	104	1,457	30	902	436	193
North American residential energy infrastructure operation	269	4,583	466	2,660	1,215	511
Indian gas transmission operation	154	2,015	287	1,191	644	47
U.K. residential infrastructure business ⁽²⁾	5	151	34	5	99	18
European residential infrastructure operation ⁽²⁾	24	213	10	78	132	17
<i>Transport</i>						
North American rail operation	564	9,561	564	4,930	4,173	458
U.K. port operation	55	1,154	40	779	159	231
Australian port operation	262	581	223	180	316	124
Peruvian toll roads	98	1,132	17	561	541	111
Indian toll roads ⁽³⁾	70	732	166	364	189	83
<i>Midstream</i>						
Canadian diversified midstream operation ⁽²⁾	441	15,034	2,875	7,283	2,413	2,904
North American gas storage operation	258	1,479	227	662	525	323
Western Canadian natural gas gathering and processing operation	130	3,932	96	1,974	1,422	570
<i>Data</i>						
U.S. data center operation	51	1,401	86	929	312	125
Australian data center operation	28	402	23	119	206	82
U.K. telecom towers operation	40	880	190	495	177	58
Indian telecom towers operation ⁽²⁾	306	8,081	407	6,034	1,443	503
<i>Corporate</i>						
Holding LP and other	746	101	889	2,470	41	(2,553)
Total	\$4,741	\$ 62,026	\$ 8,386	\$ 37,451	\$ 15,658	\$ 5,272

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

US\$ MILLIONS	As of December 31, 2020					
	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Non-Controlling Interest in Operating Subsidiaries	Partnership Capital ⁽¹⁾
<i>Utilities</i>						
U.K. regulated distribution operation	\$ 181	\$ 5,264	\$ 333	\$ 3,241	\$ 367	\$ 1,504
Brazilian regulated transmission operation	405	3,494	203	2,772	783	141
Colombian natural gas distribution operation	220	1,256	248	478	636	114
Brazilian electricity transmission operation ⁽²⁾	15	320	11	196	89	39
Canadian district energy operation ⁽⁴⁾	28	1,260	147	567	429	145
U.S. district energy operation ⁽⁴⁾	38	1,097	78	768	163	126
North American residential energy infrastructure operation	210	4,215	436	2,321	1,174	494
Indian gas transmission operation	94	2,172	131	1,308	781	46
<i>Transport</i>						
North American rail operation	504	9,569	699	4,898	4,032	444
U.K. port operation	62	1,105	45	735	157	230
Australian port operation	151	863	131	393	352	138
Chilean toll roads ⁽⁴⁾	126	835	125	1,148	(335)	23
Peruvian toll roads	105	1,247	438	212	591	111
Indian toll roads ⁽³⁾	87	808	177	426	203	89
<i>Midstream</i>						
North American gas storage	170	1,433	67	658	544	334
Western Canadian natural gas gathering and processing operation	125	3,964	131	2,072	1,348	538
<i>Data</i>						
U.S. data center operation	67	1,634	95	1,138	334	134
Australian data center operation	12	311	127	7	135	54
U.K. telecom towers operation	32	896	332	327	203	66
Indian telecom towers operation ⁽²⁾	392	7,998	493	5,392	1,917	588
<i>Corporate</i>						
Holding LP and other	589	172	870	3,423	52	(3,584)
Total	\$3,613	\$ 49,913	\$ 5,317	\$ 32,480	\$ 13,955	\$ 1,774

(1) Attributable to all equity holders other than non-controlling interests in operating subsidiaries.

(2) Refer to Note 6, Acquisition of Businesses, for further details.

(3) Indian toll roads include our investments in BIF India Holdings Pte Ltd, Simhapuri Expressway Limited and Rayalseema Expressway Private Limited.

(4) Refer to Note 5, Disposition of Businesses, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

The following tables present summarized accounts for non-wholly owned subsidiaries on the Consolidated Statement of Operating Results:

US\$ MILLIONS	Year ended December 31, 2021				
	Revenue	Attributable to non-controlling interest		Attributable to unitholders	
		Net Income (loss)	Other Comprehensive Income (loss)	Net Income (loss)	Other Comprehensive Income (loss)
<i>Utilities</i>					
U.K. regulated distribution operation	\$ 569	\$ 34	\$ 6	\$ 138	\$ 26
Brazilian regulated transmission operation	1,074	361	(87)	150	(31)
Colombian natural gas distribution operation	862	34	(101)	8	(24)
Brazilian electricity transmission operation ⁽¹⁾	90	22	(6)	10	(2)
Canadian district energy operation ⁽²⁾	72	9	35	3	8
U.S. district energy operation ⁽²⁾	74	2	—	—	—
North American residential energy infrastructure operation	1,444	75	43	32	18
Indian gas transmission operation	342	35	(17)	13	(5)
U.K. residential infrastructure business ⁽¹⁾	2	—	—	—	—
European residential infrastructure operation ⁽¹⁾	89	(6)	(8)	(1)	(1)
<i>Transport</i>					
North American rail operation	2,157	208	131	24	13
U.K. port operation	274	17	6	24	9
Australian port operation	412	(16)	(18)	(6)	(6)
Chilean toll roads ⁽²⁾	138	(40)	53	(8)	13
Peruvian toll roads	96	6	(57)	1	(11)
Indian toll roads ⁽³⁾	117	(25)	(6)	(9)	(3)
<i>Midstream</i>					
North American gas storage operation	371	95	36	65	22
Canadian diversified midstream operation ⁽¹⁾	906	59	38	65	30
Western Canadian natural gas gathering and processing operation	551	62	52	25	21
<i>Data</i>					
U.S. data center operation	249	(33)	13	(13)	5
Australian data center operation	23	3	(8)	1	(3)
U.K. telecom towers operation	59	(19)	(1)	(6)	—
Indian telecom towers operation ⁽¹⁾	1,257	1	(80)	—	(16)
<i>Corporate</i>					
Holding LP and other	5	742	—	450	194
Total	\$11,233	\$1,626	\$ 24	\$ 966	\$ 257

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

US\$ MILLIONS	Year ended December 31, 2020				
	Revenue	Attributable to non-controlling interest		Attributable to unitholders	
		Net Income (loss)	Other Comprehensive Income (loss)	Net Income (loss)	Other Comprehensive Income (loss)
<i>Utilities</i>					
U.K. regulated distribution operation	\$ 488	\$ 11	\$ 42	\$ 46	\$ 167
Colombian regulated distribution operation ⁽²⁾	6	2	156	—	(6)
Brazilian regulated transmission operation	942	309	(399)	116	(152)
Colombian natural gas distribution operation	793	39	34	7	13
Brazilian electricity transmission operation ⁽¹⁾	40	9	(25)	4	(11)
Canadian district energy operation ⁽²⁾	127	5	115	2	39
U.S. district energy operation ⁽²⁾	137	(14)	58	(9)	38
North American residential energy infrastructure operation	1,274	70	(32)	29	(14)
Indian gas transmission operation	268	(61)	(23)	(19)	(7)
<i>Transport</i>					
Australian export terminal ⁽⁴⁾	297	163	35	54	16
North American Rail Operation	1,974	86	(153)	11	(16)
U.K. port operation	235	22	16	31	22
Australian port operation	381	(29)	40	(10)	14
Chilean toll roads ⁽²⁾	116	(21)	(21)	(6)	2
Peruvian toll roads	81	7	(54)	1	(11)
Indian toll roads ⁽³⁾	111	(24)	(4)	(8)	(2)
<i>Midstream</i>					
North American gas storage operation	143	(10)	10	(7)	6
Western Canadian natural gas gathering and processing operation	501	29	(1)	12	(1)
<i>Data</i>					
U.S. data center operation	273	(32)	(10)	(13)	(4)
Australian data center operation	24	4	12	1	5
U.K. telecom towers operation	51	(3)	5	(1)	2
Indian telecom towers operation ⁽¹⁾	360	5	69	3	14
<i>Corporate</i>					
Holding LP and other	9	(56)	—	(7)	250
Total	\$8,631	\$ 511	\$ (130)	\$ 237	\$ 364

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

US\$ MILLIONS	Year ended December 31, 2019				
	Revenue	Attributable to non-controlling interest		Attributable to unitholders	
		Net Income (loss)	Other Comprehensive Income (loss)	Net Income (loss)	Other Comprehensive Income (loss)
<i>Utilities</i>					
U.K. regulated distribution operation	478	24	71	103	278
Colombian regulated distribution operation ⁽²⁾	179	10	(9)	2	(2)
Brazilian regulated transmission operation	1,141	349	(83)	132	(33)
Colombian natural gas distribution operation	874	51	(4)	7	—
Brazilian transmission operation	2	15	(2)	7	(1)
Canadian district energy operation	121	6	85	2	29
U.S. district energy operation	158	(14)	49	(9)	32
North American residential energy infrastructure operation	956	3	63	2	26
Indian gas transmission operation	266	(39)	(33)	(12)	(10)
<i>Transport</i>					
Australian export terminal ⁽⁴⁾	308	15	(3)	43	(8)
North American Rail Operation	—	—	(10)	—	(1)
U.K. port operation	197	4	19	7	27
Australian port operation	462	(24)	(1)	(7)	—
Chilean toll roads	162	—	27	2	16
Peruvian toll roads	107	5	10	1	2
Indian toll roads ⁽³⁾	130	(19)	(6)	(9)	(3)
<i>Midstream</i>					
North American gas storage operation	143	12	52	9	32
Western Canadian natural gas gathering and processing operation	256	35	31	14	12
<i>Data</i>					
U.S. data center operation	294	(22)	(10)	(7)	(4)
Australian data center operation	20	6	(3)	2	(1)
U.K. telecom towers operation	—	—	(2)	—	(1)
<i>Corporate</i>					
Holding LP and other	25	(5)	—	(295)	(26)
Total	\$6,279	\$ 412	\$ 241	\$ (6)	\$ 364

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

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

(3) Indian toll roads include our investments in BIF India Holdings Pte Ltd, Simhapuri Expressway Limited and Rayalseema Expressway Private Limited.

(4) On December 7, 2020, our partnership completed the partial sale of an effective 22% interest in our Australian export terminal. Upon partial disposition, the operation ceased to meet the definition of a non-wholly owned subsidiary. The balance in the tables above reflect the period up until the date of partial disposition. Refer to Note 5, Disposition of Businesses, and Note 12, Investment in Associates and Joint Ventures, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

The following tables present summarized accounts for non-wholly owned subsidiaries on the Consolidated Statement of Cash Flows:

US\$ MILLIONS	Cash Flow Activities					
	Year ended December 31, 2021			Year ended December 31, 2020		
	Operating	Investing	Financing	Operating	Investing	Financing
<i>Utilities</i>						
U.K. regulated distribution operation	\$ 273	\$ 344	\$ (582)	\$ 241	\$ (372)	\$ 133
Colombian regulated distribution operation ⁽¹⁾	—	—	—	2	—	(2)
Brazilian regulated transmission operation	768	(32)	(473)	634	(34)	(588)
Colombian natural gas distribution operation	91	(38)	(41)	89	(35)	(55)
Brazilian electricity transmission operation ⁽²⁾	29	70	(24)	13	—	(14)
Canadian district energy operation ⁽¹⁾	30	(38)	7	42	(97)	55
U.S. district energy operation ⁽¹⁾	13	(34)	25	51	(50)	—
North American residential energy infrastructure operation	(79)	(107)	189	(42)	(5)	45
Indian gas transmission operation	187	(51)	(120)	136	(14)	(117)
U.K. residential infrastructure business ⁽²⁾	—	1	—	—	—	—
European residential infrastructure operation ⁽²⁾	(6)	15	—	—	—	—
<i>Transport</i>						
Australian export terminal ⁽⁴⁾	—	—	—	68	(27)	(57)
North American rail operation	511	(98)	(424)	616	(24)	(606)
U.K. port operation	66	(53)	(24)	42	(25)	(11)
Australian port operation	11	(21)	(18)	28	(32)	26
Chilean toll roads ⁽¹⁾	46	(172)	85	49	(1)	(34)
Peruvian toll roads	30	(27)	—	18	(22)	—
Indian toll roads ⁽³⁾	(2)	3	5	11	(18)	19
<i>Midstream</i>						
North American gas storage operation	196	(35)	(179)	68	12	(53)
Canadian diversified midstream operation ⁽²⁾	198	(246)	108	—	—	—
Western Canadian natural gas gathering and processing operation	235	(91)	(135)	156	(299)	114
<i>Data</i>						
U.S. data center operation	38	(25)	(15)	77	(16)	(63)
Australian data center operation	16	(105)	104	7	(3)	(3)
U.K. telecom towers operation	16	(15)	2	27	(20)	(9)
Indian telecom towers operation ⁽²⁾	189	(416)	261	245	(3,451)	3,331
<i>Corporate</i>						
Holding LP and other	(171)	22	322	(182)	(4)	89
Total	<u>\$ 2,685</u>	<u>\$ (1,149)</u>	<u>\$ (927)</u>	<u>\$ 2,396</u>	<u>\$ (4,537)</u>	<u>\$ 2,200</u>

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

US\$ MILLIONS	Cash Flow Activities		
	Year ended December 31, 2019		
	Operating	Investing	Financing
<i>Utilities</i>			
U.K. regulated distribution operation	\$ 271	\$ (416)	\$ 147
Colombian regulated distribution operation ⁽¹⁾	26	(24)	(4)
Brazilian regulated transmission operation	839	(21)	(702)
Colombian natural gas distribution operation	72	(38)	(73)
Brazilian electricity transmission operation	22	(4)	(6)
Canadian district energy operation ⁽¹⁾	53	(68)	14
U.S. district energy operation ⁽¹⁾	22	(29)	2
North American residential energy infrastructure business	128	(228)	87
Indian gas transmission operation	208	(1,950)	1,746
<i>Transport</i>			
Australian export terminal ⁽⁴⁾	91	(23)	(55)
North American rail operation	—	(6,460)	6,578
U.K. port operation	27	(43)	9
Australian port operation	52	(45)	(10)
Chilean toll roads ⁽¹⁾	62	(2)	(55)
Peruvian toll roads	47	(39)	—
Indian toll roads ⁽³⁾	7	(9)	(29)
<i>Midstream</i>			
North American gas storage operation	83	(10)	(63)
Western Canadian natural gas gathering and processing business	92	(1,396)	1,339
<i>Data</i>			
U.S. data center operation	51	(6)	(35)
Australian data center operation	—	(277)	286
U.K. telecom towers operation	3	(280)	289
<i>Corporate</i>			
Holding LP and other	(46)	243	(128)
Total	\$ 2,110	\$ (11,125)	\$ 9,337

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

(2) Refer to Note 6, *Acquisition of Businesses*, for further details.

(3) Indian toll roads include our investments in BIF India Holdings Pte Ltd, Simhapuri Expressway Limited and Rayalseema Expressway Private Limited.

(4) On December 7, 2020, our partnership completed the partial sale of an effective 22% interest in our Australian export terminal. Upon partial disposition, the operation ceased to meet the definition of a non-wholly owned subsidiary. The balance in the tables above reflect the period up until the date of partial disposition. Refer to Note 5, *Disposition of Businesses*, and Note 12, *Investment in Associates and Joint Ventures*, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 26. INCOME TAXES

Our partnership is a flow through entity for tax purposes and as such is not subject to taxation. However, income taxes are recognized for the amount of taxes payable by the partnership's corporate subsidiaries and for the impact of deferred tax assets and liabilities related to such subsidiaries.

(a) Deferred Income Tax Balances

The sources of deferred income tax balances are as follows:

<u>US\$ MILLIONS</u>	<u>As of December 31,</u>	
	2021	2020
Deferred income tax assets		
Tax losses carried forward	\$ 1,731	\$ 1,002
Financial instruments and other	284	408
	\$ 2,015	\$ 1,410
Deferred income tax liabilities		
Property, plant and equipment	\$(5,472)	\$(3,367)
Intangible assets	(2,316)	(2,458)
Investment in associates and investment properties	(78)	(73)
	\$(7,866)	\$(5,898)
Net deferred income tax liabilities	\$(5,851)	\$(4,488)
Reflected in the Consolidated Statements of Financial Position as follows:		
Deferred income tax assets	\$ 160	\$ 124
Deferred income tax liabilities	(6,011)	(4,612)
Net deferred income tax liabilities	\$(5,851)	\$(4,488)

The deferred tax asset related to losses available for carry forward includes \$150 million (2020: \$80 million) of tax benefits that have been recognized based on projections of future taxable profits. In addition, we also consider tax planning opportunities that will create taxable income in the period in which the unused tax losses can be utilized.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

The sources of deferred income tax balances and movements are as follows:

US\$ MILLIONS	Recognized in						Dec. 31, 2021
	Jan. 1, 2021	Net Income	Other Comprehensive Income	Other ⁽¹⁾	Acquisitions/ Dispositions		
Deferred income tax assets related to non-capital losses and capital losses	\$ 999	\$ 377	\$ —	\$ (16)	\$ 371	\$ 1,731	
Deferred income tax liabilities related to differences in tax and book basis, net	(5,487)	(617)	(260)	100	(1,318)	(7,582)	
Net deferred income tax liabilities	<u>\$ (4,488)</u>	<u>\$ (240)</u>	<u>\$ (260)</u>	<u>\$ 84</u>	<u>\$ (947)</u>	<u>\$ (5,851)</u>	

US\$ MILLIONS	Recognized in						Dec. 31, 2020
	Jan. 1, 2020	Net Income	Other Comprehensive Income	Other ⁽¹⁾	Acquisitions/ Dispositions		
Deferred income tax assets related to non-capital losses and capital losses	\$ 397	\$ 506	\$ —	\$ 146	\$ (50)	\$ 999	
Deferred income tax liabilities related to differences in tax and book basis, net	(4,905)	(560)	(125)	(126)	229	(5,487)	
Net deferred income tax liabilities	<u>\$ (4,508)</u>	<u>\$ (54)</u>	<u>\$ (125)</u>	<u>\$ 20</u>	<u>\$ 179</u>	<u>\$ (4,488)</u>	

(1) Other items relates to foreign exchange as deferred income taxes are calculated based on the functional currency of each operating entity.

A deferred tax asset is not recognized in respect of deductible temporary differences of \$134 million (2020: \$143 million), unused capital losses of \$1,799 million (2020: \$143 million) and unused non-capital losses of \$1,362 million (2020: \$963 million). Of the total deductible temporary differences of \$134 million (2020: \$143 million), \$24 million expire after five years from the reporting date and \$110 million do not expire. Of the unused capital losses of \$1,799 million (2020: \$143 million), \$1,703 million expire after five years from the reporting date and \$96 million do not expire.

The following table details the expiry date, if applicable, of the non-capital losses:

US\$ MILLIONS	Year of Expiration							Total
	2022	2023	2024	2025	2026	Beyond	Do not expire	
As of December 31, 2021	\$ 35	\$ 35	\$ 18	\$ 4	\$ 5	\$ 269	\$ 996	\$ 1,362
As of December 31, 2020	36	37	18	7	5	287	573	963

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(b) Income Tax Recognized in Profit or Loss

The major components of income tax expense include the following:

<u>US\$ MILLIONS</u>	For the year ended December 31,		
	2021	2020	2019
Tax expense comprises:			
Current income tax expense	\$ 374	\$ 237	\$ 250
Deferred income tax expense (recovery)			
Origination and reversal of temporary differences	13	(37)	29
Changes in tax rates or the imposition of new taxes	188	41	(20)
Previously unrecognized deferred taxes	39	50	19
Total income tax expense	\$ 614	\$ 291	\$ 278
Net income before income tax expense reconciles to income tax expense as follows:			
Net income before income tax	\$3,333	\$1,195	\$ 928
Income tax expense calculated at the domestic rates applicable to profits in the country concerned	829	431	304
Change in substantively enacted tax rates	188	41	(20)
International operations subject to different tax rates	(9)	(21)	(6)
Taxable income attributable to non-controlling interests	(325)	(91)	(62)
Portion of gains subject to different tax rates	(115)	(117)	34
Deferred tax assets not recognized	39	50	19
Permanent differences and other	7	(2)	9
Income tax expense recognized in profit or loss	\$ 614	\$ 291	\$ 278

As the partnership is not subject to tax, the above reconciliation has been prepared using a composite statutory rate for jurisdictions where Brookfield Infrastructure's subsidiaries operate. The composite rate has decreased due to changes in the related operating income in the various subsidiaries and changes in local statutory rates.

The partnership has approximately \$40 million (2020: \$15 million) of temporary differences associated with investments in subsidiaries, and associates for which no deferred income taxes have been provided.

(c) Income Tax Recognized Directly in Other Comprehensive Income

<u>US\$ MILLIONS</u>	2021			2020			2019		
	Deferred income tax arising on income and expenses recognized in other comprehensive income:								
Revaluation of property, plant and equipment	\$ (164)	\$ (219)	\$ (148)						
Cash flow hedges	(63)	63	3						
Pension plan actuarial changes	(33)	31	3						
Total income tax expense recognized directly in other comprehensive income	\$ (260)	\$ (125)	\$ (142)						

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 27. PARTNERSHIP CAPITAL

As at December 31, 2021, our partnership's capital structure was comprised of three classes of partnership units: units, preferred units and general partnership units. Units entitle the holder to their proportionate share of distributions. Preferred units entitle the holder to cumulative preferential cash distributions in accordance with their terms. General partnership units entitle the holder the right to govern the financial and operating policies of our partnership. The Holding LP's capital structure is composed of four classes of partnership units: Special General Partner Units, Holding LP Class A Preferred Units, Managing General Partner Units and Redeemable Partnership Units held by Brookfield.

In its capacity as the holder of the Special General Partner Units of the Holding LP, the special general partner is entitled to incentive distribution rights which are based on the amount by which quarterly distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed specified target levels. To the extent distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed \$0.1827 per quarter, the incentive distribution rights entitle the special general partner to 15% of incremental distributions above this threshold. To the extent that distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed \$0.198 per unit, the incentive distribution rights entitle the special general partner to 25% of incremental distributions above this threshold. During the year, the Holding LP paid incentive distributions of \$206 million (2020: \$183 million, 2019: \$158 million). Prior to the special distribution, the above thresholds of \$0.1827 and \$0.198 were \$0.203 and \$0.22, respectively.

The Holding LP has issued 129 million Redeemable Partnership Units to Brookfield, which may, at the request of the holder, require the Holding LP to redeem the Redeemable Partnership Units for cash in an amount equal to the market value of our units. This right is subject to our partnership's right of first refusal which entitles it, at its sole discretion, to elect to acquire any Redeemable Partnership Units so presented to the Holding LP in exchange for one of our partnership's units (subject to certain customary adjustments). Both the units issued by our partnership and the Redeemable Partnership Units issued by the Holding LP have the same economic attributes in all respects, except for the redemption right described above. The Redeemable Partnership Units participate in earnings and distributions on a per Redeemable Partnership Unit basis equivalent to the per unit participation of the units of our partnership. Our partnership reflects the Redeemable Partnership Units issued to Brookfield by the Holding LP as non-controlling interest—Redeemable Partnership Units held by Brookfield.

(a) Special and Limited Partnership Capital

UNITS MILLIONS	Special General Partner Units			Limited Partnership Units			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Opening balance	1.6	1.6	1.6	295.4	293.5	277.3	297.0	295.1	278.9
Issued for cash	—	—	—	9.7	0.2	13.8	9.7	0.2	13.8
Conversion from Exchange LP Units	—	—	—	0.1	0.3	3.2	0.1	0.3	3.2
Conversion from BIPC exchangeable shares	—	—	—	0.1	1.4	—	0.1	1.4	—
Repurchased and cancelled ..	—	—	—	—	—	(0.8)	—	—	(0.8)
Ending balance	1.6	1.6	1.6	305.3	295.4	293.5	306.9	297.0	295.1

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

US\$ MILLIONS	Special General Partner			Limited Partners			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Opening balance	\$ 19	\$ 19	\$ 19	\$5,526	\$5,495	\$4,911	\$5,545	\$5,514	\$4,930
Unit issuance	—	—	—	545	9	559	545	9	559
Conversion from Exchange LP Units	—	—	—	2	3	53	2	3	53
Conversion from BIPC exchangeable shares	—	—	—	1	19	—	1	19	—
Repurchased and cancelled	—	—	—	—	—	(28)	—	—	(28)
Ending balance	\$ 19	\$ 19	\$ 19	\$6,074	\$5,526	\$5,495	\$6,093	\$5,545	\$5,514

In November 2021, Brookfield Infrastructure issued 9.5 million units at \$58.65 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 7.1 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 July 2019, Brookfield Infrastructure issued 13.5 million units at \$42.50 per unit under shelf registrations in the U.S. and Canada. In total, \$575 million of gross proceeds were raised through the issuance and \$24 million in equity issuance costs were incurred. Concurrently, Brookfield Infrastructure issued approximately 6.1 million Redeemable Partnership Units to Brookfield for gross proceeds of \$250 million. As Brookfield participated in the unit offering at a percentage greater than its ownership interest in the Holding LP prior to the equity offering, this resulted in a slight decrease in our partnership's ownership interest in the Holding LP without resulting in a loss of control. The difference between the proportionate amount by which the non-controlling interest in Holding LP was increased and the proceeds of the Redeemable Partnership Unit offering resulted in a gain of \$8 million that was recognized directly in equity.

During the year ended December 31, 2021, Brookfield Infrastructure did not repurchase or cancel any units (2020: less than 0.1 million for less than \$0.1 million, 2019: 0.8 million for \$28 million) and did not incur any commission costs (2020: less than \$1 million, 2019: less than \$1 million).

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

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 NYSE for the five trading days immediately preceding the relevant distribution date. During the year ended December 31, 2021, our partnership issued 0.2 million units for proceeds of \$12 million (2020: less than 1 million units for proceeds of \$9 million, 2019: less than 1 million units for proceeds of \$8 million) under the Plan.

The weighted average number of Special General Partner Units outstanding for the year ended December 31, 2021 was 1.6 million (2020: 1.6 million, 2019: 1.6 million). The weighted average number of limited partnership units outstanding for the year ended December 31, 2021 was 296.7 million (2020: 294.7 million, 2019: 285.6 million).

Net income per limited partnership unit was \$1.74 for the year ended December 31, 2021 (2020: \$0.35, 2019: \$0.06). Net income per limited partnership unit is calculated as the total net income attributable to limited partnership units, less preferred partnership distributions, divided by the average number of limited partnership units outstanding during the year ended December 31, 2021.

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

<u>UNITS MILLIONS</u>	Non-controlling interest— Redeemable Partnership Units held by Brookfield		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Opening balance	121.9	121.9	115.8
Issued for cash	7.1	—	6.1
Ending balance	129.0	121.9	121.9

<u>US\$ MILLIONS</u>	Non-controlling interest— Redeemable Partnership Units held by Brookfield		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Opening balance	\$2,328	\$2,328	\$2,078
Unit issuance	400	—	250
Ending balance	\$2,728	\$2,328	\$2,328

In November 2021, Brookfield Infrastructure issued 7.1 million Redeemable Partnership Units to Brookfield for proceeds of \$400 million.

In July 2019, Brookfield Infrastructure issued 6.1 million Redeemable Partnership Units to Brookfield for proceeds of \$250 million.

The weighted average number of Redeemable Partnership Units outstanding for the year ended December 31, 2021 was 122.8 million (2020: 121.9 million, 2019: 118.6 million).

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(c) Non-controlling interest—BIPC exchangeable shares

<u>UNITS MILLIONS</u>	<u>Non-controlling interest— BIPC exchangeable shares</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Opening balance	44.9	—	—
Unit issuance	2.1	—	—
Issued in conjunction with the acquisition of Inter Pipeline	26.0	—	—
Non-cash issuance	—	46.3	—
Conversion to units	(0.1)	(1.4)	—
Conversion from BIPC Exchangeable LP Units	0.4	—	—
Ending balance	73.3	44.9	—

<u>US\$ MILLIONS</u>	<u>Non-controlling interest— BIPC exchangeable shares</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Opening balance	\$ (19)	\$ —	\$ —
Unit issuance	1,770	—	—
Conversion to units	(1)	(19)	—
Conversion from BIPC Exchangeable LP Units	5	—	—
Ending balance	\$1,755	\$ (19)	\$ —

In November 2021, BIPC, a subsidiary of our partnership issued 2.1 million BIPC exchangeable shares at \$62.70 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 8.1 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 17.9 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.

On March 31, 2020, BIPC, a subsidiary of our partnership, issued 46.3 million BIPC exchangeable shares to unitholders as part of the BIPC special distribution. The distribution resulted in no cash proceeds to the partnership. The BIPC exchangeable shares provide holders with economic terms that are substantially equivalent to those of our units and are exchangeable, on a one-for-one basis, for our units. Given the exchangeable feature, the BIPC exchangeable shares are presented as a component of non-controlling interests. Refer to Note 1, *Organization and Description of the Business*, for further details.

During the year ended December 31, 2021, BIPC exchangeable shareholders exchanged 0.1 million (2020: 1.4 million) BIPC exchangeable shares for \$1 million of our units (2020: \$19 million).

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(d) Non-controlling interest—Exchangeable Units

<u>UNITS MILLIONS</u>	Non-controlling interest— Exchangeable units		
	2021	2020	2019
Opening balance	1.0	1.2	4.4
Special distribution	—	0.1	—
Issuance of BIPC Exchangeable LP Units	4.1	—	—
BIPC Exchangeable LP Units converted to BIPC exchangeable shares	(0.4)	—	—
Exchange LP Units converted to units	(0.1)	(0.3)	(3.2)
Ending balance	4.6	1.0	1.2

<u>US\$ MILLIONS</u>	Non-controlling interest— Exchangeable units		
	2021	2020	2019
Opening balance	\$ 156	\$ 159	\$ 212
Issuance of BIPC Exchangeable LP Units	259	—	—
BIPC Exchangeable LP Units converted to BIPC exchangeable shares	(5)	—	—
Exchange LP Units converted to units	(2)	(3)	(53)
Ending balance	\$ 408	\$ 156	\$ 159

During August, September and October 2021, BIPC Exchange LP, a subsidiary of our partnership, issued 4.1 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*, and Note 1, *Organization and Description of the Business*, for further details.

During the year ended December 31, 2021, Exchange LP unitholders exchanged 0.1 million (2020: 0.3 million, 2019: 3.2 million) Exchange LP Units for \$2 million (2020: \$3 million, 2019: \$53 million) of our units.

During the year ended December 31, 2021, BIPC Exchangeable LP unitholders exchanged 0.4 million BIPC exchangeable LP units for \$5 million of BIPC exchangeable shares.

On March 31, 2020, the partnership executed a special distribution of its Exchange LP units whereby each Exchange LP unitholder received one additional Exchange LP unit for every nine Exchange LP units held. The special distribution resulted in no cash proceeds to the partnership. In total, 0.1 million Exchange LP units were issued.

On January 21, 2022, BIP Bermuda Holdings I Limited, a wholly owned subsidiary of Brookfield Infrastructure, issued \$300 million of perpetual subordinated notes with a coupon of 5.125% per annum. The perpetual subordinated notes do not have a maturity date or fixed redemption date, and are not redeemable at the option of the holders. The perpetual notes will be classified as a separate class of non-controlling interest in the partnership's Consolidated Statements of Financial Position.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(e) Preferred Unitholders' Capital

<u>UNITS MILLIONS</u>	<u>Preferred Units</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Opening balance	57.9	49.9	49.9
Issued for cash	8.0	8.0	—
Repurchased and cancelled	(10.0)	—	—
Ending balance	55.9	57.9	49.9
	<u>Preferred Units</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Opening balance	\$1,130	\$ 935	\$ 936
Unit issuance	194	195	—
Repurchased and cancelled	(186)	—	(1)
Ending balance	\$1,138	\$1,130	\$ 935

On February 25, 2022, our partnership announced its intention to redeem 12.0 million issued and outstanding Series 7 Preferred Units, which represents all of the issued and outstanding Series 7 Preferred Units, at \$25 per unit on March 31, 2022.

During the year ended December 31, 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 (2020: \$nil, 2019: less than 0.1 million for \$1 million).

On January 21, 2021, our partnership issued 8 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.

On September 21, 2020, our partnership issued 8 million Series 13 Preferred Units, at \$25 per unit, with a quarterly fixed distribution of 5.125% annually. In total, \$200 million of gross proceeds were raised and \$5 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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 28. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

(a) Attributable to Limited Partners

<u>US\$ MILLIONS</u>	<u>Revaluation Surplus</u>	<u>Foreign Currency Translation</u>	<u>Net Investment Hedges</u>	<u>Cash Flow Hedges</u>	<u>Marketable Securities</u>	<u>Unrealized Actuarial (Losses) Gains</u>	<u>Equity accounted investments</u>	<u>Accumulated Other Comprehensive Income</u>
Balance at December 31, 2019	\$ 899	\$ (1,324)	\$ 30	\$ (82)	\$ —	\$ (18)	\$ 968	\$ 473
Other comprehensive income (loss)	175	(287)	7	68	39	(18)	5	(11)
Issuance of BIPC exchangeable shares ⁽¹⁾	—	18	—	—	—	—	—	18
Other items ^{(2),(3),(4)}	(59)	31	—	—	—	—	—	(28)
Balance at December 31, 2020	\$ 1,015	\$ (1,562)	\$ 37	\$ (14)	\$ 39	\$ (36)	\$ 973	\$ 452
Other comprehensive income (loss) ⁽⁵⁾	31	(168)	(2)	59	98	21	99	138
Equity issuance ⁽⁶⁾	(108)	267	(8)	11	(12)	5	(157)	(2)
Other items ⁽⁷⁾	(265)	—	—	—	—	—	—	(265)
Balance at December 31, 2021	\$ 673	\$ (1,463)	\$ 27	\$ 56	\$ 125	\$ (10)	\$ 915	\$ 323

(b) Attributable to General Partner

<u>US\$ MILLIONS</u>	<u>Revaluation Surplus</u>	<u>Foreign Currency Translation</u>	<u>Net Investment Hedges</u>	<u>Cash Flow Hedges</u>	<u>Marketable Securities</u>	<u>Unrealized Actuarial Gains</u>	<u>Equity accounted investments</u>	<u>Accumulated Other Comprehensive Income</u>
Balance at December 31, 2019	\$ 6	\$ (9)	\$ 2	\$ —	\$ —	\$ —	\$ 5	\$ 4
Other comprehensive income (loss)	1	(3)	—	1	—	—	—	(1)
Balance at December 31, 2020	\$ 7	\$ (12)	\$ 2	\$ 1	\$ —	\$ —	\$ 5	\$ 3
Other comprehensive (loss) income ⁽⁵⁾	—	(1)	—	—	—	—	1	—
Equity issuance ⁽⁶⁾	(3)	5	(2)	(1)	1	—	(1)	(1)
Balance at December 31, 2021	\$ 4	\$ (8)	\$ —	\$ —	\$ 1	\$ —	\$ 5	\$ 2

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

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

<u>US\$ MILLIONS</u>	<u>Revaluation Surplus</u>	<u>Foreign Currency Translation</u>	<u>Net Investment Hedges</u>	<u>Cash Flow Hedges</u>	<u>Marketable Securities</u>	<u>Unrealized Actuarial Losses</u>	<u>Equity accounted investments</u>	<u>Accumulated Other Comprehensive Income</u>
Balance at December 31, 2019	\$ 391	\$ (546)	\$ 14	\$ (37)	\$ (2)	\$ (4)	\$ 407	\$ 223
Other comprehensive income (loss)	72	(119)	3	28	15	(8)	2	(7)
Issuance of BIPC exchangeable shares ⁽¹⁾	—	5	—	—	—	—	—	5
Other items ^{(2),(3),(4)}	(25)	13	—	—	—	—	—	(12)
Balance at December 31, 2020	\$ 438	\$ (647)	\$ 17	\$ (9)	\$ 13	\$ (12)	\$ 409	\$ 209
Other comprehensive income (loss) ⁽⁵⁾	13	(68)	(1)	25	40	8	41	58
Equity issuance ⁽⁶⁾	(59)	99	(4)	8	—	(2)	(63)	(21)
Other items ⁽⁷⁾	(109)	—	—	—	—	—	—	(109)
Balance at December 31, 2021	\$ 283	\$ (616)	\$ 12	\$ 24	\$ 53	\$ (6)	\$ 387	\$ 137

(d) Attributable to Non-controlling interest—BIPC exchangeable shares

<u>US\$ MILLIONS</u>	<u>Revaluation Surplus</u>	<u>Foreign Currency Translation</u>	<u>Net Investment Hedges</u>	<u>Cash Flow Hedges</u>	<u>Marketable Securities</u>	<u>Unrealized Actuarial (Losses) Gains</u>	<u>Equity accounted investments</u>	<u>Accumulated Other Comprehensive Income</u>
Balance at December 31, 2019	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other comprehensive income (loss)	29	51	(6)	22	5	(3)	(11)	87
Issuance of BIPC exchangeable shares ⁽¹⁾	—	(23)	—	—	—	—	—	(23)
Other items ⁽⁴⁾	(2)	—	—	—	—	—	—	(2)
Balance at December 31, 2020	\$ 27	\$ 28	\$ (6)	\$ 22	\$ 5	\$ (3)	\$ (11)	\$ 62
Other comprehensive (loss) income ⁽⁵⁾	11	(31)	—	10	15	4	21	30
Equity issuance ⁽⁶⁾	165	(348)	13	(19)	10	(3)	209	27
Other items ⁽⁷⁾	(42)	—	—	—	—	—	—	(42)
Balance at December 31, 2021	\$ 161	\$ (351)	\$ 7	\$ 13	\$ 30	\$ (2)	\$ 219	\$ 77

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(e) Attributable to Non-controlling interest—Exchangeable units⁽⁸⁾

US\$ MILLIONS	Revaluation Surplus	Foreign Currency Translation	Net Investment Hedges	Cash Flow Hedges	Marketable Securities	Unrealized Actuarial Gains	Equity accounted investments	Accumulated Other Comprehensive Income
Balance at December 31, 2019	\$ 3	\$ 1	\$ —	\$ (1)	\$ —	\$ —	\$ 2	\$ 5
Other comprehensive income (loss)	1	(2)	—	1	—	—	—	—
Balance at December 31, 2020	\$ 4	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ 5
Other comprehensive (loss) income⁽⁵⁾	1	(1)	—	—	—	—	1	1
Equity issuance⁽⁶⁾	5	(22)	1	1	1	—	12	(2)
Other items	—	—	—	—	—	—	—	—
Balance at December 31, 2021	\$ 10	\$ (24)	\$ 1	\$ 1	\$ 1	\$ —	\$ 15	\$ 4

- (1) In relation to the special distribution of BIPC, \$23 million of accumulated other comprehensive income was reallocated to BIPC exchangeable shares. Refer to Note 1, Organization and Description of the Business, for further details.
- (2) In relation to the partial disposition of a further 33% interest in our Chilean toll road business, \$44 million of accumulated other comprehensive loss was reclassified directly to retained earnings in the Consolidated Statements of Partnership Capital. Refer to Note 5, Disposition of Businesses, for further details.
- (3) In relation to the disposition of a 17% interest in our Colombian regulated distribution operation, \$61 million (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.
- (4) In relation to the disposition of a 11% interest in our Texas electricity transmission operation, \$25 million (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 12, Investments in Associates and Joint Ventures, for further details.
- (5) 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 year ended December 31, 2021, net income and accumulated other comprehensive income included \$178 million and \$90 million of deferred tax expenses, respectively, related to the rate change.
- (6) In relation to the issuance of BIPC exchangeable shares and BIPC Exchangeable LP Units in connection with the acquisition of IPL, as well as the issuance of BIPC exchangeable shares, units and Redeemable Partnership Units in November 2021, accumulated other comprehensive income was reallocated between all components of equity. Refer to Note 6, Acquisition of Businesses and Note 27, Partnership Capital, for further details.
- (7) In relation to the disposition of our smart meters business in the U.K., a 25% interest in our Canadian district energy operation and a 40% interest in our U.S. district energy operation, \$416 million of accumulated other comprehensive (net of tax) of revaluation surplus gains were reclassified directly into retained earnings.
- (8) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 29. DISTRIBUTIONS

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

US\$ MILLIONS	For the year ended December 31,		
	2021	2020	2019
Limited Partners	\$ (608)	\$ (588)	\$ (575)
General Partner ⁽¹⁾	(209)	(185)	(158)
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield	(251)	(240)	(241)
BIPC exchangeable shares	(115)	(66)	—
Exchangeable units ⁽³⁾	(7)	(4)	(4)
Preferred unitholders	(67)	(51)	(49)
Total Distributions	\$ (1,257)	\$ (1,134)	\$ (1,027)

PER UNIT/SHARE⁽²⁾	For the year ended December 31,		
	2021	2020	2019
Limited Partners	\$ 2.04	\$ 1.94	\$ 1.81
General Partner ⁽¹⁾	2.04	1.94	1.81
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield	2.04	1.94	1.81
BIPC exchangeable shares	2.04	1.94	1.81
Exchangeable units ⁽³⁾	2.04	1.94	1.81
Preferred unitholders	1.05	0.97	0.98

(1) Distributions to the General Partner include \$206 million of incentive distributions for the year ended December 31, 2021 (2020: \$183 million, 2019: \$158 million).

(2) Our partnership paid a distribution of \$0.5375 per unit in March 2020. On March 31, 2020, our partnership completed the previously announced creation of BIPC with a special distribution of BIPC exchangeable shares. The special distribution resulted in the issuance of approximately 46.3 million BIPC exchangeable shares. Historical per unit disclosures have been retroactively adjusted for the impact of the special distribution. Refer to Note 1, Organization and Description of the Business, for further details.

(3) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

For the period up until June 30, 2020, holders of the Series 1 Preferred Units, received a cumulative quarterly fixed distribution at an annual rate of 4.50% (C\$0.2813 per unit per quarter). On June 1, 2020, our partnership announced the fixed distribution rate reset on its Series 1 Preferred Units for the five years commencing July 1, 2020 and ending June 30, 2025 at 3.974% (C\$0.2484 per unit per quarter).

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 30. CONTINGENT ASSETS & LIABILITIES

Brookfield Infrastructure, including its associates, had bank and customs guarantees and letters of credit outstanding to third parties totaling \$474 million (2020: \$249 million). These guarantees are generally supported by cash on deposit with banks.

Our partnership and its subsidiaries are contingently liable with respect to litigation and claims that arise in the normal course of operations.

NOTE 31. CONTRACTUAL COMMITMENTS

In the normal course of business, our partnership will enter into contractual commitments which include commitments relating to contracted project costs for various growth initiatives, committed expenditures associated with gas and electricity sales contracts at our U.K. regulated distribution operation, service agreements for the purchase and transportation of core utilities at our Canadian diversified midstream operation and leases associated with our U.S. data center operation, Indian telecom towers operation, North American rail operation and Canadian diversified midstream operation. As at December 31, 2021, our partnership had \$8,376 million (2020: \$5,750 million) of commitments outstanding, of which 11% mature in less than one year, 28% between two and five years, and 61% after five years.

In addition, pursuant to the Master Service Agreement, on a quarterly basis, Brookfield Infrastructure pays a base management fee to the Service Provider equal to 0.3125% per quarter (1.25% annually) of the market value of our partnership. This fee is recorded on the Consolidated Statements of Operating Results in general and administrative expenses.

NOTE 32. RETIREMENT BENEFIT PLANS

Brookfield Infrastructure offers pension plans to certain employees of its subsidiaries. Brookfield Infrastructure's obligations under its defined benefit pension plans are determined periodically through the preparation of actuarial valuations. The benefit plans' expense for 2021 was \$37 million (2020: \$38 million, 2019: \$9 million). The discount rate used was 2.3% (2020: 1.72%, 2019: 2.5%) with a rate of compensation of 2.6% (2020: 2.3%, 2019: 2.8%).

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Plan assets	\$ 934	\$ 833
Less accrued benefit obligation	(1,126)	(1,164)
Accrued benefit liability⁽¹⁾	\$ (192)	\$ (331)

(1) Primarily presented within Other liabilities' of the consolidated statements of financial position. Refer to Note 17, Accounts Payable and Other for further details.

NOTE 33. 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.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

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 \$1 million were incurred during the year ended December 31, 2021 (2020: \$1 million, 2019: \$1 million).

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 \$394 million for the year ended December 31, 2021 (2020: \$302 million, 2019: \$270 million). As of December 31, 2021, \$108 million was outstanding as payable to the Service Provider (December 31, 2020: \$89 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 December 31, 2021, Brookfield Infrastructure had a loan payable of \$26 million to subsidiaries of Brookfield (December 31, 2020: \$82 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 December 31, 2021, our net deposit from Brookfield was \$nil (December 31, 2020: \$545 million) and Brookfield Infrastructure incurred interest expense of \$3 million for the year ended December 31, 2021 (2020: \$1 million, 2019: \$4 million). Deposits bear interest at market rates.

Brookfield Infrastructure has entered into a \$500 million revolving credit facility with Brookfield to provide additional liquidity for general corporate purposes and capital expenditures, if required. As of December 31, 2021, there were no (December 31, 2020: \$nil) borrowings outstanding.

On April 28, 2021, 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 \$25 million from Brookfield. Separately, on July 1, 2021, Brookfield transferred an investment to Brookfield Infrastructure. The transfer was completed at fair value and in consideration, our partnership paid \$50 million to Brookfield.

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

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 year ended December 31, 2021, revenues of \$10 million were generated (2020: \$12 million, 2019: \$40 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 year ended December 31, 2021, expenses of \$37 million were incurred (2020: \$2 million, 2019: \$67 million).

In addition, subsidiaries of Brookfield Infrastructure reported lease assets and liabilities of \$12 million (December 31, 2020: \$12 million) with a subsidiary of Brookfield.

NOTE 34. DERIVATIVE FINANCIAL INSTRUMENTS

Brookfield Infrastructure's activities expose it to a variety of financial risks, including market risk (i.e. currency risk, interest rate risk, commodity risk and other price risk), credit risk and liquidity risk. Brookfield Infrastructure and its subsidiaries selectively use derivative financial instruments principally to manage these risks.

The aggregate notional amount of Brookfield Infrastructure's derivative positions at December 31, 2021 and 2020 were as follows:

US\$ MILLIONS	Note	2021	2020
Foreign exchange contracts	(a)	\$ 4,383	\$ 3,274
Interest rates swaps and other	(b)	10,095	11,437
Commodity contracts		424	32
		<u>\$ 14,902</u>	<u>\$ 14,743</u>

The following table presents the change in fair values of Brookfield Infrastructure's derivative positions during the years ended December 31, 2021 and 2020:

US\$ MILLIONS	Unrealized Gains on Derivative Financial Assets	Unrealized Losses on Derivative Financial Liabilities	Net Change During 2021	Net Change During 2020
Foreign exchange derivatives	\$ 145	\$ (45)	\$ 100	\$ (213)
Interest rate derivatives	454	(156)	298	(173)
Commodity derivatives	—	(43)	(43)	(17)
	<u>\$ 599</u>	<u>\$ (244)</u>	<u>\$ 355</u>	<u>\$ (403)</u>

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(a) Foreign Exchange

Brookfield Infrastructure held the following foreign exchange contracts with notional amounts at December 31, 2021 and 2020.

<u>US\$ MILLIONS</u>	<u>Notional Amount (U.S. Dollars)</u>		<u>Average Exchange Rate</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Foreign exchange contracts				
British pounds	\$1,871	\$1,404	\$ 1.35	\$ 1.31
Canadian dollars	679	612	0.75	0.75
Australian dollars	642	609	0.73	0.69
European Union euros	367	239	1.21	1.21
Indian rupees	216	308	0.013	0.013
Colombian pesos	27	28	0.0002	0.0003
Peruvian soles	9	12	0.26	0.28
Chilean pesos	—	34	—	0.0013
Other ⁽¹⁾	572	28	—	—
	<u>\$4,383</u>	<u>\$3,274</u>		

(1) Includes foreign exchange contracts at our operating subsidiaries intended to offset the risk associated with non-recourse borrowings in currencies other than the functional currency of the underlying operation.

(b) Interest Rates

At December 31, 2021, Brookfield Infrastructure held interest rate and cross currency interest rate swap contracts having an aggregate notional amount of \$10,095 million (2020: \$11,265 million). Brookfield Infrastructure has inflation linked swaps with an aggregate notional amount of \$nil (2020: \$172 million). Our partnership has an aggregate notional amount of \$4,698 million floating interest rate derivatives that are benchmarked against the LIBOR, \$440 million floating interest rates derivatives that are benchmarked against the bank bill swap rate and \$1,741 million floating interest rates derivatives that are benchmarked against the CDOR.

It is currently expected that the Secured Overnight Financing Rate will replace US\$ LIBOR prior to June 30, 2023. As at December 31, 2021, none of our partnership's floating rate borrowings have been impacted by this reform. Please refer to Note 3, *Significant Accounting Policies*, for more details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Other Information Regarding Derivative Financial Instruments

The following table presents the notional amounts underlying Brookfield Infrastructure's derivative instruments by term to maturity as at December 31, 2021 and the comparative notional amounts at December 31, 2020, for both derivatives that are classified as fair value through profit or loss and derivatives that qualify for hedge accounting:

US\$ MILLIONS	2021			Total Notional Amount	2020
	< 1 year	1 to 5 years	> 5 years		Total Notional Amount
Fair value through profit or loss					
Foreign exchange derivatives	\$ 1,021	\$ 1,082	\$ —	\$ 2,103	\$ 1,723
Interest rate derivatives					
Interest rate swaps, cross currency interest rate swaps and other	579	107	—	686	779
Inflation linked swaps	—	—	—	—	172
Commodity contracts	424	—	—	424	32
	<u>\$ 2,024</u>	<u>\$ 1,189</u>	<u>\$ —</u>	<u>\$ 3,213</u>	<u>\$ 2,706</u>
Elected for hedge accounting					
Foreign exchange derivatives	\$ 1,211	\$ 497	\$ 572	\$ 2,280	\$ 1,551
Interest rate derivatives					
Interest rate and cross currency interest rate swaps	324	8,246	839	9,409	10,486
	<u>\$ 1,535</u>	<u>\$ 8,743</u>	<u>\$ 1,411</u>	<u>\$ 11,689</u>	<u>\$ 12,037</u>

The following table classifies derivatives elected for hedge accounting during the years ended December 31, 2021 and 2020 as either cash flow hedges or net investment hedges. Changes in the fair value of the effective portion of the hedges are recorded in either other comprehensive income or net income, depending on the hedge classification, whereas changes in the fair value of the ineffective portion of the hedge are recorded in net income:

AS AT AND FOR THE YEARS ENDED (MILLIONS)	2021			2020		
	Notional	Effective Portion	Ineffective Portion	Notional	Effective Portion	Ineffective Portion
Cash flow hedges	\$ 9,981	\$ 288	\$ 28	\$ 11,089	\$ (160)	\$ 9
Net investment hedges	1,708	62	(14)	948	32	2
	<u>\$ 11,689</u>	<u>\$ 350</u>	<u>\$ 14</u>	<u>\$ 12,037</u>	<u>\$ (128)</u>	<u>\$ 11</u>

Our partnership settles the difference between the contracted fixed and floating rates of its interest rate swaps on a net basis. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce our partnership's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the borrowings occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on borrowings affect profit or loss.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

NOTE 35. FINANCIAL RISK MANAGEMENT

Brookfield Infrastructure is exposed to the following risks as a result of holding financial instruments: capital risk; liquidity risk; market risk (i.e. interest rate risk and foreign currency risk); and credit risk. The following is a description of these risks and how they are managed:

(a) Liquidity Risk Management

Brookfield Infrastructure manages its capital structure to be able to continue as a going concern while maximizing the return to stakeholders. Brookfield Infrastructure's overall capital strategy remains unchanged from 2020. Our non-recourse borrowings have increased due to recently completed acquisitions while maintaining our consolidated net debt to capitalization ratio consistent with the prior year.

The capital structure of Brookfield Infrastructure consists of debt, offset by cash and cash equivalents, and partnership capital comprised of issued capital and accumulated gains.

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Corporate borrowings	\$ 2,719	\$ 3,158
Non-recourse borrowings	26,534	20,020
Subsidiary and corporate borrowings	29,253	23,178
Preferred shares	20	20
Cash and cash equivalents ⁽¹⁾	(1,924)	(1,393)
Consolidated net debt	27,349	21,805
Total partnership capital	26,391	21,673
Total capital and consolidated net debt	\$ 53,740	\$ 43,478
Consolidated net debt to capitalization ratio	51 %	50 %

(1) Includes current marketable securities.

The Board, along with senior management of the Service Provider, reviews Brookfield Infrastructure's capital structure and as part of this review, considers the cost of capital and the risk associated with each class of capital.

Brookfield Infrastructure manages its debt exposure by financing its operations on a non-recourse basis with prudent levels of debt, ensuring a diversity of funding sources as well as laddering its maturity profile to minimize refinance risk. Brookfield Infrastructure also borrows in the currency where the asset operates, where possible, in order to hedge its currency risk.

Generally, Brookfield Infrastructure's equity strategy is to issue equity in conjunction with acquisitions or outsized organic growth initiatives. The equity portion of capital expenditures and normal levels of acquisition of activity will be self-funded through operating cash flows retained in the business and proceeds from the sale of mature, de-risked businesses. However, Brookfield Infrastructure may also issue equity opportunistically to enhance its liquidity to pursue investment activity. Brookfield Infrastructure maintains active shelf registrations to enable it to issue securities in both the U.S. and Canadian markets.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Brookfield Infrastructure’s financing plan is to fund its recurring growth capital expenditures with cash flow generated by its operations after maintenance capital expenditure, as well as debt financing that is sized to maintain its credit profile. To fund large scale development projects and acquisitions, Brookfield Infrastructure will evaluate a variety of capital sources including proceeds from selling mature assets, equity and debt financing. Our partnership will seek to raise additional equity if Brookfield Infrastructure believes it can earn returns on these investments in excess of the cost of the incremental partnership capital.

As disclosed within Note 19, Borrowings, Brookfield Infrastructure has various loan facilities in place. In certain cases, the facilities have financial covenants which are generally in the form of interest coverage ratios and leverage ratios. Brookfield Infrastructure does not have any market capitalization covenants attached to any of its borrowings, nor does it have any other externally imposed capital requirements.

Brookfield Infrastructure attempts to maintain sufficient financial liquidity at all times so that it is able to participate in attractive opportunities as they arise, better withstand sudden adverse changes in economic circumstances and maintain its distribution of FFO to unitholders. Brookfield Infrastructure’s principal sources of liquidity are cash flows from its operations, undrawn credit facilities and access to public and private capital markets. Brookfield Infrastructure also structures the ownership of its assets to enhance its ability to monetize them to provide additional liquidity, if necessary.

Brookfield Infrastructure’s corporate liquidity as at December 31 was as follows:

<u>US\$ MILLIONS⁽¹⁾</u>	<u>2021</u>	<u>2020</u>
Corporate cash and financial assets	\$ 683	\$ 464
Availability under committed credit facilities ⁽²⁾	3,475	3,475
Commercial paper	(431)	—
Draws on credit facility	—	(1,131)
Deposit from parent	—	(545)
Commitments under credit facility	(12)	(63)
Corporate liquidity	<u>\$ 3,715</u>	<u>\$ 2,200</u>

(1) Liquidity managed by Brookfield Infrastructure L.P. and affiliated corporate entities.

(2) Includes a \$1.975 billion committed corporate credit facility, a \$500 million credit facility with Brookfield and an incremental \$1.0 billion syndicated revolving credit facility. Refer to Note 19, Borrowings, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

The following tables detail the contractual maturities for Brookfield Infrastructure's financial liabilities. The tables reflect the undiscounted cash flows of financial liabilities based on the earliest date on which Brookfield Infrastructure can be required to pay. The tables include both interest and principal cash flows:

December 31, 2021 US\$ MILLIONS	Less than 1 year	1-2 years	2-5 years	5+ years	Total contractual cash flows
Accounts payable and other liabilities	\$ 2,980	\$ 46	\$ 47	\$ 319	\$ 3,392
Corporate borrowings	431	—	554	1,754	2,739
Non-recourse borrowings ⁽¹⁾	2,599	2,797	11,335	9,778	26,509
Financial liabilities	1,510	101	122	1,507	3,240
Lease liabilities	459	437	1,169	2,859	4,924
Interest Expense:					
Corporate borrowings ⁽²⁾	96	96	229	837	1,258
Non-recourse borrowings	1,046	968	2,199	2,951	7,164

(1) As of December 31, 2021, approximately \$145 million of debt was in breach of asset-level financial covenants. We anticipate being able to refinance or obtain waivers from our financial institutions and accordingly presented the debt in the contractually obligated year of maturity.

(2) Interest expense on Corporate borrowings include undiscounted interest obligations on \$250 million of subordinated notes maturing May 24, 2081, with a coupon of 5.0%

December 31, 2020 US\$ MILLIONS	Less than 1 year	1-2 years	2-5 years	5+ years	Total contractual cash flows
Accounts payable and other liabilities	\$ 2,346	\$ 27	\$ 71	\$ 301	\$ 2,745
Corporate borrowings	—	—	1,681	1,492	3,173
Non-recourse borrowings	1,052	881	8,336	9,908	20,177
Financial liabilities	696	1,138	350	1,190	3,374
Lease liabilities	279	247	647	3,685	4,858
Interest Expense:					
Corporate borrowings	72	72	163	170	477
Non-recourse borrowings	853	811	1,970	2,592	6,226

(b) Market Risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by Brookfield Infrastructure will fluctuate because of the change in market prices. Market risk includes the risk of changes in interest rates, foreign currency exchange rates and equity prices.

Brookfield Infrastructure seeks to minimize the risks associated with foreign currency exchange rates and interest rates primarily through the use of derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by Brookfield Infrastructure's Treasury Policy. Brookfield Infrastructure does not enter into, or trade financial instruments, including derivative financial instruments, for speculative purposes.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

The Treasury Policy provides written principles on the use of financial derivatives. With respect to its treasury policy, the Service Provider performs the monitoring, review and approval role and report to the Board on a regular basis.

Financial instruments held by Brookfield Infrastructure that are subject to market risk include other financial assets, borrowings, derivative instruments, such as interest rate and foreign currency contracts, and marketable securities. Our partnership is exposed to equity price risks arising from marketable securities. As at December 31, 2021, the balance of the portfolio was \$588 million (2020: \$526 million), a 10% change in the value of the portfolio would impact our equity by \$58 million and result in an impact on the Consolidated Statements of Operating Results of \$58 million.

Interest Rate Risk Management

Brookfield Infrastructure’s primary objectives with respect to interest rate risk management are to ensure that:

- Brookfield Infrastructure is not exposed to interest rate movements that could adversely impact its ability to meet financial obligations;
- Earnings and distributions are not adversely affected;
- Volatility of debt servicing costs is managed within acceptable parameters; and
- All borrowing covenants under various borrowing facilities, including interest coverage ratios, are complied with.

To achieve these objectives, in general terms, Brookfield Infrastructure’s funding mix comprises both fixed and floating rate debt. Fixed rate debt is achieved either through fixed rate debt funding or through the use of financial derivative instruments. In addition, where possible, interest rate risk is minimized by matching the terms of interest rate swap contracts in regulated businesses to the term of the rate period, thus providing natural hedges.

The sensitivity analyses below reflect Brookfield Infrastructure’s exposure to interest rates for both derivative and non-derivative instruments at the reporting date, assuming that a 10 basis point increase or decrease in rates takes place at the beginning of the financial year and is held constant throughout the reporting period. The sensitivity analyses assume a 10 basis point change to reflect the current methodology employed by Brookfield Infrastructure in assessing interest rate risk. Such parallel shift in the yield curve by 10 basis points would have had the following impact, assuming all other variables were held constant:

<u>US\$ MILLIONS</u>	2021		2020		2019	
	10 bp decrease	10 bp increase	10 bp decrease	10 bp increase	10 bp decrease	10 bp increase
Net income	\$ 1	\$ (1)	\$ 1	\$ (1)	\$ 1	\$ (1)
Other comprehensive income (loss)	(1)	1	(1)	1	(2)	2

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

Foreign Currency Risk Management

Brookfield Infrastructure has exposure to foreign currency risk in respect of currency transactions, the value of Brookfield Infrastructure's net investment, cash flows and capital expenditures that are denominated outside of the U.S. Brookfield Infrastructure's approach to foreign currency risk management is:

- Brookfield Infrastructure leverages any natural hedges that may exist within its operations, including local inflation indexation;
- Brookfield Infrastructure utilizes local currency debt financing to the extent possible; and
- Brookfield Infrastructure may utilize derivative contracts to the extent that natural hedges are insufficient.

The tables below set out Brookfield Infrastructure's currency exposure at December 31, 2021 and 2020:

2021

US\$ MILLIONS	USD	AUD	GBP	BRL	CAD	EUR	COP	PEN	INR	NZD & Other	Total
Assets:											
Current assets	\$ 1,446	\$ 394	\$ 582	\$ 772	\$ 775	\$ 67	\$ 216	\$ 98	\$ 463	\$ 83	\$ 4,896
Non-current assets	13,142	3,688	8,831	5,848	22,576	1,272	1,061	1,132	10,836	679	69,065
	<u>\$14,588</u>	<u>\$ 4,082</u>	<u>\$ 9,413</u>	<u>\$ 6,620</u>	<u>\$23,351</u>	<u>\$ 1,339</u>	<u>\$ 1,277</u>	<u>\$ 1,230</u>	<u>\$11,299</u>	<u>\$ 762</u>	<u>\$73,961</u>
Liabilities:											
Current liabilities	\$ 2,247	\$ 462	\$ 792	\$ 1,307	\$ 2,670	\$ 40	\$ 161	\$ 17	\$ 857	\$ 108	\$ 8,661
Non-current liabilities	9,292	1,656	5,228	2,931	11,531	154	522	561	6,876	158	38,909
	<u>11,539</u>	<u>2,118</u>	<u>6,020</u>	<u>4,238</u>	<u>14,201</u>	<u>194</u>	<u>683</u>	<u>578</u>	<u>7,733</u>	<u>266</u>	<u>47,570</u>
Non-controlling interest—in operating subsidiaries and preferred unitholders	4,894	518	749	825	6,348	132	512	541	2,277	—	16,796
Non-controlling interest—Redeemable Partnership Units held by Brookfield	(463)	363	664	391	703	254	21	28	323	124	2,408
Non-controlling interest—BIPC exchangeable shares	(264)	206	377	222	400	145	12	16	184	71	1,369
Non-controlling interest—Exchangeable units ⁽¹⁾	(16)	13	23	14	25	9	1	1	11	4	85
Net investment attributable to limited partners and general partner	<u>\$(1,102)</u>	<u>\$ 864</u>	<u>\$ 1,580</u>	<u>\$ 930</u>	<u>\$ 1,674</u>	<u>\$ 605</u>	<u>\$ 48</u>	<u>\$ 66</u>	<u>\$ 771</u>	<u>\$ 297</u>	<u>\$ 5,733</u>

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

2020

US\$ MILLIONS	USD	AUD	GBP	BRL	CLP	CAD	EUR	COP	PEN	INR	NZD & Other	Total
Assets:												
Current assets	\$ 805	\$ 314	\$ 471	\$ 420	\$ 126	\$ 492	\$ 145	\$ 216	\$ 105	\$ 573	\$ 44	\$ 3,711
Non-current assets	14,313	4,042	8,939	5,210	834	9,334	903	1,256	1,247	10,979	563	57,620
	<u>\$15,118</u>	<u>\$4,356</u>	<u>\$9,410</u>	<u>\$5,630</u>	<u>\$ 960</u>	<u>\$9,826</u>	<u>\$1,048</u>	<u>\$1,472</u>	<u>\$1,352</u>	<u>\$11,552</u>	<u>\$ 607</u>	<u>\$61,331</u>
Liabilities:												
Current liabilities	\$ 1,875	\$ 446	\$ 877	\$ 214	\$ 125	\$ 602	\$ 24	\$ 246	\$ 438	\$ 620	\$ 57	\$ 5,524
Non-current liabilities	10,887	1,842	4,939	2,970	1,148	4,994	118	478	212	6,389	157	34,134
	<u>12,762</u>	<u>2,288</u>	<u>5,816</u>	<u>3,184</u>	<u>1,273</u>	<u>5,596</u>	<u>142</u>	<u>724</u>	<u>650</u>	<u>7,009</u>	<u>214</u>	<u>39,658</u>
Non-controlling interest —in operating subsidiaries and preferred unitholders	5,186	488	726	871	(335)	4,020	—	636	591	2,901	—	15,084
Non-controlling interest —Redeemable Partnership Units held by Brookfield	(725)	405	734	403	6	54	232	29	28	420	101	1,687
Non-controlling interest —BIPC exchangeable shares	(275)	153	278	153	2	20	88	11	11	159	38	638
Non-controlling interest —Exchange LP	(5)	3	5	3	—	—	2	—	—	3	1	12
Net investment attributable to limited partners and general partner	<u>\$ (1,825)</u>	<u>\$1,019</u>	<u>\$1,851</u>	<u>\$1,016</u>	<u>\$ 14</u>	<u>\$ 136</u>	<u>\$ 584</u>	<u>\$ 72</u>	<u>\$ 72</u>	<u>\$ 1,060</u>	<u>\$ 253</u>	<u>\$ 4,252</u>

(1) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

The following tables detail Brookfield Infrastructure's sensitivity to a 10% increase and decrease in the U.S. dollar against the relevant foreign currencies, with all other variables held constant as at reporting date. 10% is the sensitivity rate used when reporting foreign currency risk internally. The sensitivity analysis is performed as follows:

- Outstanding foreign currency denominated monetary items (excluding foreign exchange derivative contracts) are adjusted at period end for a 10% change in foreign currency rates from the rate at which they are translated;
- Foreign currency derivative contracts are measured as the change in fair value of the derivative as a result of a 10% change in the spot currency rate; and
- The impact on net income results from performing a sensitivity of a 10% change in foreign exchange rates applied to the profit or loss contribution from foreign operations (after considering the impact of foreign exchange derivative contracts).

US\$ MILLIONS	Impact on Net Income to the Partnership ⁽¹⁾					
	2021		2020		2019	
	-10%	10%	-10%	10%	-10%	10%
USD/AUD	\$ 9	\$ (9)	\$ 4	\$ (4)	\$ 4	\$ (4)
USD/EUR	1	(1)	2	(2)	—	—
USD/GBP	11	(11)	5	(5)	7	(7)
USD/CLP	(1)	1	(1)	1	—	—
USD/COP	1	(1)	1	(1)	1	(1)
USD/BRL	18	(18)	15	(15)	18	(18)
USD/CAD	13	(13)	4	(4)	1	(1)
USD/INR	—	—	(3)	3	(2)	2
USD/NZD	—	—	(1)	1	—	—

(1) Includes net income attributable to limited partners, the general partner, non-controlling interests - Redeemable Partnership Units held by Brookfield, non-controlling interests - Exchangeable units and non-controlling interests - BIPC exchangeable shares.

US\$ MILLIONS	Impact on Partnership Capital			
	2021		2020	
	-10%	10%	-10%	10%
USD/AUD	\$ 32	\$ (32)	\$ 70	\$ (70)
USD/EUR	—	—	14	(14)
USD/GBP	27	(27)	105	(105)
USD/CLP	—	—	(5)	5
USD/COP	6	(6)	8	(8)
USD/BRL	154	(154)	158	(158)
USD/CAD	69	(69)	1	(1)
USD/PEN	10	(10)	10	(10)
USD/INR	49	(49)	58	(58)

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

(c) Credit Risk Management

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfill its contractual obligations.

From a treasury perspective, counterparty credit risk is managed through the establishment of authorized counterparty credit limits which are designed to ensure that Brookfield Infrastructure only deals with creditworthy counterparties and that counterparty concentration is addressed and the risk of loss is mitigated. Credit limits are sufficiently low to restrict Brookfield Infrastructure from having credit exposures concentrated with a single counterparty but rather encourages spreading such risks among several parties. The limits are set at levels that reflect Brookfield Infrastructure’s scale of activity and allow it to manage its treasury business competitively.

Brookfield Infrastructure does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. Exposure to credit risk is limited to the carrying amount of the assets on the Consolidated Statements of Financial Position.

NOTE 36. 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.

<u>US\$ MILLIONS</u>	<u>2021</u>	<u>2020</u>
Partnership Capital	\$26,391	\$21,673
Remove impact of the following items since inception:		
Non-controlling interest - in operating subsidiaries	(15,658)	(13,954)
Deficit	2,520	2,752
Accumulated other comprehensive income	(543)	(731)
Ownership changes	(515)	(527)
Invested Capital	<u>\$12,195</u>	<u>\$ 9,213</u>

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019

The following table presents the change in Invested Capital during year ended December 31, 2021:

<u>US\$ MILLIONS</u>	For the year ended December 31,	
	2021	2020
Opening balance	\$ 9,213	\$ 9,009
Net issuance of preferred units	8	195
Issuance of limited partnership and redeemable partnership units	945	9
Issuance of BIPC exchangeable shares	1,770	—
Issuance of BIPC exchange LP Units	259	—
Ending balance	\$ 12,195	\$ 9,213
Weighted Average Invested Capital	\$ 10,076	\$ 9,067

NOTE 37. SUPPLEMENTAL CASH FLOW INFORMATION

<u>US\$ MILLIONS</u>	For the year ended December 31,		
	2021	2020	2019
Interest paid	\$ 1,074	\$ 985	\$ 829
Income taxes paid	\$ 262	\$ 172	\$ 179

Amounts paid and received for interest were reflected as operating cash flows in the Consolidated Statements of Cash Flows. Interest paid is net of debt related hedges.

Amounts paid for income taxes were reflected as either operating cash flows or investing cash flows in the Consolidated Statements of Cash Flows depending upon the nature of the underlying transaction.

Details of “Changes in non-cash working capital, net” on the Consolidated Statements of Cash Flows are as follows:

<u>US\$ MILLIONS</u>	For the year ended December 31,		
	2021	2020	2019
Accounts receivable	\$ (190)	\$ 284	\$ 42
Prepayments	(11)	(415)	(120)
Accounts payable and other	(323)	(89)	146
Changes in non-cash working capital, net ⁽¹⁾	\$ (524)	\$ (220)	\$ 68

(1) During the year ended December 31, 2021, changes in non-cash working capital include a \$0.3 billion, (2020: \$0.3 billion, 2019: \$nil) reduction to cash related to the impact of finance lease receivables signed at our North American residential energy infrastructure operation. The operation presents an outflow for the cost of inventory within the operating cash flows, and given the business has been securitized since 2019, the corresponding cash outflows are more than offset by increases in non-recourse borrowings under financing activities on the Consolidated Statements of Cash Flows.

Brookfield Infrastructure Partners L.P.

bip.brookfield.com

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