

Q1 2019 INTERIM REPORT

Brookfield Infrastructure — Partners L.P.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the date of May 13, 2019

Commission file number 001-33632

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
(Exact name of Registrant as specified in its charter)

**73 Front Street
Fifth Floor Bermuda
Hamilton, HM 12,
Bermuda**
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

The information contained in Exhibit 99.1 of this Form 6-K is incorporated by reference into the registrant's following registration statements on Form F-3: File No. 333-213263 and 333-167860.

The following document, which is attached as an exhibit hereto, is incorporated by reference herein:

Exhibit

Title

- 99.1 Brookfield Infrastructure Partners L.P.'s interim report for the quarter ended March 31, 2019
- 99.2 Certification of Samuel Pollock, Chief Executive Officer, Brookfield Infrastructure Group L.P., pursuant to Canadian law
- 99.3 Certification of Bahir Manios, Chief Financial Officer, Brookfield Infrastructure Group L.P., pursuant to Canadian law

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
by its general partner, BROOKFIELD
INFRASTRUCTURE PARTNERS LIMITED

Date: May 13, 2019

By: /s/ WILLIAM COX

Name: William Cox

Title: Director

Brookfield Infrastructure Partners L.P.

Interim Report Q1 2019

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS

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

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Brookfield Infrastructure Partners L.P. (our “partnership” and together with its subsidiary and operating entities “Brookfield Infrastructure”) owns and operates high quality, long-life assets that generate stable cash flows, require relatively minimal maintenance capital expenditures and, by virtue of barriers to entry or other characteristics, tend to appreciate in value over time. Our current operations consist of utilities, transport, energy and data infrastructure businesses in North and South America, Asia Pacific and Europe.

Brookfield Asset Management Inc. (together with its affiliates other than Brookfield Infrastructure, “Brookfield”) has an approximate 30% interest in Brookfield Infrastructure. Brookfield Infrastructure has appointed Brookfield as its Service Provider to provide certain management, administrative and advisory services, for a fee, under the Master Services Agreement.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

US\$ MILLIONS, UNAUDITED	Notes	As of	
		March 31, 2019	December 31, 2018
Assets			
Cash and cash equivalents	6	\$ 720	\$ 540
Financial assets	6	973	424
Accounts receivable and other	6	1,310	1,171
Inventory		155	141
Assets classified as held for sale	9	125	—
Current assets		3,283	2,276
Property, plant and equipment	7	16,277	12,814
Intangible assets	8	11,889	11,635
Investments in associates and joint ventures	9	4,586	4,591
Investment properties		398	190
Goodwill	5	4,049	3,859
Financial assets	6	842	921
Other assets		216	219
Deferred income tax asset		85	75
Total assets		\$ 41,625	\$ 36,580
Liabilities and Partnership Capital			
Liabilities			
Accounts payable and other	6	\$ 1,946	\$ 1,308
Non-recourse borrowings	6,10	869	985
Financial liabilities	6	160	124
Current liabilities		2,975	2,417
Corporate borrowings	6,10	2,481	1,993
Non-recourse borrowings	6,10	13,454	12,128
Financial liabilities	6	1,122	1,156
Other liabilities	2	1,849	777
Deferred income tax liability		3,449	3,421
Preferred shares	6	20	20
Total liabilities		25,350	21,912
Partnership capital			
Limited partners	14	4,633	4,513
General partner	14	22	22
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield	14	1,863	1,823
Exchange LP Units	14	23	71
Interest of others in operating subsidiaries		8,799	7,303
Preferred unitholders	14	935	936
Total partnership capital		16,275	14,668
Total liabilities and partnership capital		\$ 41,625	\$ 36,580

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF OPERATING RESULTS

US\$ MILLIONS, UNAUDITED	Notes	For the three-month period ended March 31	
		2019	2018
Revenues	13	\$ 1,593	\$ 1,013
Direct operating costs		(798)	(409)
General and administrative expenses		(61)	(58)
Depreciation and amortization expense	7,8	(292)	(193)
		442	353
Interest expense		(212)	(114)
Share of earnings (losses) from investments in associates and joint ventures	9	18	(5)
Mark-to-market on hedging items	6	(18)	(36)
Gain on sale of associate	9	—	338
Other income (expense)		10	(24)
Income before income tax		240	512
Income tax expense			
Current		(63)	(170)
Deferred		(12)	(15)
Net income		\$ 165	\$ 327
Attributable to:			
Limited partners		\$ (6)	\$ 122
General partner		38	35
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield		(2)	52
Exchange LP Units		—	—
Interest of others in operating subsidiaries		135	118
Basic and diluted (loss) earnings per limited partner unit:	14	\$ (0.05)	\$ 0.42

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

US\$ MILLIONS, UNAUDITED	Notes	For the three-month period ended March 31	
		2019	2018
Net income		\$ 165	\$ 327
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Marketable securities, net of tax	6	29	(16)
Unrealized actuarial losses		(8)	—
		21	(16)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		118	113
Cash flow hedge	6	(13)	(29)
Net investment hedge	6	(23)	(52)
Taxes on the above items		7	3
Investment in associates and joint ventures	9	(32)	13
		57	48
Total other comprehensive income		78	32
Comprehensive income		\$ 243	\$ 359
Attributable to:			
Limited partners		\$ (3)	\$ 138
General partner		38	35
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield		(1)	57
Exchange LP Units		—	—
Interest of others in operating subsidiaries		209	129

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019 US\$ MILLIONS	Limited Partners				General Partner					Non-Controlling Interest – Redeemable Partnership Units held by Brookfield								
	Limited partners' capital	(Deficit)	Ownership changes	Accumulated other comprehensive income (loss) ⁽¹⁾	Limited partners	General partner capital	Retained earnings	Accumulated other comprehensive income (loss) ⁽¹⁾	General partner	Redeemable units held by Brookfield	(Deficit)	Ownership changes	Accumulated other comprehensive income (loss) ⁽¹⁾	Non-controlling interest – Redeemable Partnership Units held by Brookfield	Non-controlling interest – Exchange LP Units	Non-controlling interest – in operating subsidiaries	Preferred Unitholders Capital	Total partners' capital
Balance as at January 1, 2019	\$ 4,911	\$ (856)	\$ 249	\$ 209	\$ 4,513	\$ 19	\$ —	\$ 3	\$ 22	\$ 2,078	\$ (370)	\$ 3	\$ 112	\$ 1,823	\$ 71	\$ 7,303	\$ 936	\$ 14,668
Net (loss) income	—	(6)	—	—	(6)	—	38	—	38	—	(2)	—	—	(2)	—	135	—	165
Other comprehensive income	—	—	—	3	3	—	—	—	—	—	—	—	1	1	—	74	—	78
Comprehensive (loss) income	—	(6)	—	3	(3)	—	38	—	38	—	(2)	—	1	(1)	—	209	—	243
Unit issuance ⁽²⁾	2	—	—	—	2	—	—	—	—	—	—	—	—	—	—	—	—	2
Unit repurchases ⁽²⁾	(28)	—	—	—	(28)	—	—	—	—	—	—	—	—	—	—	—	(1)	(29)
Partnership distributions ⁽³⁾	—	(140)	—	—	(140)	—	(38)	—	(38)	—	(59)	—	—	(59)	(1)	—	—	(238)
Partnership preferred distributions ⁽³⁾	—	(8)	—	—	(8)	—	—	—	—	—	(4)	—	—	(4)	—	—	—	(12)
Acquisition of subsidiaries ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,844	—	1,844
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(368)	—	(368)
Other items ⁽⁵⁾	50	(26)	247	26	297	—	—	—	—	—	(12)	104	12	104	(47)	(189)	—	165
Balance as at March 31, 2019	\$ 4,935	\$ (1,036)	\$ 496	\$ 238	\$ 4,633	\$ 19	\$ —	\$ 3	\$ 22	\$ 2,078	\$ (447)	\$ 107	\$ 125	\$ 1,863	\$ 23	\$ 8,799	\$ 935	\$ 16,275

1. Refer to Note 16 Accumulated Other Comprehensive Income.

2. Refer to Note 14 Partnership Capital.

3. Refer to Note 15 Distributions.

4. Refer to Note 5 Acquisition of Businesses.

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 US\$ MILLIONS	Limited Partners				General Partner				Non-Controlling Interest – Redeemable Partnership Units held by Brookfield								
	Limited partners' capital	(Deficit)	Ownership changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner capital	Retained earnings	Accumulated other comprehensive income ⁽¹⁾	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 – in operating subsidiaries	Preferred Unitholders Capital	Total partners' capital
Balance as at December 31, 2017	4,907	(953)	149	864	4,967	19	—	6	25	2,078	(413)	(40)	387	2,012	5,875	595	13,474
Change in accounting policies ⁽²⁾	—	4	—	—	4	—	—	—	—	—	2	—	—	2	10	—	16
Balance as at January 1, 2018	4,907	(949)	149	864	4,971	19	—	6	25	2,078	(411)	(40)	387	2,014	5,885	595	13,490
Net income	—	122	—	—	122	—	35	—	35	—	52	—	—	52	118	—	327
Other comprehensive income	—	—	—	16	16	—	—	—	—	—	—	—	5	5	11	—	32
Comprehensive income	—	122	—	16	138	—	35	—	35	—	52	—	5	57	129	—	359
Unit issuance ⁽³⁾	4	—	—	—	4	—	—	—	—	—	—	—	—	—	—	—	4
Partnership distributions ⁽⁴⁾	—	(130)	—	—	(130)	—	(35)	—	(35)	—	(54)	—	—	(54)	—	—	(219)
Partnership preferred distributions ⁽⁴⁾	—	(6)	—	—	(6)	—	—	—	—	—	(3)	—	—	(3)	—	—	(9)
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(175)	—	(175)
Preferred units issued ⁽³⁾	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	157	157
Other items	—	450	—	(450)	—	—	3	(3)	—	—	188	—	(188)	—	—	—	—
Balance as at March 31, 2018	<u>\$ 4,911</u>	<u>\$ (513)</u>	<u>\$ 149</u>	<u>\$ 430</u>	<u>\$ 4,977</u>	<u>\$ 19</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 25</u>	<u>\$ 2,078</u>	<u>\$ (228)</u>	<u>\$ (40)</u>	<u>\$ 204</u>	<u>\$ 2,014</u>	<u>\$ 5,839</u>	<u>\$ 752</u>	<u>\$ 13,607</u>

1. Refer to Note 16 Accumulated Other Comprehensive Income. 2. Refer to Note 2 Summary of Accounting Policies.

3. Refer to Note 14 Partnership Capital. 4. Refer to Note 15 Distributions.

The accompanying notes are an integral part of the financial statements

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF CASH FLOWS

<u>US\$ MILLIONS, UNAUDITED</u>	<u>Notes</u>	<u>For the three-month period ended March 31</u>	
		2019	2018
Operating Activities			
Net income		\$ 165	\$ 327
Adjusted for the following items:			
Earnings from investments in associates and joint ventures, net of distributions received	9	13	9
Depreciation and amortization expense	7,8	292	193
Mark-to-market on hedging items, provisions and other	6	54	69
Gain on sale of associate	9	—	(338)
Deferred income tax expense		12	15
Changes in non-cash working capital, net		25	191
Cash from operating activities		561	466
Investing Activities			
Acquisition of subsidiaries, net of cash acquired	5	(2,150)	—
Investments in associates and joint ventures	9	(188)	(15)
Acquisition funded on behalf of parent	17	(581)	—
Disposal of investments in associates and joint ventures	9	—	1,289
Purchase of long-lived assets	7,8	(244)	(178)
Disposal of long-lived assets	7,8	7	3
Purchase of financial assets		(5)	(63)
Sale of financial assets		5	38
Settlement of foreign exchange hedging items	6	(1)	(54)
Cash (used by) from investing activities		(3,157)	1,020
Financing Activities			
Distributions to general partner	15	(38)	(35)
Distributions to other unitholders	15	(212)	(193)
Subsidiary distributions to non-controlling interest		(368)	(175)
Capital provided by non-controlling interest	5	1,272	—
Proceeds from partial disposition of subsidiaries to non-controlling interest, net of taxes	4	165	—
Deposit received from parent	17	367	—
Proceeds from corporate credit facility	10	1,876	607
Repayment of corporate credit facility	10	(1,421)	(1,396)
Proceeds from subsidiary borrowings	10	1,899	868
Repayment of subsidiary borrowings	10	(777)	(808)
Lease liability repaid	2	(36)	—
Preferred units and preferred shares issued, net of repurchases	14	72	157
Partnership units issued, net of issuance costs	14	2	4
Partnership units repurchased	14	(28)	—
Cash from (used by) financing activities		2,773	(971)
Cash and cash equivalents			
Change during the period		177	515
Impact of foreign exchange on cash		3	1
Balance, beginning of period		540	374
Balance, end of period		\$ 720	\$ 890

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

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

1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

Brookfield Infrastructure Partners L.P. (our “partnership” and, together with its subsidiaries and operating entities, “Brookfield Infrastructure”) owns and operates utilities, transport, energy and data infrastructure businesses in North and South America, Europe and the Asia Pacific region. Our partnership was formed as a limited partnership established under the laws of Bermuda, pursuant to a limited partnership agreement dated May 17, 2007, as amended and restated. Our partnership is a subsidiary of Brookfield Asset Management Inc. (“Brookfield”). Our partnership’s units are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbols “BIP” and “BIP.UN”, respectively. Our cumulative Class A preferred limited partnership units, Series 1, Series 3, Series 5, Series 7, Series 9, and Series 11 are listed on the Toronto Stock Exchange under the symbols “BIP.PR.A”, “BIP.PR.B”, “BIP.PR.C”, “BIP.PR.D”, “BIP.PR.E”, and “BIP.PR.F” respectively. Our partnership’s registered office is 73 Front Street, Hamilton, HM12, Bermuda.

In these notes to the interim condensed and consolidated financial statements, references to “units” are to the limited partnership units in our partnership other than the preferred units, references to our “preferred units” are to preferred limited partnership units in our partnership and references to our “unitholders” and “preferred unitholders” are to the holders of our units and preferred units, respectively. References to “Series 5 Preferred Units”, “Series 7 Preferred Units”, “Series 9 Preferred Units”, and “Series 11 Preferred Units” are to cumulative Class A preferred limited partnership units, Series 5, cumulative Class A preferred limited partnership units, Series 7, cumulative Class A preferred limited partnership units, Series 9, and cumulative Class A preferred limited partnership units, Series 11, in our partnership, respectively.

2. SUMMARY OF ACCOUNTING POLICIES

a) Statement of compliance

These interim condensed and consolidated financial statements of our partnership and its subsidiaries (together “Brookfield Infrastructure”) have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies Brookfield Infrastructure applied in its consolidated financial statements as of and for the year ended December 31, 2018, amended by the recently adopted accounting standards described in the section below. The accounting policies that our partnership applied in its annual consolidated financial statements as of and for the year ended December 31, 2018 are disclosed in Note 3 of such financial statements, with which reference should be made in reading these interim condensed and consolidated financial statements.

These interim condensed and consolidated financial statements were authorized for issuance by the Board of Directors of our partnership on May 13, 2019.

b) Recently adopted accounting standards

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

IFRS 16 Leases (“IFRS 16”)

In January 2016, the IASB published a new standard, IFRS 16. The new standard brings most leases on balance sheet, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17, *Leases (“IAS 17”)* and related interpretations and is effective for periods beginning on or after January 1, 2019.

The partnership adopted the standard using a modified retrospective approach, whereby any transitional impact is recorded in equity as at January 1, 2019, and comparative periods are not restated. In applying IFRS 16 for the first time, the partnership has applied the following practical expedients permitted by the standard on a lease-by-lease basis. These practical expedients are only available upon adoption and cannot be applied for any new lease executed after adoption:

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

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

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

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

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

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

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

IFRIC 23 Uncertainty over Income Tax Treatments (“IFRIC 23”)

In June 2017, the IASB published IFRIC 23, effective for annual periods beginning on or after January 1, 2019. The interpretation requires an entity to assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings and to exercise judgment in determining whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. An entity also has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, assuming that the taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. The interpretation may be applied on either a fully retrospective basis or a modified retrospective basis without restatement of comparative information. Our partnership has adopted the standard as of January 1, 2019 on a modified retrospective basis. The adoption did not have a significant impact on our partnership’s unaudited interim condensed consolidated financial statements.

IFRS 3 Business Combinations (“IFRS 3”)

In October 2018, the IASB issued an amendment to IFRS 3, effective for annual periods beginning on or after January 1, 2020. The amendment clarifies the definition of a business and assists companies in determining whether an acquisition is a business combination or an acquisition of a group of assets. The amendment emphasizes that to be considered a business, an acquired set of activities and assets must include an input and a substantive process that together significantly contribute to the ability to create outputs. Effective January 1, 2019, our partnership has early adopted the standard prospectively. The adoption did not have a significant impact on our partnership’s unaudited interim condensed consolidated financial statements.

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

3. SEGMENT INFORMATION

IFRS 8, *Operating Segments*, requires operating segments to be determined based on information that is regularly reviewed by the Executive Management and the Board of Directors for the purpose of allocating resources to the segment and to assess its performance. Key measures used by the Chief Operating Decision Maker (“CODM”) in assessing performance and in making resource allocation decisions are Funds from Operations (“FFO”) and earnings before interest, tax, depreciation and amortization (“Adjusted EBITDA”), which enable the determination of return on the equity deployed. FFO is calculated as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. Adjusted EBITDA is calculated as net income excluding the impact of depreciation and amortization, interest expense, current and deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses.

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials ⁽²⁾
	Utilities	Transport	Energy	Data Infrastructure ⁽¹⁾	Corporate	Total			
Revenues	\$ 269	\$ 389	\$ 245	\$ 62	\$ —	\$ 965	\$ (368)	\$ 996	\$ 1,593
Costs attributed to revenues	(88)	(200)	(118)	(26)	—	(432)	177	(543)	(798)
General and administrative costs	—	—	—	—	(61)	(61)	—	—	(61)
Adjusted EBITDA	181	189	127	36	(61)	472	(191)	453	
Other (expense) income	(10)	(1)	8	1	21	19	3	(38)	(16)
Interest expense	(34)	(49)	(28)	(9)	(20)	(140)	41	(113)	(212)
FFO	137	139	107	28	(60)	351	(147)	302	
Depreciation and amortization	(45)	(91)	(59)	(25)	—	(220)	98	(170)	(292)
Deferred taxes	(13)	6	(2)	4	3	(2)	(4)	(6)	(12)
Mark-to-market on hedging items and other	(11)	(40)	(14)	(6)	(28)	(99)	35	9	(55)
Share of earnings from associates	—	—	—	—	—	—	18	—	18
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(135)	(135)
Net income (loss) attributable to partnership ⁽³⁾	\$ 68	\$ 14	\$ 32	\$ 1	\$ (85)	\$ 30	\$ —	\$ —	\$ 30

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials ⁽²⁾
	Utilities	Transport	Energy	Data Infrastructure ⁽¹⁾	Corporate	Total			
Revenues	\$ 272	\$ 424	\$ 153	\$ 43	\$ —	\$ 892	\$ (423)	\$ 544	\$ 1,013
Costs attributed to revenues	(69)	(246)	(74)	(20)	—	(409)	220	(220)	(409)
General and administrative costs	—	—	—	—	(58)	(58)	—	—	(58)
Adjusted EBITDA	203	178	79	23	(58)	425	(203)	324	
Other (expense) income	(3)	2	5	(1)	17	20	—	(25)	(5)
Interest expense	(31)	(43)	(18)	(3)	(17)	(112)	42	(44)	(114)
FFO	169	137	66	19	(58)	333	(161)	255	
Depreciation and amortization	(58)	(99)	(33)	(20)	—	(210)	111	(94)	(193)
Deferred taxes	(15)	13	(2)	2	—	(2)	(9)	(4)	(15)
Mark-to-market on hedging items and other	(47)	(39)	(18)	—	(146)	(250)	64	(39)	(225)
Gain on sale of associates	—	—	—	—	338	338	—	—	338
Share of losses from associates	—	—	—	—	—	—	(5)	—	(5)
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(118)	(118)
Net income attributable to partnership ⁽³⁾	\$ 49	\$ 12	\$ 13	\$ 1	\$ 134	\$ 209	\$ —	\$ —	\$ 209

1. During the second quarter of 2018, our Communications Infrastructure segment was renamed to Data Infrastructure. There was no concurrent change in the operations which comprise the segment.
2. The above table provides each segment's results in the format that management organizes its segments to make operating decisions and assess performance. Each segment is presented on a proportionate basis, taking into account Brookfield Infrastructure's ownership in operations accounted for using the consolidation and equity methods under IFRS. The above table reconciles Brookfield Infrastructure's proportionate results to our partnership's Consolidated Statements of Operating Results on a line by line basis by aggregating the components comprising the earnings from our partnership's investments in associates and reflecting the portion of each line item attributable to non-controlling interests.
3. Includes net income (loss) attributable to non-controlling interests—Redeemable Partnership Units held by Brookfield, non-controlling interests—Exchange LP Units, general partner and limited partners.

Segment assets

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

The following is an analysis of Brookfield Infrastructure's assets by reportable operating segment for the periods under review:

Total Attributable to Brookfield Infrastructure							Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials ⁽¹⁾
AS OF MARCH 31, 2019	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total				
US\$ MILLIONS										
Total assets	\$ 4,937	\$ 6,435	\$5,196	\$ 2,355	\$ (1,642)	\$ 17,281	\$ (2,556)	\$ 20,681	\$ 6,219	\$ 41,625

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⁾
AS OF DECEMBER 31, 2018	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total				
US\$ MILLIONS										
Total assets	\$ 4,864	\$ 6,424	\$4,722	\$ 1,446	\$ (929)	\$ 16,527	\$ (2,350)	\$ 17,545	\$ 4,858	\$ 36,580

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

4. PARTIAL DISPOSITION OF OUR INTEREST IN CHILEAN TOLL ROAD BUSINESS

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

5. ACQUISITION OF BUSINESSES

a) Acquisition of East-West Pipeline

On March 22, 2019, Brookfield Infrastructure, along with institutional partners (the "EWPL consortium"), acquired an effective 24% interest in an Indian cross country gas pipeline business, East-West Pipeline Limited ("EWPL"), for total consideration of \$443 million (EWPL consortium total of \$1,879 million). The partnership's share of the acquisition was funded through equity of \$226 million (EWPL consortium total of \$959 million) and \$217 million (EWPL consortium total of \$920 million) of asset level debt raised on closing. Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective March 22, 2019. Acquisition costs of \$2 million were recorded as Other income (expense) within the Consolidated Statements of Operating Results.

Consideration transferred

US\$ MILLIONS

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

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

US\$ MILLIONS

Accounts receivable and other	64
Property, plant and equipment	2,074
Intangible assets	257
Goodwill	98
Accounts payable and other liabilities	(36)
Net assets acquired before non-controlling interest	2,457
Non-controlling interest ⁽²⁾	(2,014)
Net assets acquired	<u>\$ 443</u>

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

The goodwill recorded on acquisition is largely reflective of potential customer growth, arising from the business' position as the only East-West natural gas pipeline business in India. None of the goodwill recognized is deductible for income tax purposes.

b) Acquisition of DCI Data Centers

On January 4, 2019, Brookfield Infrastructure, alongside institutional partners (the "DCI consortium"), acquired an effective 29% interest in DCI Data Centers ("DCI"), an Australian data storage business, for total consideration of \$78 million (DCI consortium total of \$272 million). The partnership's share of the acquisition was funded through equity of \$48 million (DCI consortium total of \$166 million) and the remainder with asset level debt raised on closing. Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective January 4, 2019. Acquisition costs of \$1 million were recorded as Other income (expense) within the Consolidated Statements of Operating Results.

Consideration transferred

US\$ MILLIONS

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

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

US\$ MILLIONS

Accounts receivable and other	3
Investment properties	200
Intangible assets	11
Goodwill	62
Accounts payable and other liabilities	(4)
Net assets acquired before non-controlling interest	272
Non-controlling interest ⁽²⁾	(194)
Net assets acquired	<u>\$ 78</u>

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

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

c) Acquisition of Evoque Data Center Solutions

On December 31, 2018, Brookfield Infrastructure, alongside institutional partners (the "Evoque consortium"), acquired an effective 29% interest in AT&T's large-scale data center business for total consideration of \$315 million (Evoque consortium total of \$1,103 million). Under Brookfield's ownership, the business was renamed Evoque Data Center Solutions ("Evoque"). The acquisition was funded through equity of \$164 million (Evoque consortium total of \$577 million of which \$413 million was provided by non-controlling interests subsequent to year-end), and \$151 million (Evoque consortium total of \$526 million) of asset level debt raised on closing. Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective December 31, 2018. Acquisition costs of \$10 million were recorded as Other income (expense) income within the Consolidated Statements of Operating Results in 2018.

Consideration transferred

US\$ MILLIONS

Cash	\$ 315
Total Consideration	<u>\$ 315</u>

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

US\$ MILLIONS

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

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

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

d) Acquisition of Rayalseema Expressway Private Limited ("REPL")

On November 5, 2018, Brookfield Infrastructure, alongside institutional partners (the "REPL consortium"), acquired an effective 26% interest in an Indian toll road business, REPL, for total consideration of \$5 million (REPL consortium total of \$16 million). The consideration consists of \$3 million in cash (REPL consortium total of \$10 million) and contingent consideration of \$2 million (REPL consortium total of \$6 million), measured at fair value based on a probability-weighted average. Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective November 5, 2018. Acquisition costs of less than \$1 million were recorded as Other income (expense) income within the Consolidated Statements of Operating Results in 2018.

Consideration transferred

US\$ MILLIONS

Cash	\$ 3
Contingent consideration	2
Total Consideration	\$ 5

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

US\$ MILLIONS

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

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

e) Acquisition of Enercare Inc.

On October 16, 2018, Brookfield Infrastructure, alongside institutional partners (the “Enercare consortium”), acquired an effective 30% interest in Enercare Inc. (“Enercare”), a North American residential energy infrastructure business, for total consideration of \$723 million (Enercare consortium total of \$2.4 billion). As part of the transaction, certain Enercare shareholders were given the right to elect to receive, in lieu of cash consideration, 0.5509 exchangeable units (“Exchange LP Units”) to be issued by a subsidiary of our partnership (“Exchange LP”) for each share of Enercare Inc. The Exchange LP Units provide holders with economic terms that are substantially equivalent to those of our units and are exchangeable, on a one-for-one basis, for units of our partnership. The acquisition was funded through equity of \$427 million (Enercare consortium total of \$2.0 billion), \$232 million of Exchange LP Units (5.7 million units issued by Exchange LP), and \$64 million (Enercare consortium total of \$216 million) of asset level debt raised on closing. Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective October 16, 2018. Acquisition costs of \$4 million were recorded as Other income (expense) income within the Consolidated Statements of Operating Results in 2018.

Consideration transferred

US\$ MILLIONS

Cash	\$ 491
Exchange LP Units	232
Total Consideration	\$ 723

Fair values of assets and liabilities acquired as of October 16, 2018 (provisional)⁽¹⁾:

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

- 1. The fair values of certain acquired assets and liabilities for this operation have been determined on a provisional basis given the proximity of the acquisition to the reporting date. Our partnership is in the process of obtaining additional information primarily related to the measurement of provisions, the deferred income tax liabilities and resulting impact to goodwill as at the date of acquisition.*
- 2. Non-controlling interest represents the consideration paid for the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date.*

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

f) Acquisition of Western Canadian natural gas midstream business

On October 1, 2018, Brookfield Infrastructure, alongside institutional partners (the “NorthRiver consortium”), acquired an effective 29% interest in the provincially regulated portion of Enbridge Inc.’s Canadian natural gas midstream business for total consideration of \$559 million (NorthRiver consortium total of \$2.0 billion). Under Brookfield’s ownership, the business was renamed NorthRiver Midstream Inc. (“NorthRiver”). The acquisition was funded through equity of \$281 million (NorthRiver consortium total of \$982 million) and \$278 million (NorthRiver consortium total of \$974 million) of asset level debt raised on closing. Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective October 1, 2018. Acquisition costs of \$3 million were recorded as Other income (expense) income within the Consolidated Statements of Operating Results in 2018.

Consideration transferred

US\$ MILLIONS	
Cash	\$ 559
Total consideration	<u>\$ 559</u>

Fair value of assets and liabilities acquired as of October 1, 2018 (provisional)⁽¹⁾:

US\$ MILLIONS	
Cash and cash equivalents	\$ 10
Accounts receivable and other	55
Property, plant and equipment	1,442
Intangible assets	157
Goodwill	524
Accounts payable and other liabilities	(46)
Deferred income tax liabilities	(186)
Net assets acquired before non-controlling interest	1,956
Non-controlling interest ⁽²⁾	(1,397)
Net assets acquired	<u>\$ 559</u>

1. The fair values of certain acquired assets and liabilities for this operation have been determined on a provisional basis given the proximity of the acquisition to the reporting date. Our partnership is in the process of obtaining additional information primarily related to the acquired tax pools and balances. This information will be used to finalize the measurement of the deferred income tax liabilities and other liabilities acquired, and related impacts on the consideration paid and resulting goodwill as at the date of acquisition.
2. Non-controlling interest represents the consideration paid for the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date.

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

g) Acquisition of Simhapuri Expressway Limited ("SEL")

On September 7, 2018, Brookfield Infrastructure, along with institutional partners (the "SEL consortium"), expanded its toll road operations through the acquisition of an effective 29% interest in an Indian toll road business, SEL, for total consideration by Brookfield Infrastructure of \$53 million (SEL consortium total of \$182 million). Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective September 7, 2018. Acquisition costs of \$1 million were recorded as Other income (expense) income within the Consolidated Statements of Operating Results in 2018.

Consideration transferred

US\$ MILLIONS	
Cash	\$ 53
Total consideration	<u>\$ 53</u>

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

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

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

Upon consolidation of SEL, a deferred tax liability of \$23 million was recorded. The deferred income tax liability arose as the tax bases of the net assets acquired were lower than their fair values. The inclusion of this liability in the net book value of the acquired business gave rise to goodwill of \$23 million, which is recoverable so long as the tax circumstances that gave rise to the goodwill do not change. To date, no such changes have occurred. None of the goodwill recognized is deductible for income tax purposes.

h) Acquisition of Colombian natural gas distribution business

On June 1, 2018, Brookfield Infrastructure, alongside institutional partners (the “GN consortium”), acquired an effective 16% interest in Gas Natural, S.A. ESP (“GN”), a Colombian natural gas distribution business, for total consideration of \$150 million (GN consortium total of \$522 million). The acquisition was funded through equity of \$88 million (GN consortium total of \$309 million) and \$62 million (GN consortium total of \$213 million) with asset level debt raised concurrently on closing. On acquisition, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective June 1, 2018. Acquisition costs of \$2 million were recorded as Other income (expenses) income within the Consolidated Statements of Operating Results in 2018.

Consideration transferred

US\$ MILLIONS

Cash	\$ 118
Pre-existing interest of GN ⁽¹⁾	32
Total consideration	\$ 150

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

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

US\$ MILLIONS

Cash and cash equivalents	\$ 36
Accounts receivable and other	245
Property, plant and equipment	394
Intangible assets	253
Goodwill	621
Accounts payable and other liabilities	(165)
Deferred income tax liabilities	(143)
Non-recourse borrowings	(177)
Net assets acquired before non-controlling interest	1,064
Non-controlling interest ⁽²⁾	(914)
Net assets acquired	\$ 150

1. The fair values of certain acquired assets and liabilities for this operation have been determined on a provisional basis given the proximity of the acquisition to the reporting date. Our partnership is in the process of obtaining additional information primarily related to the fair value of property, plant and equipment, intangible assets, goodwill and provisions as at the date of acquisition.
2. Non-controlling interest represents the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date.

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

i) Supplemental information

Had the acquisitions of DCI and EWPL been effective January 1, 2019, the revenue and net income of Brookfield Infrastructure would have been \$1,683 million and \$171 million, respectively, for the three months ended March 31, 2019.

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.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Classification of Financial Instruments

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

Carrying Value and Fair Value of Financial Instruments

The following table provides the allocation of financial instruments and their associated classifications as at March 31, 2019:

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	\$ —	\$ —	\$ 720	\$ 720
Accounts receivable and other	—	—	1,310	1,310
Financial assets (current and non-current) ⁽¹⁾	851	19	763	1,633
Marketable securities	96	86	—	182
Total	\$ 947	\$ 105	\$ 2,793	\$ 3,845
Financial liabilities				
Corporate borrowings	\$ —	\$ —	\$ 2,481	\$ 2,481
Non-recourse borrowings (current and non-current)	—	—	14,323	14,323
Accounts payable and other	—	—	1,946	1,946
Preferred shares ⁽²⁾	—	—	20	20
Financial liabilities (current and non-current) ⁽¹⁾	294	—	988	1,282
Total	\$ 294	\$ —	\$ 19,758	\$ 20,052

1. Derivative instruments which are elected for hedge accounting totaling \$659 million are included in financial assets and \$84 million of derivative instruments are included in financial liabilities.
2. \$20 million of preferred shares issued to wholly-owned subsidiaries of Brookfield.

The following table provides the allocation of financial instruments and their associated classifications as at December 31, 2018:

US\$ MILLIONS
Financial Instrument Classification

MEASUREMENT BASIS	Fair value through profit or loss	Fair value through OCI	Amortized Cost	Total
Financial assets				
Cash and cash equivalents	\$ —	\$ —	\$ 540	\$ 540
Accounts receivable and other	—	—	1,171	1,171
Financial assets (current and non-current) ⁽¹⁾	989	17	166	1,172
Marketable securities	126	47	—	173
Total	\$ 1,115	\$ 64	\$ 1,877	\$ 3,056
Financial liabilities				
Corporate borrowings	\$ —	\$ —	\$ 1,993	\$ 1,993
Non-recourse borrowings (current and non-current)	—	—	13,113	13,113
Accounts payable and other	—	—	1,308	1,308
Preferred shares ⁽²⁾	—	—	20	20
Financial liabilities (current and non-current) ⁽¹⁾	373	—	907	1,280
Total	\$ 373	\$ —	\$ 17,341	\$ 17,714

1. Derivative instruments which are elected for hedge accounting totaling \$718 million are included in financial assets and \$109 million of derivative instruments are included in financial liabilities.
2. \$20 million of preferred shares issued to wholly-owned subsidiaries of Brookfield.

The following table provides the carrying values and fair values of financial instruments as at March 31, 2019 and December 31, 2018:

US\$ MILLIONS	March 31, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	\$ 720	\$ 720	\$ 540	\$ 540
Accounts receivable and other	1,310	1,310	1,171	1,171
Financial assets (current and non-current)	1,633	1,633	1,172	1,172
Marketable securities	182	182	173	173
Total	\$ 3,845	\$ 3,845	\$ 3,056	\$ 3,056
Financial liabilities				
Corporate borrowings ⁽¹⁾	\$ 2,481	\$ 2,506	\$ 1,993	\$ 1,978
Non-recourse borrowings ⁽²⁾	14,323	14,684	13,113	13,372
Accounts payable and other (current and non-current)	1,946	1,946	1,308	1,308
Preferred shares ⁽³⁾	20	20	20	20
Financial liabilities (current and non-current)	1,282	1,282	1,280	1,280
Total	\$ 20,052	\$ 20,438	\$ 17,714	\$ 17,958

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

Hedging Activities

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

Cash Flow Hedges

Brookfield Infrastructure uses interest rate swaps to hedge the variability in cash flows related to a variable rate asset or liability and highly probable forecasted issuances of debt. The settlement dates coincide with the dates on which the interest is payable on the underlying debt, and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss. For the three-month period ended March 31, 2019, pre-tax net unrealized losses of \$13 million (2018: losses of \$29 million) were recorded in other comprehensive income for the effective portion of the cash flow hedges. As of March 31, 2019, there was a net derivative asset balance of \$530 million relating to derivative contracts designated as cash flow hedges (December 31, 2018: \$542 million).

Net Investment Hedges

Brookfield Infrastructure uses foreign exchange contracts and foreign currency denominated debt instruments to manage its foreign currency exposures arising from net investments in foreign operations having a functional currency other than the U.S. dollar. For the three-month period ended March 31, 2019, losses of \$23 million (2018: losses of \$52 million) were recorded in other comprehensive income relating to the effective portion of hedges of net investments in foreign operations. Further, for the three-month period ended March 31, 2019, Brookfield Infrastructure paid \$1 million (2018: \$54 million) relating to the settlement of foreign exchange contracts in the period. Consistent with our risk management objectives, these contracts are replaced at expiration; therefore, no reclassification to profit or loss has been recorded during the period. As of March 31, 2019, there was a net unrealized derivative asset balance of \$45 million relating to derivative contracts designated as net investment hedges (December 31, 2018: net unrealized derivative asset balance of \$67 million).

Fair Value Hierarchical Levels—Financial Instruments

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

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

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

<u>US\$ MILLIONS</u>	<u>Fair value hierarchy</u>	<u>March 31, 2019</u>	<u>December 31, 2018</u>
Marketable securities	Level 1 ⁽¹⁾	\$ 182	\$ 173
Foreign currency forward contracts	Level 2 ⁽²⁾		
Financial asset		\$ 164	\$ 241
Financial liability		22	23
Interest rate swaps & other	Level 2 ⁽²⁾		
Financial asset		\$ 660	\$ 718
Financial liability		191	257
Other contracts	Level 3 ⁽³⁾		
Financial asset		\$ 46	\$ 47
Financial liability		81	93

1. Valuation technique: Quoted bid prices in an active market.
2. Valuation technique: Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects our credit risk and the credit risk of various counterparties.
3. Valuation technique: Discounted cash flow. Future cash flows primarily driven by assumptions concerning the amount and timing of estimated future cash flows and discount rates.

Assets and liabilities measured at fair value on a recurring basis include \$1,052 million (2018: \$1,179 million) of financial assets and \$294 million (2018: \$373 million) of financial liabilities which are measured at fair value using valuation inputs based on management's best estimates.

During the three-month period ended March 31, 2019, no transfers were made between level 1 and 2 or level 2 and 3. The following table categorizes financial assets and liabilities, which are carried at fair value, based upon the level of input.

<u>US\$ MILLIONS</u>	<u>March 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets						
Marketable securities	\$ 182	\$ —	\$ —	\$ 173	\$ —	\$ —
Financial assets (current and non-current)	—	824	46	—	959	47
Financial liabilities						
Financial liabilities (current and non-current)	\$ —	\$ 213	\$ 81	\$ —	\$ 280	\$ 93

7. PROPERTY, PLANT AND EQUIPMENT

US\$ MILLIONS	Utilities Assets	Transport Assets	Energy Assets	Data Infrastructure Assets	Total Assets
Gross Carrying Amount:					
Balance at January 1, 2018	\$ 3,471	\$ 2,657	\$ 2,629	\$ —	\$ 8,757
Additions, net of disposals	441	77	140	4	662
Non-cash (disposals) additions	(19)	(4)	6	—	(17)
Acquisitions through business combinations ⁽²⁾	394	—	2,111	440	2,945
Net foreign currency exchange differences	(267)	(245)	(205)	—	(717)
Balance at December 31, 2018	\$ 4,020	\$ 2,485	\$ 4,681	\$ 444	\$ 11,630
Change in accounting policies ⁽¹⁾	21	356	197	633	1,207
Additions, net of disposals	117	27	65	1	210
Acquisitions through business combinations ⁽²⁾	—	—	2,074	—	2,074
Non-cash (disposals), net of additions	(16)	(2)	(15)	(14)	(47)
Net foreign currency exchange differences	88	27	61	1	177
Balance at March 31, 2019	\$ 4,230	\$ 2,893	\$ 7,063	\$ 1,065	\$ 15,251
Accumulated depreciation:					
Balance at January 1, 2018	\$ (510)	\$ (687)	\$ (383)	\$ —	\$ (1,580)
Depreciation expense	(149)	(147)	(134)	—	(430)
Non-cash disposals	(2)	—	(1)	—	(3)
Disposals	7	22	8	—	37
Net foreign currency exchange differences	41	68	18	—	127
Balance at December 31, 2018	\$ (613)	\$ (744)	\$ (492)	\$ —	\$ (1,849)
Depreciation expense	(43)	(45)	(70)	(19)	(177)
Disposals	2	—	—	—	2
Non-cash additions	(1)	—	—	—	(1)
Net foreign currency exchange differences	(12)	(5)	(11)	—	(28)
Balance at March 31, 2019	\$ (667)	\$ (794)	\$ (573)	\$ (19)	\$ (2,053)
Accumulated fair value adjustments:					
Balance at January 1, 2018	\$ 1,258	\$ 873	\$ 629	\$ —	\$ 2,760
Fair value adjustments	220	18	224	—	462
Net foreign currency exchange differences	(77)	(81)	(31)	—	(189)
Balance at December 31, 2018	\$ 1,401	\$ 810	\$ 822	\$ —	\$ 3,033
Net foreign currency exchange differences	31	7	8	—	46
Balance at March 31, 2019	\$ 1,432	\$ 817	\$ 830	\$ —	\$ 3,079
Net book value:					
December 31, 2018	4,808	2,551	5,011	444	12,814
March 31, 2019⁽³⁾	\$ 4,995	\$ 2,916	\$ 7,320	\$ 1,046	\$ 16,277

1. Refer to Note 2 Summary of Accounting Policies.

2. Refer to Note 5 Acquisition of Businesses.

3. Includes right-of-use assets of \$23 million in our utilities segment, \$353 million in our transport segment, \$237 million in our energy segment and \$606 million in our data infrastructure segment. Current lease liabilities of \$111 million has been included in accounts payable and other and non-current lease liabilities of \$1,127 million have been included in other liabilities in the Consolidated Statement of Financial Position.

8. INTANGIBLE ASSETS

US\$ MILLIONS	As of	
	March 31, 2019	December 31, 2018
Cost	\$ 12,887	\$ 12,515
Accumulated amortization	(998)	(880)
Total	\$ 11,889	\$ 11,635

Intangible assets are allocated to the following cash generating units:

US\$ MILLIONS	As of	
	March 31, 2019	December 31, 2018
Brazilian regulated gas transmission operation	\$ 4,139	\$ 4,211
Australian regulated terminal	1,777	1,766
North American residential energy infrastructure operation	1,780	1,763
Peruvian toll roads	1,141	1,118
Chilean toll roads	937	928
U.K. port operation	278	273
Indian toll roads ⁽¹⁾	838	843
Other ⁽²⁾	999	733
Total	\$ 11,889	\$ 11,635

1. Indian toll roads include \$736 million of intangible assets at our investment in Simhapuri Expressway Ltd and Rayalseema Expressway Private Limited and \$102 million at BIF India Holdings Pte Ltd.
2. Other intangibles are comprised of customer contracts at our Australian port operation and contracted order book at our U.K. regulated distribution operation.

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

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Cost at beginning of the period	\$ 12,515	\$ 10,470
Additions through business combinations	268	—
Additions, net of disposals	25	15
Foreign currency translation	79	(17)
Ending Balance	\$ 12,887	\$ 10,468

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

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Accumulated amortization at beginning of the period	\$ (880)	\$ (576)
Amortization	(115)	(89)
Foreign currency translation	(3)	2
Ending Balance	\$ (998)	\$ (663)

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

US\$ MILLIONS	For the three-month period ended March 31, 2019		For the 12 month period ended December 31, 2018
Balance at the beginning of the period	\$	4,591	\$ 5,572
Share of earnings (loss) for the period ⁽¹⁾		18	(13)
Foreign currency translation and other		(23)	(296)
Share of other reserves for the period—OCI		(32)	260
Distributions		(31)	(59)
Disposition of interest ⁽¹⁾		—	(951)
Investments reclassified as held for sale ⁽²⁾		(125)	—
Acquisitions ⁽³⁾		188	78
Ending Balance	\$	4,586	\$ 4,591

- In March 2018, Brookfield Infrastructure sold its ownership in ETC Transmission Holdings, a Chilean electricity transmission operation, for \$1.3 billion. On disposition, Brookfield Infrastructure recognized a gain on sale of \$338 million (\$209 million, net of taxes) presented within gain on sale of associate on the Consolidated Statements of Operating Results. In association with the gain, \$35 million of accumulated other comprehensive losses were reclassified to share of losses from associates and joint ventures on the Consolidated Statements of Operating Results.
- In February 2019, Brookfield Infrastructure agreed to sell its 40% interest in its European port operation to a third party. The sale is expected to generate net proceeds of approximately \$130 million, with closing to occur in the second quarter of 2019.
- In March 2019, Brookfield Infrastructure, alongside other subsidiaries of Brookfield, acquired an effective 12% interest in a Brazilian data center operation, Ascenty Participacoes S.A (“Ascenty”), for total consideration of \$188 million. Concurrently, Brookfield Infrastructure, on behalf of Brookfield and in exchange for a promissory note, acquired a further 37% interest in Ascenty. Please refer to Note 17, Related Party Transactions for additional information. Brookfield maintains 50% of the voting rights of Ascenty in a joint venture with Digital Realty Trust Inc. Brookfield Infrastructure has joint control through its position in the business. Accordingly, our partnership equity accounts for the entity.

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

US\$ MILLIONS	As of	
	March 31, 2019	December 31, 2018
Utilities	\$ 95	\$ 92
Transport	2,355	2,497
Energy	1,187	1,183
Data infrastructure	889	710
Corporate	60	109
Ending Balance	\$ 4,586	\$ 4,591

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

US\$ MILLIONS	As of	
	March 31, 2019	December 31, 2018
Financial position:		
Total assets	\$ 37,248	\$ 33,043
Total liabilities	(19,488)	(16,570)
Net assets	\$ 17,760	\$ 16,473
	For the three-month period ended March 31	
US\$ MILLIONS	2019	2018
Financial performance:		
Total revenue	\$ 1,531	\$ 1,567
Total income for the period	51	64
Brookfield Infrastructure's share of net income before reclassification	18	30
Reclassification of previously recognized foreign currency movements ⁽¹⁾	—	(35)
Brookfield Infrastructure's share of net income (loss)	\$ 18	\$ (5)

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

10. BORROWINGS

a) Corporate Borrowings

Brookfield Infrastructure has a \$1.975 billion senior unsecured revolving credit facility used for general working capital purposes including acquisitions. The \$1.975 billion is available on a revolving basis for the full term of the facility. All amounts outstanding under this facility will be repayable on June 30, 2023. All obligations of Brookfield Infrastructure under the facility are guaranteed by our partnership. Loans under this facility accrue interest at a floating rate based on LIBOR plus 1.2%. Brookfield Infrastructure is required to pay an unused commitment fee under the facility of 18 basis points per annum. As at March 31, 2019, draws on the credit facility were \$965 million (2018: \$510 million) and \$48 million of letters of credit were issued (2018: \$47 million).

	Maturity	Annual Rate	Currency	As of	
				March 31, 2019	December 31, 2018
Corporate revolving credit facility	June 30, 2023	LIBOR plus 1.2%	US\$	\$ 965	\$ 510
Medium-term notes ⁽¹⁾ :					
Non-current:					
Public - Canadian	October 30, 2020	3.5%	C\$	281	275
Public - Canadian	March 11, 2022	3.5%	C\$	337	330
Public - Canadian	February 22, 2024	3.3%	C\$	225	220
Public - Canadian	February 22, 2024	3.3%	C\$	300	293
Public - Canadian	September 11, 2028	4.2%	C\$	373	365
Total				\$ 2,481	\$ 1,993

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

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

Brookfield Infrastructure has entered into a \$500 million revolving credit facility with Brookfield to provide additional liquidity for general corporate purposes and capital expenditures, if required. The revolving credit facility automatically renews for four consecutive one-year terms, which would result in the facility ultimately maturing on February 8, 2023. Brookfield has the option to terminate the agreement prior to February 8 each year by providing Brookfield Infrastructure with written notice. Loans under this facility accrued interest on LIBOR plus 2.0% and no commitment fees were incurred for any undrawn balance. As of March 31, 2019, there were \$nil (2018: \$nil) borrowings outstanding.

The increase in corporate borrowings of \$488 million during the three-month period ended March 31, 2019 is due to draws on the corporate revolving credit facility to fund new investments, and the appreciation of the Canadian dollar against the U.S. dollar.

b) Non-Recourse Borrowings

US\$ MILLIONS	As of	
	March 31, 2019	December 31, 2018
Current	\$ 869	\$ 985
Non-current	13,454	12,128
Total	\$ 14,323	\$ 13,113

Non-recourse borrowings have increased by \$1.2 billion since year-end. The increase is attributable to additional net borrowings of \$1.1 billion primarily associated with our recent acquisitions and an increase in foreign denominated debt as most currencies we operated in appreciated relative to the U.S. dollar during the three-month period ended March 31, 2019.

11. CAPITAL MANAGEMENT

Our partnership's approach to capital management is focused on maximizing returns to unitholders and ensuring capital is deployed in a manner consistent with achieving our investment return objectives.

Invested Capital, which tracks the amount of capital that has been contributed to our partnership, is a measure we utilize to assess returns on capital deployed, relative to targeted returns. Investment decisions are based on, amongst other measures and factors, targeted returns on Invested Capital of 12% to 15% annually over the long-term. We measure return on Invested Capital as Adjusted Funds from Operations ("AFFO"), less estimated returns of capital on operations that are not perpetual in life, divided by the weighted average Invested Capital for the period.

We define Invested Capital as partnership capital removing the impact of the following items: non-controlling interest in operating subsidiaries, retained earnings or deficit, accumulated other comprehensive income and ownership changes.

US\$ MILLIONS	As of	
	March 31, 2019	December 31, 2018
Partnership Capital	\$ 16,275	\$ 14,668
Remove impact of the following items since inception:		
Non-controlling interest - in operating subsidiaries	(8,799)	(7,303)
Deficit	1,486	1,228
Accumulated other comprehensive income	(370)	(328)
Ownership changes and other	(390)	(109)
Invested Capital	\$ 8,202	\$ 8,156

The following table presents the change in Invested Capital during the three-month period ended March 31, 2019:

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Opening balance	\$ 8,156	\$ 7,599
Issuance of preferred units and preferred shares, net of repurchases	72	157
Repurchases of limited partnership units and redeemable partnership units, net of issuances	(26)	4
Ending balance	\$ 8,202	\$ 7,760
Weighted Average Invested Capital	\$ 8,180	\$ 7,716

12. SUBSIDIARY PUBLIC ISSUERS

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

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

On April 17, 2017, the Debt Issuers issued C\$400 million of medium-term notes under the Indenture maturing February 22, 2024 in the Canadian bond market with a coupon of 3.3%, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 4.0%.

On February 22, 2017, the Debt Issuers issued C\$300 million of medium-term notes under the Indenture maturing February 22, 2024 in the Canadian bond market with a coupon of 3.3%, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 4.1%.

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

These notes are fully and unconditionally guaranteed by our partnership and its subsidiaries, Brookfield Infrastructure L.P. (the “Holding LP”), Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation and BIP Bermuda Holdings I Limited (collectively, the “Guarantors”).

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

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

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

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

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

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019 US\$ MILLIONS	Our partnership ⁽²⁾	The Fincos	BIPIC	Subsidiaries of our partnership other than the Fincos and BIPIC ⁽³⁾	Consolidating adjustments ⁽³⁾	Our partnership consolidated
Revenues	\$ —	\$ —	\$ —	\$ —	\$ 1,593	\$ 1,593
Net (loss) income attributable to partnership ⁽¹⁾	(6)	—	—	30	6	30
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018						
Revenues	\$ —	\$ —	\$ —	\$ —	\$ 1,013	\$ 1,013
Net income (loss) attributable to partnership ⁽¹⁾	122	—	—	209	(122)	209
AS OF MARCH 31, 2019						
Current assets	\$ —	\$ —	\$ —	\$ —	\$ 3,283	\$ 3,283
Non-current assets	5,568	—	659	8,409	23,706	38,342
Current liabilities	—	—	—	—	2,975	2,975
Non-current liabilities	—	1,516	76	—	20,783	22,375
Non-controlling interests – Redeemable Partnership Units held by Brookfield	—	—	—	—	1,863	1,863
Non-controlling interests – Exchange LP Units	—	—	—	—	23	23
Non-controlling interests – in operating subsidiaries	—	—	—	—	8,799	8,799
Preferred unitholders	—	—	—	—	935	935
AS OF DECEMBER 31, 2018						
Current assets	\$ —	\$ —	\$ —	\$ —	\$ 2,276	\$ 2,276
Non-current assets	5,449	—	568	8,281	20,006	34,304
Current liabilities	—	—	—	—	2,417	2,417
Non-current liabilities	—	1,483	—	—	18,012	19,495
Non-controlling interests – Redeemable Partnership Units held by Brookfield	—	—	—	—	1,823	1,823
Non-controlling interests – Exchange LP Units	—	—	—	—	71	71
Non-controlling interests – in operating subsidiaries	—	—	—	—	7,303	7,303
Preferred unitholders	\$ —	\$ —	\$ —	\$ —	\$ 936	\$ 936

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

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

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

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

13. REVENUE

The following table disaggregates revenues by segment:

US\$ MILLIONS	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Utilities	\$ 728	\$ 535
Transport	336	339
Energy	450	139
Data Infrastructure	79	—
Total	\$ 1,593	\$ 1,013

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

The following table disaggregates revenues by geographical region:

US\$ MILLIONS	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Brazil	\$ 289	\$ 305
Canada	272	77
Australia	269	284
Colombia	249	44
United States of America	212	41
United Kingdom	162	159
Chile	42	45
India	40	13
Peru	29	26
Other	29	19
Total	\$ 1,593	\$ 1,013

14. PARTNERSHIP CAPITAL

As at March 31, 2019, our partnership's capital structure was comprised of three classes of partnership units: limited partnership units, preferred units and general partnership units. Limited partnership units entitle the holder to their proportionate share of distributions. Preferred units entitle the holder to cumulative preferential cash distributions in accordance with their terms. General partnership units entitle the holder to the right to govern the financial and operating policies of our partnership. The Holding LP's capital structure is composed of four classes of partnership units: special general partner units, Holding LP Class A preferred units, managing general partner units and redeemable partnership units held by Brookfield.

(a) Special General and Limited Partnership Capital

UNITS MILLIONS	Special General Partner Units		Limited Partnership Units		Total	
	As of and for the three-month period ended Mar. 31, 2019	As of and for the 12 month period ended Dec. 31, 2018	As of and for the three-month period ended Mar. 31, 2019	As of and for the 12 month period ended Dec. 31, 2018	As of and for the three-month period ended Mar. 31, 2019	As of and for the 12 month period ended Dec. 31, 2018
Opening balance	1.6	1.6	277.3	276.6	278.9	278.2
Issued for cash	—	—	0.1	0.3	0.1	0.3
Conversion from Exchange LP Units	—	—	3.1	1.3	3.1	1.3
Repurchased and cancelled	—	—	(0.8)	(0.9)	(0.8)	(0.9)
Ending balance	1.6	1.6	279.7	277.3	281.3	278.9

The weighted average number of special general partner units outstanding for the three-month period ended March 31, 2019 was 1.6 million (2018: 1.6 million). The weighted average number of limited partnership units outstanding for the three-month period ended March 31, 2019 was 278.1 million (2018: 276.6 million).

US\$ MILLIONS	Special General Partner		Limited Partners		Total	
	As of and for the three-month period ended Mar. 31, 2019	As of and for the 12 month period ended Dec. 31, 2018	As of and for the three-month period ended Mar. 31, 2019	As of and for the 12 month period ended Dec. 31, 2018	As of and for the three-month period ended Mar. 31, 2019	As of and for the 12 month period ended Dec. 31, 2018
Opening balance	\$ 19	\$ 19	\$ 4,911	\$ 4,907	\$ 4,930	\$ 4,926
Unit issuance	—	—	2	14	2	14
Conversion from Exchange LP Units	—	—	50	20	50	20
Repurchased and cancelled	—	—	(28)	(30)	(28)	(30)
Ending balance	\$ 19	\$ 19	\$ 4,935	\$ 4,911	\$ 4,954	\$ 4,930

During the three months ended March 31, 2019, our partnership repurchased and cancelled 0.8 million units for \$28 million, and incurred less than \$1 million in commission costs.

In June 2010, we implemented a distribution reinvestment plan (the “Plan”) that allows eligible holders of our partnership to purchase additional units by reinvesting their cash distributions. Under the Plan, units are acquired at a price per unit calculated by reference to the volume weighted average of the trading price for our units on the New York Stock Exchange for the five trading days immediately preceding the relevant distribution date. During the three-month period ending March 31, 2019, our partnership issued less than 0.1 million units for proceeds of \$2 million (2018: less than 1 million units for proceeds of \$4 million).

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

UNITS MILLIONS	Non-controlling interest – Redeemable Partnership Units held by Brookfield	
	As of and for the three- month period ended Mar. 31, 2019	As of and for the 12 month period ended Dec. 31, 2018
Opening balance	115.8	115.8
Ending balance	115.8	115.8

The weighted average number of Redeemable Partnership Units outstanding for the three-month period ended March 31, 2019 was 115.8 million (2018: 115.8 million).

US\$ MILLIONS	Non-controlling interest – Redeemable Partnership Units held by Brookfield	
	As of and for the three- month period ended Mar. 31, 2019	As of and for the 12 month period ended Dec. 31, 2018
Opening balance	\$ 2,078	\$ 2,078
Ending balance	\$ 2,078	\$ 2,078

(c) Non-controlling interest – Exchange LP Units

UNITS MILLIONS	Non-controlling interest – Exchange LP Units	
	As of and for the three- month period ended Mar. 31, 2019	As of and for the 12 month period ended Dec. 31, 2018
Opening balance	4.4	—
Issued for cash	—	5.7
Exchange LP conversion	(3.1)	(1.3)
Ending balance	1.3	4.4

US\$ MILLIONS	Non-controlling interest – Exchange LP Units	
	As of and for the three- month period ended Mar. 31, 2019	As of and for the 12 month period ended Dec. 31, 2018
Opening balance	\$ 212	\$ —
Unit issuance	—	232
Exchange LP conversion	(50)	(20)
Ending balance	\$ 162	\$ 212

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

During the three months ended March 31, 2019, Exchange LP unitholders exchanged 3.1 million Exchange LP units for \$50 million limited partners’ capital.

(d) Preferred Unitholders' Capital

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

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

During the three months ended March 31, 2019, our partnership repurchased and cancelled less than 0.1 million preferred units for \$1 million.

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

In January 2018, our partnership issued 8 million Series 9 Preferred Units, at C\$25 per unit with a quarterly fixed distribution at a rate of 5.00% annually for the initial period ending March 31, 2023. In total, \$161 million or C\$200 million of gross proceeds were raised and \$4 million in underwriting and issuance costs were incurred.

15. DISTRIBUTIONS

For the three-month period ended March 31, 2019, distributions to partnership and Exchange LP unitholders were \$200 million (2018: \$185 million). This represents a quarterly distribution of \$0.5025 per partnership unit (2018: \$0.47 per partnership unit), a 7% increase from December 31, 2018.

Additionally, incentive distributions were made to the special general partner of \$38 million for the three-month period ended March 31, 2019 (2018: \$34 million).

For the three-month period ended March 31, 2019, our partnership declared preferred unit distributions of \$12 million (2018: \$9 million). This represented a distribution of \$0.24 per preferred unit (2018: \$0.23 per preferred unit).

16. ACCUMULATED OTHER COMPREHENSIVE INCOME

a) Attributable to Limited Partners

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2019	\$ 667	\$ (1,336)	\$ 95	\$ (96)	\$ (33)	\$ (18)	\$ 930	\$ 209
Other comprehensive (loss) income	—	7	(16)	17	20	(2)	(23)	3
Other items	—	20	6	—	—	—	—	26
Balance at March 31, 2019	<u>\$ 667</u>	<u>\$ (1,309)</u>	<u>\$ 85</u>	<u>\$ (79)</u>	<u>\$ (13)</u>	<u>\$ (20)</u>	<u>\$ 907</u>	<u>\$ 238</u>

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2018	\$ 976	\$ (835)	\$ 28	\$ (26)	\$ —	\$ (27)	\$ 748	\$ 864
Other comprehensive income (loss) ⁽¹⁾	—	76	(37)	(21)	(11)	—	9	16
Other items ⁽¹⁾	(450)	—	—	—	—	—	—	(450)
Balance at March 31, 2018	<u>\$ 526</u>	<u>\$ (759)</u>	<u>\$ (9)</u>	<u>\$ (47)</u>	<u>\$ (11)</u>	<u>\$ (27)</u>	<u>\$ 757</u>	<u>\$ 430</u>

b) Attributable to General Partner

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2019	\$ 5	\$ (9)	\$ 2	\$ —	\$ —	\$ —	\$ 5	\$ 3
Other items	—	—	—	—	—	—	—	—
Balance at March 31, 2019	<u>\$ 5</u>	<u>\$ (9)</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5</u>	<u>\$ 3</u>

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2018	\$ 7	\$ (6)	\$ 1	\$ —	\$ —	\$ —	\$ 4	\$ 6
Other items ⁽¹⁾	(3)	—	—	—	—	—	—	(3)
Balance at March 31, 2018	<u>\$ 4</u>	<u>\$ (6)</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4</u>	<u>\$ 3</u>

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

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2019	\$ 296	\$ (552)	\$ 40	\$ (43)	\$ (16)	\$ (4)	\$ 391	\$ 112
Other comprehensive (loss) income	—	2	(7)	7	9	(1)	(9)	1
Other items	—	9	3	—	—	—	—	12
Balance at March 31, 2019	<u>\$ 296</u>	<u>\$ (541)</u>	<u>\$ 36</u>	<u>\$ (36)</u>	<u>\$ (7)</u>	<u>\$ (5)</u>	<u>\$ 382</u>	<u>\$ 125</u>

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2018	\$ 425	\$ (339)	\$ 11	\$ (14)	\$ (2)	\$ (8)	\$ 314	\$ 387
Other comprehensive income (loss) ⁽¹⁾	—	29	(15)	(8)	(5)	—	4	5
Other items ⁽¹⁾	(188)	—	—	—	—	—	—	(188)
Balance at March 31, 2018	<u>\$ 237</u>	<u>\$ (310)</u>	<u>\$ (4)</u>	<u>\$ (22)</u>	<u>\$ (7)</u>	<u>\$ (8)</u>	<u>\$ 318</u>	<u>\$ 204</u>

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

US\$ MILLIONS	Revaluation surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Marketable securities	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance at January 1, 2019	\$ 2	\$ 1	\$ —	\$ (1)	\$ —	\$ —	\$ 2	\$ 4
Other comprehensive income (loss)	—	—	—	—	—	—	—	—
Balance at March 31, 2019	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 4</u>

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

17. RELATED PARTY TRANSACTIONS

In the normal course of operations, Brookfield Infrastructure entered into the transactions below with related parties. The immediate parent of Brookfield Infrastructure is our partnership. The ultimate parent of Brookfield Infrastructure is Brookfield. Other related parties of Brookfield Infrastructure represent its subsidiary and operating entities.

a) Transactions with the immediate parent

Throughout the year, the General Partner, in its capacity as our partnership's general partner, incurs director fees, a portion of which are charged at cost to our partnership in accordance with the limited partnership agreement. Less than \$1 million in director fees were incurred during the three-month period ended March 31, 2019 (2018: less than \$1 million).

As of March 31, 2019, Brookfield Infrastructure had financial assets balance of \$601 million from Brookfield, \$581 million of which relates to the acquisition of Ascenty funded by our partnership on behalf of future institutional investment partners. The financial asset yields a return of 8% per annum and repayment is expected to occur following the first close of Brookfield's private infrastructure fund. Brookfield Infrastructure also has loans payable of \$73 million to subsidiaries of Brookfield (December 31, 2018: \$73 million). The loans are repayable in full between 2019 and 2026 with interest rates ranging from 3.8% to 8.5% per annum.

b) Transactions with other related parties

Since inception, Brookfield Infrastructure has had a management agreement (the "Master Services Agreement") with certain service providers (the "Service Provider"), which are wholly-owned subsidiaries of Brookfield.

Pursuant to the Master Services Agreement, on a quarterly basis, Brookfield Infrastructure pays a base management fee, referred to as the Base Management Fee, to the Service Provider equal to 0.3125% per quarter (1.25% annually) of the market value of our partnership. The Base Management Fee was \$59 million for the three-month period ended March 31, 2019 (2018: \$56 million). As of March 31, 2019, \$59 million was outstanding as payable to the Service Provider (December 31, 2018: \$51 million).

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

Brookfield Infrastructure, from time to time, will place deposits with, or receive deposits from, Brookfield. As of March 31, 2019, Brookfield Infrastructure's deposit balance from Brookfield was \$367 million (December 31, 2018: deposit with Brookfield of less than \$1 million). The deposit bears interest at market rates and was provided to Brookfield Infrastructure to fund our partnership's acquisition of Ascenty completed on behalf of future institutional partners. Brookfield Infrastructure incurred interest expense of less than \$1 million for the three-month period ended March 31, 2019 (2018: interest income of less than \$1 million).

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 March 31, 2019, there were \$nil (December 31, 2018: \$nil) borrowings outstanding.

Brookfield Infrastructure's subsidiaries provide heating, cooling and connection services in the normal course of operations on market terms to subsidiaries and associates of Brookfield Property Partners L.P. In addition, our subsidiaries lease office space and obtain construction, consulting and engineering services in the normal course of operations on market terms from subsidiaries and associates of Brookfield Property Partners L.P. For the three-month period ended March 31, 2019, revenues of \$4 million were generated (2018: \$2 million) and expenses of \$2 million were incurred (2018: less than \$1 million).

Brookfield Infrastructure utilizes a wholly-owned subsidiary of Brookfield to negotiate and purchase insurance and assess the adequacy of insurance on behalf of our partnership and certain subsidiaries. During the three-month period ended March 31, 2019, Brookfield Infrastructure paid less than \$1 million for these services (2018: less than \$1 million).

Brookfield Infrastructure's U.K. port operation provides port marine services on market terms to a subsidiary acquired by Brookfield Business Partners L.P. For the three-month period ended March 31, 2019, revenues of \$1 million were generated (2018: \$1 million).

Brookfield Infrastructure's subsidiaries purchase electricity from, and distribute electricity on behalf of, a subsidiary of Brookfield Renewable Partners L.P. in the normal course of operations on market terms. For the three-month period ended March 31, 2019, revenues of less than \$1 million were generated (2018: \$nil) and expenses of \$11 million were incurred (2018: \$3 million).

18. SUBSEQUENT EVENT

On April 12, 2019, Brookfield Infrastructure, alongside institutional partners (the "Esperanza consortium"), exercised its option to acquire an additional 15% interest in Esperanza Transmissora de Energia S.A. ("Esperanza"), a Brazilian electricity transmission operation, increasing Brookfield Infrastructure's ownership of Esperanza to 31%. Prior to April 12, 2019, our partnership's existing interest in Esperanza was accounted using the equity method.

On closing, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure will consolidate the entity effective April 12, 2019. At the date of the acquisition, Brookfield Infrastructure recognized \$207 million of assets and \$134 million of liabilities. Non-controlling interest, reflecting the fair value of the portion of the business not acquired by Brookfield Infrastructure, of approximately \$50 million was also recognized.

Due to the recent closing of the acquisition, the initial purchase price accounting for the business combination is not available as at the date of issuance of these consolidated financial statements. As a result, the partnership has not provided amounts recognized as at the acquisition date for certain classes of assets acquired and liabilities assumed and has not disclosed the pro-forma revenue and net income attributable to the partnership as if the acquisition had been effective January 1, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

*AS OF MARCH 31, 2019 AND DECEMBER 31, 2018 AND
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019 AND 2018*

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") is the responsibility of management of Brookfield Infrastructure Partners L.P. (our "partnership" collectively with its subsidiary and operating entities "Brookfield Infrastructure"). This MD&A is dated May 13, 2019 and has been approved by the Board of Directors of the general partner of our partnership for issuance as of that date. The Board of Directors carries out its responsibility for review of this document principally through its audit committee, comprised exclusively of independent directors. The audit committee reviews and, prior to its publication, approves this document, pursuant to the authority delegated to it by the Board of Directors. The terms "Brookfield Infrastructure," "we," "us" and "our" refer to Brookfield Infrastructure Partners L.P., and our partnership's direct and indirect subsidiaries and operating entities as a group. This MD&A should be read in conjunction with Brookfield Infrastructure Partners L.P.'s most recently issued annual and interim financial statements. Additional information, including Brookfield Infrastructure's Form 20-F, is available on its website at www.brookfieldinfrastructure.com, on SEDAR's website at www.sedar.com and on EDGAR's website at www.sec.gov/edgar.shtml.

Business Overview

Brookfield Infrastructure owns and operates high quality, long-life assets that generate stable cash flows, require relatively minimal maintenance capital expenditures and, by virtue of barriers to entry and other characteristics, tend to appreciate in value over time. Our current operations consist of utilities, transport, energy and data infrastructure businesses in North and South America, Asia Pacific and Europe. Our mission is to own and operate a globally diversified portfolio of high-quality infrastructure assets that will generate sustainable and growing distributions over the long term for our unitholders. To accomplish this objective, we will seek to leverage our operating segments to acquire infrastructure assets and actively manage them to extract additional value following our initial investment. An integral part of our strategy is to participate with institutional investors in Brookfield Asset Management Inc. (together with its affiliated entities other than us, "Brookfield") sponsored partnerships that target acquisitions that suit our profile. We will focus on partnerships in which Brookfield has sufficient influence or control to deploy an operations-oriented approach.

Performance Targets and Key Measures

We target a total return of 12% to 15% per annum on the infrastructure assets that we own, measured over the long term. We intend to generate this return from the in-place cash flows from our operations plus growth through investments in upgrades and expansions of our asset base, as well as acquisitions. We determine our distributions to unitholders based primarily on an assessment of our operating performance. 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 "Segmented Disclosures" on page 47 for more detail.

Distribution Policy

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

In light of the current prospects for our business, the Board of Directors of our General Partner approved a 7% increase in our annual distribution to \$2.01 per unit, or \$0.5025 per unit quarterly, starting with the distribution paid in March 2019. 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. Since inception, we have increased our quarterly distribution from \$0.18 per unit to \$0.5025 per unit, a compound annual growth rate of 10%. We target 5% to 9% annual distribution growth in light of the per unit growth we foresee in our operations.

Basis of Presentation

Our unaudited interim condensed and consolidated financial statements are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies Brookfield Infrastructure applied in its consolidated financial statements as of and for the year ended December 31, 2018, with the exception of newly adopted accounting standards described in Note 2, Summary of Accounting Policies. Our unaudited interim condensed and consolidated financial statements include the accounts of Brookfield Infrastructure and the entities over which it has control. Brookfield Infrastructure accounts for investments over which it exercises significant influence, but does not control, using the equity method.

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

When we discuss the results of our operating segments, we present Brookfield Infrastructure’s proportionate share of results for operations accounted for using consolidation and the equity method, in order to demonstrate the impact of key value drivers of each of these operating segments on our partnership’s overall performance. As a result, segment revenues, costs attributable to revenues, other income, interest expense, depreciation and amortization, deferred taxes, fair value adjustments and other items will differ from results presented in accordance with IFRS as they (1) include Brookfield Infrastructure’s proportionate share of earnings from investments in associates and joint ventures attributable to each of the above noted items, and (2) exclude the share of earnings (losses) of consolidated investments not held by Brookfield Infrastructure apportioned to each of the above noted items. However, net income for each segment is consistent with results presented in accordance with IFRS. See “Reconciliation of Operating Segment Measures” on page 71 for a reconciliation of segment results to our partnership’s statement of operating results in accordance with IFRS.

Our presentation currency and functional currency is the U.S. dollar. Except for the adoption of IFRS 16, there were no changes in accounting policies that have had a material impact on the comparability of the results between financial years since the adoption of IFRS.

OUR OPERATIONS

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

Our operating segments are summarized below:

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

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

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

In this section we review our consolidated performance and financial position as of March 31, 2019 and December 31, 2018 and for the three-month periods ended March 31, 2019 and 2018. Further details on the key drivers of our operations and financial position are contained within the “Segmented Disclosures” section on page 47.

US\$ MILLIONS, EXCEPT PER UNIT INFORMATION	For the three-month period ended March 31	
	2019	2018
Summary Statements of Operating Results		
Revenues	\$ 1,593	\$ 1,013
Direct operating costs	(798)	(409)
General and administrative expenses	(61)	(58)
Depreciation and amortization expense	(292)	(193)
Interest expense	(212)	(114)
Share of earnings (losses) from investments in associates and joint ventures	18	(5)
Mark-to-market on hedging items	(18)	(36)
Gain on sale of associate	—	338
Income tax expense	(75)	(185)
Net income	165	327
Net income attributable to our partnership ⁽¹⁾	30	209
Net (loss) income per limited partnership unit	\$ (0.05)	\$ 0.42

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

Three-month periods ended March 31, 2019 and 2018

Net income for the three-month period ended March 31, 2019 was \$165 million, of which \$30 million was attributable to our partnership. This compares to net income of \$327 million in the prior year, of which \$209 million was attributable to our partnership. Net income for the period benefited from organic growth across the majority of our operations and contributions from new investments made in the past 12 months. These increases were more than offset by the gain of \$209 million (net of tax) realized on the sale of our investment in an electricity transmission business in the prior year, and the impact of foreign exchange.

Revenues for the three-month period ended March 31, 2019 were \$1,593 million, which represents an increase of \$580 million compared to the same period in 2018. Our utilities segment contributed additional revenue of \$259 million as a result of the recent acquisition of a Colombian natural gas distribution business, the benefit of inflation-indexation and various growth initiatives, primarily at our U.K. regulated distribution operation. Our energy segment contributed additional revenue of \$323 million as a result of acquisitions of a North American residential energy infrastructure operation and a Western Canadian natural gas gathering and processing operation in the fourth quarter of 2018. Our Data Infrastructure segment contributed additional revenue of \$79 million from recently acquired data center operations in the U.S. and Australia. Organic growth initiatives within our transport businesses further contributed incremental revenue of \$26 million compared to the prior year. These items were partially offset by \$107 million of foreign exchange, predominantly associated with a 14% depreciation of the Brazilian real.

Direct operating expenses for the three-month period ended March 31, 2019 were \$798 million, an increase of \$389 million compared to the three-month period ended March 31, 2018. The current period includes \$411 million of incremental costs related to our recently completed acquisitions and \$25 million of costs associated with the organic growth initiatives. These increases were partially offset by the impact of IFRS 16 which reduced direct costs from existing businesses by \$15 million and the impact of foreign exchange of \$32 million.

General and administrative expenses totaled \$61 million for the three-month period ended March 31, 2019, an increase of \$3 million compared to the same period in 2018. This line item primarily consists of the base management fee that is paid to Brookfield, which is equal to 1.25% of our partnership’s market value plus preferred units outstanding and net recourse debt. The base management fee increased from the prior year due to a larger capitalization as a result of higher net debt.

Depreciation and amortization expense for the three-month period ended March 31, 2019 was \$292 million, an increase of \$99 million from the prior year. This increase is predominantly a result of incremental charges from recently completed acquisitions, the impact of higher asset values from our most recent annual revaluation process, and the adoption of IFRS 16. These increases were partially offset by the impact of foreign exchange.

Interest expense for the three-month period ended March 31, 2019 was \$212 million, an increase of \$98 million compared to the same period in 2018. Interest expense increased due to the issuance of \$1.5 billion of five-year senior notes at our Brazilian regulated gas transmission business in May of 2018, the issuance of C\$500 million of medium term notes in September 2018, the adoption of IFRS 16, and additional borrowings used to fund new investments and organic growth opportunities.

Our partnership's share of earnings from investments in associates and joint ventures was \$18 million for the three-month period ended March 31, 2019, representing an increase of \$23 million relative to the same period in 2018. Prior year results were impacted by the reclassification of previously recognized foreign exchange losses from accumulated other comprehensive income related to our investment in a Chilean electricity transmission business sold in March 2018.

Mark-to-market losses on hedging items for the three-month period ended March 31, 2019 were \$18 million, compared to losses of \$36 million for the three-month period ended March 31, 2018. Amounts in both the current and comparative periods consist primarily of mark-to-market movements relating to foreign exchange hedging activities at the corporate level relating to the Australian dollar, British pound and Euro.

Income tax expense for the three-month period ended March 31, 2019 was \$75 million compared to \$185 million for the same period in 2018. The decrease is primarily due to taxes associated with the gain on sale of our 28% interest in a Chilean electricity transmission business in the prior year and the impact of foreign exchange, partially offset by higher taxable income generated by our operations.

US\$ MILLIONS Summary Statements of Financial Position Key Metrics	As of	
	March 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 720	\$ 540
Total assets	41,625	36,580
Corporate borrowings	2,481	1,993
Non-recourse borrowings	14,323	13,113
Total liabilities	25,350	21,912
Limited Partners' capital	4,633	4,513
General Partner capital	22	22
Non-controlling interest – Redeemable Partnership Units held by Brookfield	1,863	1,823
Non-controlling interest – Exchange LP Units	23	71
Non-controlling interest – in operating subsidiaries	8,799	7,303
Preferred unitholders	935	936

Total assets were \$41.6 billion at March 31, 2019, compared to \$36.6 billion at December 31, 2018. The increase was primarily due to recently completed acquisitions and organic growth initiatives which increased total assets by \$3.8 billion. The adoption of IFRS 16 resulted in the recognition of \$1.2 billion of right-of-use assets and the impact of foreign exchange increased total assets by \$0.3 billion. These increases were partially offset by depreciation and amortization charges of \$0.3 billion.

Corporate borrowings increased to \$2.5 billion at March 31, 2019, compared to \$2.0 billion at December 31, 2018. The increase is due to additional borrowings of \$0.5 billion on our corporate credit facility to fund recently completed acquisitions.

Non-recourse borrowings increased by \$1.2 billion to \$14.3 billion at March 31, 2019. The increase is attributable to additional net borrowings of \$1.1 billion primarily associated with acquisitions completed during the year, and the impact of foreign exchange of \$0.1 billion as the majority of the currencies we operate in strengthened relative to the U.S. dollar during the three-month period ended March 31, 2019.

Partnership capital was \$6.5 billion at March 31, 2019, compared to \$6.4 billion at December 31, 2018, an increase of \$0.1 billion. The increase was primarily due to earnings for the period and a gain of \$0.4 billion recognized on the partial disposition of our Chilean toll road operations. These increases were partially offset by distributions paid to our unitholders and preferred unitholders of \$0.3 billion.

Foreign Currency Translation

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

	Period End Rate			Average Rate		
	As of			For the three-month period ended March 31		
	March 31, 2019	December 31, 2018	Change	2019	2018	Change
Brazilian real	0.2566	0.2581	(1)%	0.2654	0.3083	(14)%
Canadian dollar	0.7490	0.7331	2 %	0.7521	0.7909	(5)%
British pound	1.3038	1.2760	2 %	1.3024	1.3915	(6)%
Australian dollar	0.7097	0.7050	1 %	0.7125	0.7860	(9)%

As at March 31, 2019, our consolidated partnership capital of \$16.3 billion was invested in the following currencies: Brazilian reais - 23%; Canadian dollars - 22%; Australian dollars - 11%; British pounds - 11%; United States dollars - 7%; and other currencies - 26%. Currency exchange rates relative to the U.S. dollar at the end of the first quarter of 2019 were higher than December 31, 2018 for most of our significant non-U.S. dollar investments, which increased the carrying values of the assets and liabilities from our subsidiaries or investments 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:

	For the three-month period ended March 31	
	2019	2018
Australian dollar	\$ 12	\$ (30)
Brazilian real	(27)	(31)
British pound	39	59
Canadian dollar	76	23
Other	18	92
	118	113
Currency hedges	(36)	(81)
	\$ 82	\$ 32
Attributable to:		
Unitholders	\$ 7	\$ 19
Non-controlling interests	75	13
	\$ 82	\$ 32

The impact of foreign currency translation on partnership capital, including those attributable to non-controlling interests for the three-month period ended March 31, 2019 was an increase to partnership capital of \$0.1 billion.

We use financial contracts and locally denominated debt to reduce most foreign currency exposures. We are largely hedged against the Australian, British and European currencies and as a result, the income in the quarter was partially offset by the depreciation of the currency hedges. We have also entered into hedges to reduce foreign currency exposures to Canadian, Chilean, and Peruvian currencies.

Average currency exchange rates impact the U.S. dollar equivalents of revenues and net income from non-U.S. operations on a comparative basis. During the three-month period ended March 31, 2019, the Australian dollars, Brazilian real and British pound have weakened relative to the U.S. dollar comparing to the prior year, decreasing the U.S. dollar equivalents of revenue and net income in these currencies in the current period.

Summary of Quarterly Results

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

US\$ MILLIONS, EXCEPT PER UNIT AMOUNTS	2019		2018		2017			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Three-month period ended								
Revenues	\$ 1,593	\$ 1,428	\$ 1,167	\$ 1,044	\$ 1,013	\$ 984	\$ 961	\$ 934
Direct operating costs	(798)	(729)	(603)	(467)	(409)	(399)	(394)	(373)
Earnings (losses) from investment in associates and joint ventures	18	23	(32)	1	(5)	35	24	36
Expenses								
Interest	(212)	(176)	(140)	(125)	(114)	(113)	(114)	(107)
General and administrative expenses	(61)	(54)	(57)	(54)	(58)	(66)	(63)	(59)
Valuation items								
Fair value changes and other	(8)	(45)	5	80	(60)	6	(18)	(34)
Depreciation and amortization	(292)	(232)	(188)	(188)	(193)	(130)	(215)	(206)
Gain on sale of associates	—	—	—	—	338	—	—	—
Income tax expense	(75)	(42)	(65)	(72)	(185)	(75)	(30)	(56)
Net income	165	173	87	219	327	242	151	135
Net income attributable to others	171	147	107	155	205	212	156	145
Net (loss) income attributable to limited partners	(6)	26	(20)	64	122	30	(5)	(10)
Net (loss) income per limited partnership unit	\$ (0.05)	\$ 0.06	\$ (0.10)	\$ 0.21	\$ 0.42	\$ 0.09	\$ (0.04)	\$ (0.06)

A significant driver of our results continues to be organic growth from inflation, volume growth and reinvested capital, which add to the ongoing earnings profile of our current businesses, as well as new investments. On a constant currency basis, these items contributed to increases in our revenues, operating and interest costs, as well as depreciation expense. In addition to the aforementioned items, net income is impacted by fair value adjustments, and other income and expenses.

We do not consider the effects of seasonality to be significant to the business overall. This is primarily due to the diversification of our business from a geographic and a segment perspective.

SELECTED STATEMENTS OF OPERATING RESULTS AND FINANCIAL POSITION INFORMATION

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

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

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

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

US\$ MILLIONS, EXCEPT PER UNIT INFORMATION	For the three-month period ended March 31	
	2019	2018
Key Metrics		
Net income attributable to partnership ⁽¹⁾	\$ 30	\$ 209
Net (loss) income per limited partnership unit ⁽²⁾	(0.05)	0.42
Funds from Operations (FFO) ^{(3),(4)}	351	333
Per unit FFO ⁽⁵⁾	0.88	0.85
Adjusted Funds from Operations (AFFO) ⁽⁶⁾	297	284
Return on invested capital ⁽⁷⁾	13 %	13 %
Adjusted EBITDA ⁽⁸⁾	472	425
Adjusted earnings ⁽⁹⁾	164	154
Adjusted earnings per unit ⁽⁵⁾	0.41	0.39
Distributions per unit	0.5025	0.4700
Payout ratio ⁽¹⁰⁾	71 %	68 %

1. Net income attributable to partnership includes net income attributable to non-controlling interests—Redeemable Partnership Units held by Brookfield, non-controlling interests—Exchange LP Units, general partner and limited partners.
2. Average number of limited partnership units outstanding on a time weighted average basis for the three-month period was 278.1 million (2018: 276.6 million).
3. FFO is defined as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. Refer to the “Reconciliation of Non-IFRS Financial Measures” section of this MD&A for reconciliation from net income to FFO.
4. As a result of the application of IFRS 16, EBITDA and FFO were \$13 million and \$7 million higher than the comparative period.
5. Average units outstanding during the three-month period were 398.7 million (2018: 394.0 million) being inclusive of limited partnership units, the Redeemable Partnership Units, the Exchange LP Units and the general partner units.
6. AFFO is defined as FFO less maintenance capital expenditures. Refer to the “Reconciliation of Non-IFRS Financial Measures” section of this MD&A for reconciliation from net income to AFFO.
7. 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 three-month period ended March 31, 2019 was \$26 million (2018: \$25 million). Refer to the “Reconciliation of Non-IFRS Financial Measures” section of this MD&A for reconciliation from partnership capital to Invested Capital.
8. Adjusted EBITDA is defined as net income excluding the impact of depreciation and amortization, interest expense, current and deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. Refer to the “Reconciliation of Non-IFRS Financial Measures” section of this MD&A for reconciliation from net income to Adjusted EBITDA.
9. Adjusted Earnings is defined as net income attributable to our partnership, excluding the impact of depreciation and amortization expense from revaluing property, plant and equipment and the effects of purchase price accounting, mark-to-market on hedging items and disposition gains or losses. Refer to the “Reconciliation of Non-IFRS Financial Measures” section of this MD&A for reconciliation from net income to Adjusted Earnings.
10. Payout ratio is defined as distributions paid per unit (inclusive of GP incentive and preferred unit distributions) divided by FFO.

For the three months ended March 31, 2019, FFO totaled \$351 million (\$0.88 per unit) compared to FFO of \$333 million (\$0.85 per unit) for the same quarter in 2018. FFO increased by 4% on a per unit basis compared to 2018, due to organic growth of 10% and incremental earnings on capital deployed over the past 12 months, partially offset by the impact of foreign exchange which reduced results by \$13 million. Organic growth was generated by inflation-indexation across approximately 75% of our businesses, solid GDP-driven volume growth, predominantly at our transport operations, and contributions from accretive capital projects commissioned during the period. Current quarter results also incorporated the effects of the adoption of IFRS 16, which increased FFO by \$7 million compared to the prior year. The partnership paid distributions of \$0.5025 per unit, an increase of 7% compared to the prior year, which represents a payout ratio of 71%. Holding foreign currencies constant over the period would lower our partnership’s payout ratio to 69%, within our target range.

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

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Statements of Operating Results		
Net income (loss) by segment		
Utilities	\$ 68	\$ 49
Transport	14	12
Energy	32	13
Data Infrastructure	1	1
Corporate	(85)	134
Net income	<u>\$ 30</u>	<u>\$ 209</u>
Adjusted EBITDA by segment		
Utilities	\$ 181	\$ 203
Transport	189	178
Energy	127	79
Data Infrastructure	36	23
Corporate	(61)	(58)
Adjusted EBITDA	<u>\$ 472</u>	<u>\$ 425</u>
FFO by segment		
Utilities	\$ 137	\$ 169
Transport	139	137
Energy	107	66
Data Infrastructure	28	19
Corporate	(60)	(58)
FFO	<u>\$ 351</u>	<u>\$ 333</u>

US\$ MILLIONS	As of	
	March 31, 2019	December 31, 2018
Statements of Financial Position		
Total assets by segment		
Utilities	\$ 4,937	\$ 4,864
Transport	6,435	6,424
Energy	5,196	4,722
Data Infrastructure	2,355	1,446
Corporate	(1,642)	(929)
Total assets	<u>\$ 17,281</u>	<u>\$ 16,527</u>
Net debt by segment		
Utilities	\$ 3,131	\$ 3,077
Transport	2,833	2,797
Energy	2,113	1,905
Data Infrastructure	664	564
Corporate	1,999	1,755
Net debt	<u>\$ 10,740</u>	<u>\$ 10,098</u>
Partnership capital by segment		
Utilities	\$ 1,806	\$ 1,787
Transport	3,602	3,627
Energy	3,083	2,817
Data Infrastructure	1,691	882
Corporate	(3,641)	(2,684)
Partnership capital	<u>\$ 6,541</u>	<u>\$ 6,429</u>

SEGMENTED DISCLOSURES

In this section, we review the results of our principal operating segments: utilities, transport, energy and data infrastructure. Each segment is presented on a proportionate basis, taking into account Brookfield Infrastructure's ownership in operations accounted for using the consolidation and equity methods, whereby our partnership either controls or exercises significant influence or joint control over its investments. See "Discussion of Segment Reconciling Items" on page 72 for a reconciliation of segment results to our partnership's statement of operating results in accordance with IFRS.



Utilities

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

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

Our utilities segment is comprised of the following:

Regulated Transmission

- Approximately 2,000 kilometers of natural gas pipelines in Brazil
- Approximately 2,200 kilometers of operating transmission lines in North and South America along with an additional 2,700 kilometers of greenfield electricity transmission under development in South America

Regulated Distribution

- Approximately 6.7 million connections, predominantly electricity and natural gas, and approximately 1.2 million acquired smart meters

Regulated Terminal

- One of the world's largest metallurgical coal export terminals, with 85 million tons per annum ("mtpa") of capacity

Results of Operations

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

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Rate base	\$ 4,728	\$ 4,808
Funds from Operations (FFO) ⁽¹⁾	137	169
Maintenance capital expenditures	(3)	(5)
Adjusted Funds from Operations (AFFO) ⁽¹⁾	\$ 134	\$ 164
Return on rate base ^{(2),(3)}	12 %	11 %

1. Non-IFRS measure. Refer to the "Reconciliation of Non-IFRS Financial Measures" and "Reconciliation of Operating Segment Measures" sections of this MD&A for reconciliation from net income.
2. Return on rate base is Adjusted EBITDA divided by time weighted average rate base.
3. Return on rate base excludes impact of connections revenues at our U.K. regulated distribution operation.

For the three-month period ended March 31, 2019, our utilities segment generated FFO of \$137 million, compared with \$169 million for the same period in the prior year. FFO reflects organic growth of 5%, primarily due to inflation-indexation and capital commissioned at our U.K. regulated distribution business in the last twelve months. These increases were more than offset by the impact of the sale of our Chilean electricity transmission operation, higher borrowing costs from the recently completed financing at our Brazilian regulated gas transmission business and the impact of foreign exchange which lowered results by \$9 million.

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

US\$ MILLIONS	Adjusted EBITDA ⁽¹⁾		FFO ⁽¹⁾	
	For the three-month period ended March 31		For the three-month period ended March 31	
	2019	2018	2019	2018
Regulated Transmission	\$ 76	\$ 108	\$ 58	\$ 96
Regulated Distribution	77	68	61	56
Regulated Terminal	28	27	18	17
Total	\$ 181	\$ 203	\$ 137	\$ 169

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

For the three-month period ended March 31, 2019, our regulated transmission operations generated Adjusted EBITDA of \$76 million and FFO of \$58 million, compared to \$108 million and \$96 million, respectively, in the prior year. Adjusted EBITDA and FFO decreased as the benefits from inflation indexation and additions to our rate base were more than offset by the impact of the sale of our Chilean electricity transmission operation, the recently completed financing at our Brazilian regulated gas transmission business and the impact of foreign exchange.

For the three-month period ended March 31, 2019, our regulated distribution operations generated Adjusted EBITDA of \$77 million and FFO of \$61 million, compared to \$68 million and \$56 million, respectively, in the 2018 period. Adjusted EBITDA and FFO increased due to inflation indexation and contributions from new connections and smart meters adopted in the last twelve months at our U.K. regulated distribution business.

For the three-month period ended March 31, 2019, our regulated terminal reported Adjusted EBITDA of \$28 million and FFO of \$18 million, compared to \$27 million and \$17 million, respectively, in the same period of 2018. Adjusted EBITDA and FFO increased compared with the prior year as we benefited from inflation indexation, additions to rate base and the positive impact of higher hedge rates on our Australian dollar contracts.

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

US\$ MILLIONS	For the three-month period ended March 31, 2019	For the 12 month period ended December 31, 2018
Rate base, start of period	\$ 4,511	\$ 5,638
Acquisitions	—	63
Impact of asset sales	—	(969)
Capital expenditures commissioned	64	395
Inflation and other indexation	124	65
Regulatory depreciation	(11)	(68)
Foreign exchange and other	40	(613)
Rate base, end of period	\$ 4,728	\$ 4,511

As of March 31, 2019, rate base was \$4.7 billion compared to \$4.5 billion as of December 31, 2018. Our rate base has increased as a result of new connections at our U.K. regulated distribution business, inflation-indexation at our regulated Brazilian regulated gas transmission business and impact of foreign exchange.

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

US\$ MILLIONS	For the three-month period ended March 31, 2019	For the 12 month period ended December 31, 2018
Capital backlog, start of period	\$ 815	\$ 1,140
Impact of asset sales	—	(124)
Additional capital project mandates	132	365
Less: capital expenditures	(92)	(402)
Foreign exchange and other	(11)	(164)
Capital backlog, end of period	844	815
Construction work in progress	225	190
Total capital to be commissioned	\$ 1,069	\$ 1,005

As of March 31, 2019, capital backlog was \$844 million compared to \$815 million as of December 31, 2018. Capital backlog relates to projects that have been awarded or filed with regulators with anticipated commissioning into rate base in the next two to three years. Total capital backlog increased as a result of new connections and smart meters awarded at our U.K. regulated distribution business, partially offset by the impact of foreign exchange. Our U.K. regulated distribution business and Brazil electricity transmission system are the largest contributors to our capital expected to be commissioned to rate base; comprised of \$770 million and \$240 million of total projects, respectively.



Transport

Our transport segment is comprised of open access systems that provide transportation, storage and handling services for freight, bulk commodities and passengers, for which we are paid an access fee or for services provided. Profitability is based on the volume and price achieved for the provision of these services. This operating segment is comprised of businesses with price ceilings as a result of regulation, such as our rail and toll road operations, as well as unregulated businesses, such as our ports. Transport businesses typically have high barriers to entry and, in many instances, have very few substitutes in their local markets. While these businesses have greater sensitivity to market prices and volume than our utilities segment, revenues are generally stable and, in many cases, are supported by contracts or customer relationships. The diversification within our transport segment mitigates the impact of fluctuations in demand from any particular sector, commodity or customer. Approximately 85% of our transport segment's Adjusted EBITDA is supported by contractual or regulated revenues.

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

- 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 South America

Toll Roads

- Approximately 4,200 kilometers of motorways in Brazil, Chile, Peru and India

Ports

- 37 terminals in North America, U.K., Australia and across Europe

Results of Operations

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

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Growth capital expenditures	\$ 53	\$ 44
Adjusted EBITDA margin ⁽¹⁾	49 %	42 %
Funds from Operations (FFO) ⁽²⁾	139	137
Maintenance capital expenditures	(41)	(36)
Adjusted Funds from Operations (AFFO) ⁽²⁾	\$ 98	\$ 101

1. Adjusted EBITDA margin is Adjusted EBITDA divided by revenues. It is calculated 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 Non-IFRS Financial Measures" and "Reconciliation of Operating Segment Measures" sections of this MD&A for reconciliation from net income to Adjusted EBITDA.

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

For the three-month period ended March 31, 2019, our transport segment generated FFO of \$139 million compared to \$137 million for the same period in the prior year. Underlying results grew 6% organically, primarily from higher agricultural volumes at our rail operations, GDP-linked volume growth at our port operations and higher traffic and tariffs across our global toll road portfolio. These positive factors were partially offset by the impacts of the expiry of a state concession at our Brazilian toll road business, the sale of a 33% interest in our Chilean toll road operation and a 14% depreciation of the Brazilian real.

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

US\$ MILLIONS	Adjusted EBITDA ⁽¹⁾		FFO ⁽¹⁾	
	For the three-month period ended March 31		For the three-month period ended March 31	
	2019	2018	2019	2018
Rail	\$ 72	\$ 67	\$ 55	\$ 51
Toll Roads	79	90	56	67
Ports	38	21	28	19
Total	\$ 189	\$ 178	\$ 139	\$ 137

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

For the three-month period ended March 31, 2019, our rail business generated Adjusted EBITDA of \$72 million and FFO of \$55 million compared to \$67 million and \$51 million, respectively, in the prior year. Adjusted EBITDA and FFO increased compared to prior year due to the benefits of higher agricultural volumes in Brazil and Australia, lower tariff relief extended to one of our clients at our Australian operation, and higher hedge rates on our Australian dollar earnings. These positive impacts were partially offset by the loss of two mineral customer contracts in the prior year and the impact of a weaker Brazilian real.

For the three-month period ended March 31, 2019, our toll roads contributed Adjusted EBITDA of \$79 million and FFO of \$56 million compared to \$90 million and \$67 million, respectively, in the prior year. Adjusted EBITDA and FFO decreased compared to prior year as inflationary tariff increases and strong traffic levels were more than offset by the impacts of the expiry of one of our Brazilian state concessions, the sale of a partial interest in our Chilean operation and the impact of foreign exchange.

For the three-month period ended March 31, 2019, our port operations reported Adjusted EBITDA of \$38 million and FFO of \$28 million compared to \$21 million and \$19 million, respectively, in 2018. Adjusted EBITDA and FFO increased compared to prior year as volumes benefited from record levels at our U.K. operation, the contribution from newly secured services in Australia and higher moves and capacity utilization at our North American container terminal.

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

US\$ MILLIONS	For the three-month period ended March 31, 2019	For the 12 month period ended December 31, 2018
Capital backlog, start of period	\$ 500	\$ 637
Additional capital project mandates	4	174
Less: capital expenditures	(53)	(208)
Foreign exchange and other	(20)	(103)
Capital backlog, end of period	431	500
Construction work in progress	144	162
Total capital to be commissioned	\$ 575	\$ 662

As of March 31, 2019, capital backlog was \$431 million compared to \$500 million as of December 31, 2018. Capital to be commissioned includes projects such as upgrading and expanding our rail networks, increasing and widening lanes on certain routes to support traffic growth, and deepening berths and enhancing and modernizing existing infrastructure at our ports. Capital backlog decreased as mandates awarded were more than offset by capital expenditures made during the period and the impact of foreign exchange. Our South American toll road businesses and Brazilian rail operation are the largest contributors to capital to be commissioned at approximately \$490 million and \$60 million, respectively.



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

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

Our energy segment is comprised of the following:

Natural Gas Midstream and Storage

- Approximately 15,000 kilometers and 1,500 kilometers of natural gas transmission pipelines in the U.S. and India, respectively
- Approximately 600 billion cubic feet (“Bcf”) of natural gas storage in the U.S. and Canada
- 13 natural gas processing plants with approximately 1.0 Bcf per day of total processing capacity and approximately 1,200 kilometers of gas gathering pipelines in Canada

Distributed Energy

- Delivers heating and cooling to customers from centralized systems including heating plants capable of delivering 3,380,000 pounds per hour of steam heating capacity, centralized gas distribution and cogeneration for heating, cooling and energy, 336,000 tons of contracted cooling capacity, as well as servicing approximately 26,100 natural gas, water and wastewater connections
- Provides residential energy infrastructure, including water heater rentals, heating, ventilation, and air conditioner (“HVAC”) rentals, as well as other essential home services to approximately 1.6 million customers annually in Canada and the United States, and delivers approximately 270,000 contracted sub-metering services within Canada

Results of Operations

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

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Growth capital expenditures	\$ 22	\$ 15
Adjusted EBITDA margin ⁽¹⁾	51 %	52 %
Funds from Operations (FFO) ⁽²⁾	107	66
Maintenance capital expenditures	(8)	(5)
Adjusted Funds from Operations (AFFO) ⁽²⁾	\$ 99	\$ 61

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

For the three-month period ended March 31, 2019, our energy segment generated FFO of \$107 million compared with \$66 million in the same period of the prior year. FFO benefited from higher transportation volumes and capital commissioned at our North American natural gas transmission business, higher revenues at our gas storage operation due to colder weather and contributions from two recently acquired North American energy businesses.

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

US\$ MILLIONS	Adjusted EBITDA ⁽¹⁾		FFO ⁽¹⁾	
	For the three-month period ended March 31		For the three-month period ended March 31	
	2019	2018	2019	2018
Natural Gas Midstream and Storage	\$ 97	\$ 68	\$ 83	\$ 56
Distributed Energy	30	11	24	10
Total	\$ 127	\$ 79	\$ 107	\$ 66

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

For the three-month period ended March 31, 2019, our natural gas midstream and storage operations generated Adjusted EBITDA of \$97 million and FFO of \$83 million compared to \$68 million and \$56 million, respectively, during the same period of 2018. Adjusted EBITDA and FFO increased relative to the prior year due to strong transportation volumes and contribution from the Gulf Coast expansion project at our North American natural gas transmission business. Additionally, current period results benefited from higher revenues at our gas storage business and contribution from the first phase of our Canadian midstream energy business acquired in the second half of 2018.

For the three-month period ended March 31, 2019, our distributed energy operations generated Adjusted EBITDA of \$30 million and FFO of \$24 million, compared to \$11 million and \$10 million, respectively, during the comparative period. Adjusted EBITDA and FFO increased compared to the prior year, benefiting from the contribution of our North American residential energy infrastructure business acquired in October of last year and higher heating volumes associated with new customer connections at our North America district energy operations.

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

US\$ MILLIONS	For the three-month period ended March 31, 2019	For the 12 month period ended December 31, 2018
Capital backlog, start of period	\$ 290	\$ 143
Impact of acquisitions	—	102
Additional capital project mandates	4	195
Less: capital expenditures	(22)	(135)
Foreign exchange and other	(16)	(15)
Capital backlog, end of period	256	290
Construction work in progress	36	72
Total capital to be commissioned	\$ 292	\$ 362

As of March 31, 2019, capital backlog was \$256 million compared to \$290 million as of December 31, 2018. Capital backlog decreased as additional capital project mandates were more than offset by the commissioning of the first phase of an expansion project at our Western Canadian midstream energy business. Total capital to be commissioned includes \$230 million within our Natural Gas Midstream and Storage operation and \$60 million in our Distributed Energy segment.



Data Infrastructure

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

These operations generate stable, inflation-linked cash flows, which are underpinned by medium to long-term contracts (up to 20 years in both our telecommunications business and data center operations). Our telecommunications and fiber customer base includes large, prominent telecommunications companies in France. Within our data storage operations, our customers include approximately 1,100 colocation customers predominantly in the United States that are diversified across multiple industries, and global hyperscale customers in Asia Pacific and South America.

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

Our data infrastructure segment is comprised of the following:

Telecommunications and Fiber

- Approximately 7,000 multi-purpose towers and active rooftop sites
- 5,500 kilometers of fiber backbone located in France

Data Storage

- 41 data centers, with approximately 1.7 million square feet of raised floors
- 139 megawatts (“MWs”) of critical load capacity

Results of Operations

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

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Growth capital expenditures	\$ 13	\$ 12
Adjusted EBITDA margin ⁽¹⁾	58 %	53 %
Funds from Operations (FFO) ⁽²⁾	28	19
Maintenance capital expenditures	(2)	(3)
Adjusted Funds from Operations (AFFO) ⁽²⁾	\$ 26	\$ 16

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

For the three-month period ended March 31, 2019, our data infrastructure segment generated FFO of \$28 million compared with \$19 million in the same period of the prior year. Results benefited from organic growth of 13% in local currencies due to inflation-indexation and the contribution from capital commissioned at our French telecom business. Results also benefited from the initial contributions from recently acquired data centers in Asia Pacific and the United States.

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

US\$ MILLIONS	Adjusted EBITDA ⁽¹⁾		FFO ⁽¹⁾	
	For the three-month period ended March 31		For the three-month period ended March 31	
	2019	2018	2019	2018
Telecommunications and Fiber	\$ 25	\$ 23	\$ 21	\$ 19
Data Storage	11	—	7	—
Total	\$ 36	\$ 23	\$ 28	\$ 19

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

For the three-month period ended March 31, 2019, our telecommunication and fiber operations generated Adjusted EBITDA of \$25 million and FFO of \$21 million compared to \$23 million and \$19 million, respectively, during the same period of 2018. Adjusted EBITDA and FFO increased relative to the prior year due to the contribution from new points-of-presence added to our existing tower portfolio and the roll-out of our build-to-suit strategy targeted towards large telecom customers.

For the three-month period ended March 31, 2019, our data storage operations generated Adjusted EBITDA of \$11 million and FFO of \$7 million, respectively. Results include the initial contributions from recently completed data center acquisitions in the U.S. and Asia Pacific.

In March 2019, Brookfield Infrastructure acquired a co-controlling interest in a South American data center operation, Ascenty, for approximately \$770 million. Brookfield Infrastructure's share of the investment was approximately \$190 million. The residual amount of approximately \$580 million was funded on behalf of future institutional investors.

As of March 31, 2019, total capital to be commissioned was approximately \$180 million compared to approximately \$210 million as of December 31, 2018. The decrease is primarily due to new towers commissioned as we continue to progress the roll-out of our built-to-suit strategy.



Corporate

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

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Adjusted EBITDA ⁽¹⁾	\$ (61)	\$ (58)
Funds from Operations (FFO) ⁽¹⁾	(60)	(58)

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

For the three-month period ended March 31, 2019, Adjusted EBITDA and FFO for our Corporate segment were losses of \$61 million and \$60 million, respectively, compared to losses of \$58 million and \$58 million, respectively, in the prior year. Adjusted EBITDA and FFO decreased from prior year primarily as a result of a higher management fee and higher financing costs due to higher average net debt balances.

Pursuant to our Master Services Agreement, we pay Brookfield an annual base management fee equal to 1.25% of our partnership's market value plus preferred units outstanding and net recourse debt. The base management fee of \$59 million has increased from the prior year due to a higher capitalization as a result of additional recourse debt and preferred shares issued in the past 12 months.

CAPITAL RESOURCES AND LIQUIDITY

The nature of our asset base and the quality of our associated cash flows enable us to maintain a stable and low-cost capital structure. We attempt to maintain sufficient financial liquidity at all times so that we are able to participate in attractive opportunities as they arise, better withstand sudden adverse changes in economic circumstances and maintain our distribution to unitholders. Our principal sources of liquidity are cash flows from our operations, undrawn credit facilities and access to public and private capital markets. We also structure the ownership of our assets to enhance our ability to monetize them to provide additional liquidity, if necessary. In certain instances, subsidiaries may be subject to limitations on their ability to declare and pay dividends to our partnership. However, no significant limits existed at March 31, 2019 and December 31, 2018.

Our group-wide liquidity at March 31, 2019 consisted of the following:

US\$ MILLIONS	As of	
	March 31, 2019	December 31, 2018
Corporate cash and financial assets	\$ 482	\$ 238
Committed corporate credit facility	1,975	1,975
Subordinate corporate credit facility	500	500
Draws under corporate credit facility	(965)	(510)
Commitments under corporate credit facility	(48)	(47)
Proportionate cash retained in businesses	398	404
Proportionate availability under subsidiary credit facilities	723	817
Group-wide liquidity	<u>\$ 3,065</u>	<u>\$ 3,377</u>

At March 31, 2019, we believe that group-wide liquidity is sufficient to meet Brookfield Infrastructure's present requirements. We finished the quarter with group-wide liquidity of \$3.1 billion, down from \$3.4 billion at December 31, 2018. The decrease is primarily a result of draws from our credit facilities to fund new investments in our data infrastructure and energy segments. This decrease is partially offset by the proceeds received from the partial sale of our interest in a Chilean toll road business, the issuance of C\$100 million in BIPIC preferred shares, and cash generated by our businesses.

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 proportionate basis as of March 31, 2019, scheduled principal repayments over the next five years are as follows:

US\$ MILLIONS	Average Term (years)	2019	2020	2021	2022	2023	Beyond	Total
Recourse borrowings								
Corporate borrowings	5	\$ —	\$ 281	\$ —	\$ 337	\$ 965	\$ 898	\$ 2,481
Total recourse borrowings	5	—	281	—	337	965	898	2,481
Non-recourse borrowings⁽¹⁾								
Utilities								
Regulated Transmission	6	31	31	6	6	379	112	565
Regulated Distribution	11	16	7	23	110	276	1,235	1,667
Regulated Terminal	3	—	150	291	177	150	221	989
	8	47	188	320	293	805	1,568	3,221
Transport								
Rail	5	32	104	115	165	180	459	1,055
Toll Roads	8	136	186	167	180	119	706	1,494
Ports	3	49	233	57	58	12	96	505
	6	217	523	339	403	311	1,261	3,054
Energy								
Energy Transmission, Distribution & Storage	8	2	9	7	353	160	1,055	1,586
Distributed Energy	7	—	89	—	61	168	259	577
	7	2	98	7	414	328	1,314	2,163
Data Infrastructure								
Telecommunications Infrastructure	4	—	104	—	142	—	190	436
Data Storage	6	1	2	46	20	47	149	265
	5	1	106	46	162	47	339	701
Total non-recourse borrowings⁽¹⁾	7	267	915	712	1,272	1,491	4,482	9,139
Total borrowings⁽²⁾	7	\$ 267	\$ 1,196	\$ 712	\$ 1,609	\$ 2,456	\$ 5,380	\$11,620
Cash retained in businesses								
Utilities								\$ 90
Transport								221
Energy								50
Data Infrastructure								37
Corporate								482
Total cash retained								\$ 880
Net debt								
Utilities								\$ 3,131
Transport								2,833
Energy								2,113
Data Infrastructure								664
Corporate								1,999
								\$10,740
Total net debt		2 %	10 %	6 %	14 %	21 %	47 %	100 %

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

2. As of March 31, 2019, approximately 38% has been issued as floating rate debt. Brookfield Infrastructure and its subsidiaries have entered into interest rate swaps whereby the floating rate debt has been converted to fixed rate debt, effectively reducing floating rate debt maturities to approximately 23% of our total borrowings. Excluding working capital and capital expenditure facilities, floating rate debt maturities approximate 21% of our total borrowings, inclusive of the impact of interest rate swaps. Debt maturity weighted average excludes the impact of temporary borrowings on the Partnership's corporate credit facility.

Our debt has an average term of seven years. On a proportionate basis, our net debt-to-capitalization ratio as of March 31, 2019 was 57%. The weighted average cash interest rate is 5.0% for the overall business (March 31, 2018: 5.0%), in which our utilities, transport, energy, data infrastructure and corporate segments were 4.3%, 6.8%, 5.7%, 3.5%, and 3.9%, respectively (March 31, 2018: 4.3%, 6.8%, 5.3%, 3.6% and 3.9%).

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

US\$ MILLIONS	As of	
	March 31, 2019	December 31, 2018
Consolidated debt	\$ 16,804	\$ 15,106
Add: proportionate share of debt of investments in associates:		
Utilities	196	180
Transport	1,312	1,330
Energy	929	929
Data Infrastructure	436	445
Less: borrowings attributable to non-controlling interest	(7,599)	(6,346)
Premium on debt and cross currency swaps	(458)	(904)
Proportionate debt	\$ 11,620	\$ 10,740

CONTRACTUAL OBLIGATIONS

The table below outlines Brookfield Infrastructure's contractual obligations as at March 31, 2019:

US\$ MILLIONS	Payments due by period				Total contractual cash flows
	Less than 1 year	1-2 years	3-5 years	5+ years	
Accounts payable and other liabilities	\$ 1,539	\$ 68	\$ 19	\$ 183	\$ 1,809
Corporate borrowings	—	281	1,302	898	2,481
Non-recourse borrowings	878	794	5,110	7,624	14,406
Financial liabilities	162	27	1,014	79	1,282
Capital leases	118	116	278	1,181	1,693
Interest expense:					
Corporate borrowings	74	51	108	70	303
Non-recourse borrowings	529	487	1,225	1,471	3,712

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 \$236 million per year based on the March 31, 2019 market capitalization of our partnership plus preferred units and recourse corporate net debt.

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

FINANCIAL INSTRUMENTS

Foreign Currency Hedging Strategy

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

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

The following table presents our hedged position in foreign currencies as of March 31, 2019:

US\$ MILLIONS	Net Investment Hedges									
	USD	AUD	GBP	BRL	CLP	CAD	EUR	COP	PEN	INR
Equity Investment – US\$	\$ 57	\$ 1,353	\$ 1,358	\$ 2,289	\$ 55	\$ 1,016	\$ 840	\$ 132	\$ 120	\$ 329
FX contracts – US\$	4,854	(1,353)	(1,358)	—	(196)	(1,016)	(840)	(80)	(11)	—
Net unhedged – US\$	\$ 4,911	\$ —	\$ —	\$ 2,289	\$ (141)	\$ —	\$ —	\$ 52	\$ 109	\$ 329
% of equity investment hedged	N/A %	100 %	100 %	— %	100 %	N/A %	100 %	61 %	9 %	— %

At March 31, 2019, 65% of our net equity investment is U.S. dollar functional currency. For the three-month period ended March 31, 2019, we recorded losses in comprehensive income of \$23 million (March 31, 2018: losses of \$52 million) related to these contracts.

CAPITAL REINVESTMENT

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

To fund large scale development projects and acquisitions, we will evaluate a variety of capital sources including proceeds from selling mature businesses, in addition to raising money in the capital markets through equity, debt and preferred share issuances. Furthermore, the partnership has a \$1.975 billion committed revolving credit facility available for investments and acquisitions, as well as funding the equity component of organic growth initiatives. The facility is intended, and has historically been used, as a bridge to a long-term financing strategy rather than a permanent source of capital.

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

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Funds from Operations (FFO)	\$ 351	\$ 333
Maintenance capital	(54)	(49)
Funds available for distribution (AFFO)	297	284
Distributions paid	(250)	(228)
Funds available for reinvestment	47	56
Growth capital expenditures	(180)	(174)
Debt funding of growth capex	79	113
Non-recourse debt repayments	(48)	(37)
Proceeds from capital recycling	365	1,033
New investments	(474)	(11)
Draws (repayments) on corporate credit facility	455	(789)
Partnership unit (repurchases) issuances	(26)	4
Preferred unit and preferred shares issued, net of repurchases	72	157
Impact of foreign currency movements	(28)	(71)
Changes in working capital and other	(24)	155
Change in proportionate cash	238	436
Opening, proportionate cash	642	597
Closing, proportionate cash	\$ 880	\$ 1,033

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

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

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Cash from operating activities	\$ 561	\$ 466
Add: FFO from associates and joint ventures	147	161
Remove:		
Distributions received from associates and joint ventures	(31)	(4)
Cash from operating activities attributable to non-controlling interests ⁽¹⁾	(335)	(329)
	342	294
Less: Maintenance capital expenditures	(54)	(49)
Change in working capital and other items	9	39
AFFO ⁽²⁾	\$ 297	\$ 284

1. By removing cash from operating activities attributable to non-controlling interests, the partnership is able to present AFFO attributable to the partnership. We believe our proportionate financial information, when read in conjunction with the partnership's reported results under IFRS, provides the most meaningful assessment of how our operations are performing. Please refer to the discussion of the limitations of proportional results as an analytical tool within the "Reconciliation of Non-IFRS Financial Measures" section on page 65.
2. The most closely related IFRS measure to AFFO is net income. However, occasionally we believe the alternative reconciliation can be useful and have therefore provided this reconciliation of consolidated cash flow from operations to AFFO. Please see the "Reconciliation of Non-IFRS Financial Measures" section on page 65 for a reconciliation of AFFO to net income.

From a treasury management perspective, the 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.

DISTRIBUTION POLICY

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

The following table presents the partnership's payout ratios:

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Funds from Operations (FFO)	\$ 351	\$ 333
Adjusted Funds from Operations (AFFO)	297	284
Distributions (Limited partner, general partner, Exchange LP units, preferred and incentive distributions)	250	228
FFO payout ratio	71%	68%
AFFO payout ratio	84%	80%

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

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

CAPITAL EXPENDITURES

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

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

We manage separate review and approval processes for each of the two categories of capital expenditures. Growth capital expenditures are underwritten in isolation and must meet our partnership's target after-tax equity return threshold of 12-15%. Projects that meet these return targets are presented to the Capital Expenditure Committee which 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's maintenance capital approach that is agreed upon with the partnership at the time of acquisition and take into account drivers of performance that include public and worker health and safety, environmental and regulatory compliance, system reliability and integrity. Maintenance capital projects that receive approval at the asset level are then presented to the partnership's corporate asset management teams that are responsible for overseeing the partnership's operations, and have ample experience in managing utilities, transport, energy and data infrastructure assets. Through an iterative process with the companies' senior operating executives, the plan is refined through a comprehensive review including prioritization of non-discretionary projects and comparisons to industry benchmarks. Once agreed, maintenance capital expenditure plans are approved and form part of the annual and five-year business plans that are presented to the partnership's senior executive team. Once approved, these maintenance plans are executed on in the following year and performance relative to these plans is closely monitored by both the operations and asset management teams.

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

Over the last two years, reviews were completed at a number of operations that together make up approximately 75% of our partnership's FFO. The results from both engagements conducted by the firms confirm that our stated ranges of annual sustaining maintenance capital expenditures are reasonable and in-line with industry standard for assets of a similar nature. In the next 2-3 years, the partnership intends to complete reviews at the remainder of its existing operations, and for newly acquired businesses it will endeavor to have reviews conducted within 2-3 years of acquisition.

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

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Growth capital expenditures by segment		
Utilities	\$ 92	\$ 103
Transport	53	44
Energy	22	15
Data Infrastructure	13	12
	<u>\$ 180</u>	<u>\$ 174</u>

Growth capital expenditures for the three-month period ended March 31, 2019 were \$180 million, an increase from \$174 million in the same period in 2018. The increase in growth capital expenditures is primarily due to the recent acquisition of two North American energy businesses, partially offset by the impact of the sale of our Chilean electricity transmission business.

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

US\$ MILLIONS	Annual Ongoing Estimated Maintenance Capex		Actual Capex	
			For the three-month period ended March 31	
	Low	High	2019	2018
Maintenance capital expenditures by segment				
Utilities	\$ 20	\$ 25	\$ 3	\$ 5
Transport	170	180	41	36
Energy	110	120	8	5
Data Infrastructure	10	15	2	3
	<u>\$ 310</u>	<u>\$ 340</u>	<u>\$ 54</u>	<u>\$ 49</u>

Maintenance capital expenditures for the three-month period ended March 31, 2019 were \$54 million, an increase compared to the same period in 2018 due to the recent acquisition of two North American energy businesses. We estimate annual maintenance capital expenditures to be \$20-25 million, \$170-180 million, \$110-120 million, and \$10-15 million for our utilities, transport, energy, and data infrastructure segments, respectively, for a total range between \$310-340 million. For the three-month period ended March 31, 2019, our maintenance capital expenditures were below our estimated range primarily due to timing of maintenance spend in our Energy segment, as the first quarter is typically the lowest due to highest utilization. Our partnership leverages industry data and benchmarks provided by a global engineering services firm to determine the appropriate maintenance capital ranges as disclosed above.

REVIEW OF CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table summarizes the consolidated statements of cash flows:

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Cash from operating activities	\$ 561	\$ 466
Cash (used by) from investing activities	(3,157)	1,020
Cash from (used by) financing activities	2,773	(971)

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

Cash from operating activities

Cash from operating activities totaled \$0.6 billion for the three months ended March 31, 2019, an increase of \$0.1 billion from 2018. The increase was primarily due to contributions from recently completed acquisitions and increased cash flows from organic growth initiatives at our existing operations, partially offset by the impact of foreign exchange and a decrease in changes in non-cash working capital.

Cash used by investing activities

Cash used by investing activities was \$3.2 billion in 2019, as compared to cash from investing activities of \$1.0 billion in 2018. The increase in cash used reflect a higher level of capital deployment. Net investment activity, inclusive of strategic partnership accounted for using the equity method and financial assets, increased by \$2.9 billion. The prior year also included proceeds from the disposal of our investment in a Chilean electricity transmission operation for \$1.3 billion.

Cash from financing activities

Cash from financing activities was \$2.8 billion during 2019, as compared to cash used by financing activities of \$1.0 billion in 2018. The change was primarily due to additional net borrowings \$2.3 billion, capital provided by non-controlling interests net of distributions of \$1.1 billion, primarily associated with acquisitions completed during the quarter, and deposit received from Brookfield of \$0.4 billion.

PARTNERSHIP CAPITAL

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

	As of	
	March 31, 2019	December 31, 2018
Redeemable Partnership Units, held by Brookfield	115,824,992	115,824,992
Special General Partner Units	1,600,410	1,600,410
Managing General Partner Units	279,687,927	277,347,890
Total	397,113,329	394,773,292

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

To the extent that distributions on limited partnership units exceed \$0.22 per unit, the incentive distribution rights entitled the special general partner to 25% of incremental distributions above this threshold. During the three-month period ended March 31, 2019, an incentive distribution of \$38 million was paid to the special general partner (2018: \$34 million).

CAPITAL MANAGEMENT

Our partnership's approach to capital management is focused on maximizing returns to unitholders and ensuring capital is deployed in a manner consistent with achieving our investment return objectives.

Invested Capital, which tracks the amount of capital that has been contributed to our partnership, is a measure we utilize to assess returns on capital deployed, relative to targeted returns. Investment decisions are based on, amongst other measures and factors, targeted returns on Invested Capital of 12% to 15% annually over the long-term. We measure return on Invested Capital as Adjusted Funds from Operations ("AFFO"), less estimated returns of capital on operations that are not perpetual in life, divided by the weighted average Invested Capital for the period.

We define Invested Capital as partnership capital removing the impact of the following items: non-controlling interest in operating subsidiaries, retained earnings or deficit, accumulated other comprehensive income and ownership changes.

Weighted average Invested Capital for the three-month period ended March 31, 2019 was \$8,180 million. See "Reconciliation of Non-IFRS Financial Measures" on page 65 for more details.

ENTERPRISE VALUE

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

Enterprise Value

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

The following table presents Enterprise Value as of March 31, 2019 and December 31, 2018:

US\$ MILLIONS	As of	
	March 31, 2019	December 31, 2018
Partnership units outstanding, end of period ⁽¹⁾	398.5	399.2
Price ⁽²⁾	\$ 41.00	\$ 34.53
Market capitalization	16,339	13,784
Preferred units ⁽³⁾	1,008	936
Proportionate net debt ⁽⁴⁾	10,740	10,098
Enterprise value	\$ 28,087	\$ 24,818

1. Includes limited partner, general partner and redeemable partnership units held by Brookfield and Exchange LP units.

2. Market value of our partnership is calculated based on the closing price our units on the New York Stock Exchange.

3. Preferred units on Brookfield Infrastructure's Consolidated Statements of Financial Position.

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

RELATED PARTY TRANSACTIONS

In the normal course of operations, Brookfield Infrastructure entered into the transactions below with related parties. The immediate parent of Brookfield Infrastructure is our partnership. The ultimate parent of Brookfield Infrastructure is Brookfield. Other related parties of Brookfield Infrastructure represent its subsidiary and operating entities.

a) Transactions with the immediate parent

Throughout the year, the General Partner, in its capacity as our partnership's general partner, incurs director fees, a portion of which are charged at cost to our partnership in accordance with the limited partnership agreement. Less than \$1 million in director fees were incurred during the three-month period ended March 31, 2019 (2018: less than \$1 million).

As of March 31, 2019, Brookfield Infrastructure had financial assets balance of \$601 million from Brookfield, \$581 million of which relates to the acquisition of Ascenty funded by our partnership on behalf of future institutional investment partners. The financial asset yields a return of 8% per annum and repayment is expected to occur following the first close of Brookfield's private infrastructure fund. Brookfield Infrastructure also has loans payable of \$73 million to subsidiaries of Brookfield (December 31, 2018: \$73 million). The loans are repayable in full between 2019 and 2026 with interest rates ranging from 3.8% to 8.5% per annum.

b) Transactions with other related parties

Since inception, Brookfield Infrastructure has had a management agreement (the "Master Services Agreement") with certain service providers (the "Service Provider"), which are wholly-owned subsidiaries of Brookfield.

Pursuant to the Master Services Agreement, on a quarterly basis, Brookfield Infrastructure pays a base management fee, referred to as the Base Management Fee, to the Service Provider equal to 0.3125% per quarter (1.25% annually) of the market value of our partnership. The Base Management Fee was \$59 million for the three-month period ended March 31, 2019 (2018: \$56 million). As of March 31, 2019, \$59 million was outstanding as payable to the Service Provider (December 31, 2018: \$51 million).

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

Brookfield Infrastructure, from time to time, will place deposits with, or receive deposits from, Brookfield. As of March 31, 2019, Brookfield Infrastructure's deposit balance from Brookfield was \$367 million (December 31, 2018: deposit with Brookfield of less than \$1 million). The deposit bears interest at market rates and was provided to Brookfield Infrastructure to fund our partnership's acquisition of Ascenty completed on behalf of future institutional partners. Brookfield Infrastructure incurred interest expense of less than \$1 million for the three-month period ended March 31, 2019 (2018: interest income of less than \$1 million).

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 March 31, 2019, there were \$nil (December 31, 2018: \$nil) borrowings outstanding.

Brookfield Infrastructure's subsidiaries provide heating, cooling and connection services in the normal course of operations on market terms to subsidiaries and associates of Brookfield Property Partners L.P. In addition, our subsidiaries lease office space and obtain construction, consulting and engineering services in the normal course of operations on market terms from subsidiaries and associates of Brookfield Property Partners L.P. For the three-month period ended March 31, 2019, revenues of \$4 million were generated (2018: \$2 million) and expenses of \$2 million were incurred (2018: less than \$1 million).

Brookfield Infrastructure utilizes a wholly-owned subsidiary of Brookfield to negotiate and purchase insurance and assess the adequacy of insurance on behalf of our partnership and certain subsidiaries. During the three-month period ended March 31, 2019, Brookfield Infrastructure paid less than \$1 million for these services (2018: less than \$1 million).

Brookfield Infrastructure's U.K. port operation provides port marine services on market terms to a subsidiary acquired by Brookfield Business Partners L.P. For the three-month period ended March 31, 2019, revenues of \$1 million were generated (2018: \$1 million).

Brookfield Infrastructure's subsidiaries purchase electricity from, and distribute electricity on behalf of, a subsidiary of Brookfield Renewable Partners L.P. in the normal course of operations on market terms. For the three-month period ended March 31, 2019, revenues of less than \$1 million were generated (2018: \$nil) and expenses of \$11 million were incurred (2018: \$3 million).

OFF-BALANCE SHEET ARRANGEMENTS

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

We, on behalf of our subsidiaries, provide letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance. As at March 31, 2019, letters of credit issued by our subsidiaries amounted to \$48 million (December 31, 2018: \$47 million).

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

RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

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

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

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

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

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

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

The following tables present each segment's results in the format that management organizes its segments to make operating decisions and assess performance. These tables reconcile our proportionate results to our partnership's consolidated statements of operating results on a line by line basis by aggregating the components comprising the earnings from our investments in associates and reflecting the portion of each line item attributable to non-controlling interests.

See “Discussion of Segment Reconciling Items” beginning on page 72 for a reconciliation of segment results to our statement of operating results in accordance with IFRS along with a break-down of each of the reconciling items by type and by operating segment.

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

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

FFO has limitations as an analytical tool:

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

FFO is a 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 non-cash valuation gains or losses recorded in net income as they are non-cash and indicate a point-in-time approximation of value on items we consider long-term. We also add back breakage and transaction costs as they are capital in nature.

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

We also focus on Adjusted EBITDA which we define as net income excluding the impact of depreciation and amortization, interest expense, current and deferred income taxes, breakage and transaction costs and non-cash valuation gains or losses. Adjusted EBITDA provides a supplemental understanding of the performance of our business and enhanced comparability across periods and relative to our peers. Adjusted EBITDA excludes the impact of interest expense and current income taxes to remove the effect of the current capital structure and tax profile in assessing the operating performance of our businesses.

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

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

Invested Capital, which tracks the amount of capital that has been contributed to our partnership, is a measure we utilize to assess returns on capital deployed, relative to targeted returns. Investment decisions are based on, amongst other measures and factors, targeted returns on Invested Capital of 12% to 15% annually over the long-term. We define Invested Capital as partnership capital removing the following items: non-controlling interest - in operating subsidiaries, retained earnings or deficit, accumulated other comprehensive income and ownership changes. We measure return on Invested Capital as AFFO, less estimated returns of capital on operations that are not perpetual in life, divided by the weighted average Invested Capital for the period.

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

<u>US\$ MILLIONS</u> ⁽¹⁾	<u>For the three-month period ended March 31</u>	
	<u>2019</u>	<u>2018</u>
Net income	\$ 165	\$ 327
Add back or deduct the following:		
Depreciation and amortization	292	193
Share of (earnings) losses from investments in associates and joint ventures ⁽²⁾	(18)	5
FFO contribution from investments in associates and joint ventures ⁽²⁾	147	161
Income tax expense	75	185
Mark-to-market on hedging items and other	8	60
Gain on sale of associate	—	(338)
Other expense	(16)	(5)
Consolidated Funds from Operations	653	588
FFO attributable to non-controlling interests ⁽³⁾	(302)	(255)
FFO	351	333
Maintenance capital expenditures	(54)	(49)
AFFO	297	284
Return of capital	(26)	(25)
AFFO less return of capital	\$ 271	\$ 259

1. Please see "Reconciliation of Operating Segment Measures" for a detailed reconciliation of Brookfield Infrastructure's proportionate results to our partnership's Consolidated Statements of Operating Results.
2. These adjustments have the combined effect of excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses recorded within our investments in associates and joint ventures in accordance with our definition of FFO.
3. By adjusting FFO attributable to non-controlling interests, the partnership is able to remove the portion of FFO earned at non-wholly owned subsidiaries that is not attributable to the partnership. We believe our proportionate financial information, when read in conjunction with the partnership's reported results under IFRS, provides the most meaningful assessment of how our operations are performing. Please refer to the discussion of limitations of the proportional results as an analytical tool within the "Reconciliation of Non-IFRS Financial Measures" on page 65.

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

For the three-month period ended March 31, 2019, the difference between net income and FFO is predominantly due to depreciation and amortization, non-cash items included within earnings from our investments in associates and joint ventures and income tax expense. Depreciation and amortization increased from prior year due to incremental charges from recently completed acquisitions, higher asset values following our annual revaluation process, the adoption of IFRS 16, and capital expenditures made during the year. FFO contribution from investments in associates and joint ventures decreased from prior year mainly due to the sale of our Chilean electricity transmission business and a weaker Brazilian real. Income taxes decreased from prior year due to taxes associated with the gain on the sale of our Chilean electricity transmission business in March 2018, partially offset by higher taxable income generated from our operations.

The difference between net income and AFFO is due to the aforementioned items, in addition to maintenance capital expenditures of \$54 million (2018: \$49 million).

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

US\$ MILLIONS ⁽¹⁾	For the three-month period ended March 31	
	2019	2018
Net income	\$ 165	\$ 327
Add back or deduct the following:		
Depreciation and amortization	292	193
Interest expense	212	114
Share of losses (earnings) from investments in associates and joint ventures ⁽²⁾	(18)	5
Adjusted EBITDA contributions from investments in associates and joint ventures ⁽²⁾	191	203
Income tax expense	75	185
Mark-to-market on hedging items and other	8	60
Gain on sale of associates	—	(338)
Consolidated Adjusted EBITDA	925	749
Adjusted EBITDA attributable to non-controlling interests ⁽³⁾	(453)	(324)
Adjusted EBITDA	\$ 472	\$ 425

1. Please see “Reconciliation of Operating Segment Measures” for a detailed reconciliation of Brookfield Infrastructure’s proportionate results to our partnership’s Consolidated Statements of Operating Results.
2. These adjustments have the combined effect of excluding the impact of depreciation and amortization, interest expense, current and deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses recorded within our investments in associates and joint ventures in accordance with our definition of FFO.
3. By adjusting Adjusted EBITDA attributable to non-controlling interests, the partnership is able to remove the portion of Adjusted EBITDA earned at non-wholly owned subsidiaries that is not attributable to the partnership. We believe our proportionate financial information, when read in conjunction with the partnership’s reported results under IFRS, provides the most meaningful assessment of how our operations are performing. Please refer to the discussion of limitations of the proportional results as an analytical tool within the “Reconciliation of Non-IFRS Financial Measures” on page 65.

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

For the three-month period ended March 31, 2019, the difference between net income and Adjusted EBITDA is predominantly due to depreciation and amortization, interest expense and Adjusted EBITDA from investments in associates and joint ventures. Depreciation and amortization increased from prior year due to incremental charges from recently completed acquisitions, higher asset values following our annual revaluation process, the adoption of IFRS 16, and capital expenditures made during the year. Interest expense increased from the prior year due to the issuance of \$1.5 billion senior notes at our Brazilian regulated gas transmission business and additional borrowings associated with businesses acquired during the year. Adjusted EBITDA from investments in associates and joint ventures decreased compared to the prior year mainly due to the sale of our Chilean electricity transmission business and the impact of a weaker Brazilian real. Income taxes decreased from the prior year due to taxes associated with the gain recorded on the sale of our Chilean electricity transmission business in March 2018, partially offset by higher taxable income generated at our businesses.

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

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Net income attributable to partnership ⁽¹⁾	\$ 30	\$ 209
Add back or deduct the following:		
Depreciation and amortization expense due to application of revaluation model and acquisition accounting	102	85
Mark-to-market on hedging items and other	32	198
Gain on sale of subsidiaries or ownership changes	—	(338)
Adjusted earnings	\$ 164	\$ 154

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

For the three-month period ended March 31, 2019, the difference between net income attributable to partnership and Adjusted Earnings is due to depreciation and amortization expense attributable to the application of the revaluation model and acquisition accounting of \$102 million (2018: \$85 million), and mark-to-market gains on hedging items and other of \$32 million (2018: \$198 million). Adjusted earnings for the period benefited from organic growth across the majority of our operations and acquisitions completed in the past 12 months. These increases were partially offset by the impact of the sale of our Chilean electricity transmission operation in 2018 and foreign exchange.

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

US\$ MILLIONS, EXCEPT PER UNIT AMOUNTS ⁽¹⁾	For the three-month period ended March 31	
	2019	2018
Net (loss) income per limited partnership unit ⁽²⁾	\$ (0.05)	\$ 0.42
Add back or deduct the following:		
Depreciation and amortization	0.55	0.53
Deferred income taxes	0.01	0.01
Mark-to-market on hedging items	0.04	0.09
Gain on sale of associate	—	(0.86)
Valuation losses and other	0.33	0.66
Per unit FFO ⁽³⁾	\$ 0.88	\$ 0.85

1. Please see "Reconciliation of Operating Segment Measures" for a detailed reconciliation of Brookfield Infrastructure's proportionate results to our partnership's Consolidated Statements of Operating Results.
2. During the three-month period ended March 31, 2019, on average there were 278.1 million limited partnership units outstanding (2018: 276.6 million).
3. During the three-month period ended March 31, 2019, on average there were 398.7 million units outstanding (2018: 394.0 million), being inclusive of our units, the Redeemable Partnership Units, the Exchange LP Units and the Special General Partner Units.

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

US\$ MILLIONS, EXCEPT PER UNIT AMOUNTS	For the three-month period ended March 31	
	2019	2018
Net (loss) income per limited partnership unit ⁽¹⁾	\$ (0.05)	\$ 0.42
Add back or deduct the following:		
Depreciation and amortization expense due to application of revaluation model & acquisition accounting	0.26	0.22
Mark-to-market on hedging items and other	0.20	0.61
Gains on sale of subsidiaries or ownership changes	—	(0.86)
Adjusted earnings per unit ⁽²⁾	\$ 0.41	\$ 0.39

1. During the three-month period ended March 31, 2019, on average there were 278.1 million limited partnership units outstanding (2018: 276.6 million).

2. During the three-month period ended March 31, 2019, on average there were 398.7 million units outstanding (2018: 394.0 million), being inclusive of our units, the Redeemable Partnership Units, the Exchange LP Units and the Special General Partner Units.

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

US\$ MILLIONS	As of	
	March 31, 2019	December 31, 2018
Partnership Capital	\$ 16,275	\$ 14,668
Remove impact of the following items since inception:		
Non-controlling interest - in operating subsidiaries	(8,799)	(7,303)
Deficit	1,486	1,228
Accumulated other comprehensive income	(370)	(328)
Ownership changes and other	(390)	(109)
Invested Capital	\$ 8,202	\$ 8,156

Invested capital has decreased as a result of repurchases made during the quarter of \$29 million, partially offset by \$2 million related to units issued in March 2019 under our partnership's distribution reinvestment plan.

The following table presents the change in Invested Capital during the three-month period ended March 31, 2019:

US\$ MILLIONS	For the three-month period ended March 31	
	2019	2018
Opening balance	\$ 8,156	\$ 7,599
Issuance of preferred units, net of repurchases	72	157
Repurchases of limited partnership units and redeemable partnership units, net of issuances	(26)	4
Ending balance	\$ 8,202	\$ 7,760
Weighted Average Invested Capital	\$ 8,180	\$ 7,716

AFFO is defined as FFO (defined in Note 3, Segment Information) less maintenance capital expenditures. AFFO for the three-month period ended March 31, 2019 was \$297 million (2018: \$284 million). Estimated returns of capital for the three-month period ended March 31, 2019 were \$26 million (2018: \$25 million).

Our partnership has met its investment return objectives for the three-month period ended March 31, 2019 with returns on Invested Capital of 13% (2018: 13%).

Reconciliation of Operating Segment Measures

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

The following tables present each segment's results in the format that management organizes its segments to make operating decisions and assess performance. Each segment is presented on a proportionate basis, taking into account our ownership in operations accounted for using the consolidation and equity method whereby we either control or exercise significant influence over the investment, respectively. These tables reconcile our proportionate results to our partnership's consolidated statements of operating results on a line by line basis by aggregating the components comprising the earnings from our investments in associates and reflecting the portion of each line item attributable to non-controlling interests. See "Discussion of Segment Reconciling Items" on page 72 for a reconciliation of segment results to our statement of operating results in accordance with IFRS.

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials ⁽²⁾
	Utilities	Transport	Energy	Data Infrastructure ⁽¹⁾	Corporate	Total			
Revenues	\$ 269	\$ 389	\$ 245	\$ 62	\$ —	\$ 965	\$ (368)	\$ 996	\$ 1,593
Costs attributed to revenues	(88)	(200)	(118)	(26)	—	(432)	177	(543)	(798)
General and administrative costs	—	—	—	—	(61)	(61)	—	—	(61)
Adjusted EBITDA	181	189	127	36	(61)	472	(191)	453	
Other (expense) income	(10)	(1)	8	1	21	19	3	(38)	(16)
Interest expense	(34)	(49)	(28)	(9)	(20)	(140)	41	(113)	(212)
FFO	137	139	107	28	(60)	351	(147)	302	
Depreciation and amortization	(45)	(91)	(59)	(25)	—	(220)	98	(170)	(292)
Deferred taxes	(13)	6	(2)	4	3	(2)	(4)	(6)	(12)
Mark-to-market on hedging items and other	(11)	(40)	(14)	(6)	(28)	(99)	35	9	(55)
Share of earnings from associates	—	—	—	—	—	—	18	—	18
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(135)	(135)
Net income (loss) attributable to partnership ⁽³⁾	\$ 68	\$ 14	\$ 32	\$ 1	\$ (85)	\$ 30	\$ —	\$ —	\$ 30

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials ⁽²⁾
	Utilities	Transport	Energy	Data Infrastructure ⁽¹⁾	Corporate	Total			
Revenues	\$ 272	\$ 424	\$ 153	\$ 43	\$ —	\$ 892	\$ (423)	\$ 544	\$ 1,013
Costs attributed to revenues	(69)	(246)	(74)	(20)	—	(409)	220	(220)	(409)
General and administrative costs	—	—	—	—	(58)	(58)	—	—	(58)
Adjusted EBITDA	203	178	79	23	(58)	425	(203)	324	
Other (expense) income	(3)	2	5	(1)	17	20	—	(25)	(5)
Interest expense	(31)	(43)	(18)	(3)	(17)	(112)	42	(44)	(114)
FFO	169	137	66	19	(58)	333	(161)	255	
Depreciation and amortization	(58)	(99)	(33)	(20)	—	(210)	111	(94)	(193)
Deferred taxes	(15)	13	(2)	2	—	(2)	(9)	(4)	(15)
Mark-to-market on hedging items and other	(47)	(39)	(18)	—	(146)	(250)	64	(39)	(225)
Gain on sale of associates	—	—	—	—	338	338	—	—	338
Share of losses from associates	—	—	—	—	—	—	(5)	—	(5)
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(118)	(118)
Net income attributable to partnership ⁽³⁾	\$ 49	\$ 12	\$ 13	\$ 1	\$ 134	\$ 209	\$ —	\$ —	\$ 209

1. During the second quarter of 2018, our Communications Infrastructure segment was renamed to Data Infrastructure. There was no concurrent change in the operations which comprise the segment.
2. The above table provides each segment's results in the format that management organizes its segments to make operating decisions and assess performance. Each segment is presented on a proportionate basis, taking into account Brookfield Infrastructure's ownership in operations accounted for using the consolidation and equity methods under IFRS. The above table reconciles Brookfield Infrastructure's proportionate results to our partnership's Consolidated Statements of Operating Results on a line by line basis by aggregating the components comprising the earnings from our partnership's investments in associates and reflecting the portion of each line item attributable to non-controlling interests.
3. Includes net income (loss) attributable to non-controlling interests - Redeemable Partnership Units held by Brookfield, non-controlling interests—Exchange LP Units, general partners and limited partners.

The following tables provide each segment's assets in the format that management organizes its segments to make operating decisions and assess performance. Each segment is presented on a proportionate basis, taking into account our ownership in operations using consolidation and the equity method whereby we either control or exercise significant influence over the investment respectively. These tables reconcile our proportionate assets to total assets presented on our Consolidated Statements of Financial Position by removing net liabilities contained within investments in associates, reflecting the assets attributable to non-controlling interests, and adjusting for working capital assets which are netted against working capital liabilities.

AS OF MARCH 31, 2019 US\$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials
	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total				
Total assets	\$ 4,937	\$ 6,435	\$ 5,196	\$ 2,355	\$ (1,642)	\$ 17,281	\$ (2,556)	\$ 20,681	\$ 6,219	\$ 41,625

AS OF DECEMBER 31, 2018 US\$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials
	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total				
Total assets	\$ 4,864	\$ 6,424	\$ 4,722	\$ 1,446	\$ (929)	\$ 16,527	\$ (2,350)	\$ 17,545	\$ 4,858	\$ 36,580

Discussion of Segment Reconciling Items

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

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019 US\$ MILLIONS							
	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total	
Adjustments to items comprising Adjusted EBITDA ⁽¹⁾							
Contributions from investments in associates	\$ (5)	\$ (96)	\$ (65)	\$ (25)	\$ —	\$ (191)	
Attribution to non-controlling interest	254	59	112	28	—	453	
Adjusted EBITDA	249	(37)	47	3	—	262	
Adjustments to items comprising FFO ⁽²⁾							
Contributions from investments in associates	3	25	13	3	—	44	
Attribution to non-controlling interest	(69)	(28)	(33)	(21)	—	(151)	
FFO	183	(40)	27	(15)	—	155	
Adjustments to items comprising net income attributable to partnership ⁽³⁾							
Contributions from investment in associates	2	71	52	22	—	147	
Attribution to non-controlling interest	(185)	(31)	(79)	(7)	—	(302)	
Net income attributable to partnership	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	

**FOR THE THREE-MONTH PERIOD ENDED
MARCH 31, 2018
US\$ MILLIONS**

	Utilities	Transport	Energy	Data Infrastructure	Corporate	Total
Adjustments to items comprising Adjusted EBITDA⁽¹⁾						
Contributions from investment in associates	\$ (33)	\$ (92)	\$ (55)	\$ (23)	\$ —	\$ (203)
Attribution to non-controlling interest	244	44	36	—	—	324
Adjusted EBITDA	211	(48)	(19)	(23)	—	121
Adjustments to items comprising FFO⁽²⁾						
Contributions from investments in associates	6	21	11	4	—	42
Attribution to non-controlling interest	(36)	(20)	(14)	1	—	(69)
FFO	181	(47)	(22)	(18)	—	94
Adjustments to items comprising net income attributable to partnership⁽³⁾						
Contributions from investment in associates	27	71	44	19	—	161
Attribution to non-controlling interest	(208)	(24)	(22)	(1)	—	(255)
Net income attributable to partnership	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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

2. Other income, interest expense and cash taxes.

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

Contributions from investments in associates and joint ventures decreased compared to prior year predominantly due to the sale of our Chilean electricity transmission business and the impact of foreign exchange. Attribution to non-controlling interest decreased compared to the prior year primarily due to acquisitions completed over the past 12 months.

Critical Accounting Policies and Estimates

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

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

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

Revaluation of property, plant and equipment

Property, plant and equipment is revalued on a regular basis. The critical estimates and assumptions underlying the valuation of property, plant and equipment are set out in Note 13, Property, Plant and Equipment in our December 31, 2018 audited consolidated financial statements. Our partnership's property, plant, and equipment are measured at fair value on a recurring basis with an effective date of revaluation for all asset classes as of December 31, 2018. Brookfield Infrastructure determined fair value under the income method with due consideration to significant inputs such as the discount rate, terminal value multiple and overall investment horizon.

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

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

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

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

Recently adopted accounting standards

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

IFRS 16 Leases ("IFRS 16")

In January 2016, the IASB published a new standard, IFRS 16. The new standard brings most leases on balance sheet, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17, *Leases ("IAS 17")* and related interpretations and is effective for periods beginning on or after January 1, 2019.

The partnership adopted the standard using a modified retrospective approach, whereby any transitional impact is recorded in equity as at January 1, 2019, and comparative periods are not restated. In applying IFRS 16 for the first time, the partnership has applied the following practical expedients permitted by the standard on a lease-by-lease basis. These practical expedients are only available upon adoption and cannot be applied for any new lease executed after adoption:

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

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

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

The adoption of IFRS 16 resulted in the recognition of lease liabilities that are recorded in accounts payable and other, other liabilities, and right-of-use assets ("ROU") that are classified as property, plant, and equipment of \$1.2 billion. The adoption of IFRS 16 did not have an impact on partnership capital. The weighted average incremental borrowing rate used in determining the lease liabilities is approximately 5%. The difference between the present value of operating lease commitments disclosed applying IAS 17 as at December 31, 2018 and the lease liabilities recognized as at January 1, 2019 is due to finance lease liabilities recognized as at December 31, 2018, short-term and low-value leases recognized as expense, and adjustments as a result of different treatment for extension and termination options and variable lease payments relating to changes in indices or rates. When comparing results to prior periods, the new standard resulted in a reduction of our direct operating costs by \$15 million (\$2 million attributable to the partnership) and an increase to our interest and depreciation expense of \$9 million and \$13 million, respectively (\$1 million and \$4 million attributable to the partnership, respectively), thereby reducing net income by \$7 million. Additionally, the new standard had no impact on our partnership's share of earnings from equity accounted investments, but did increase proportionate EBITDA and FFO by \$11 million, and \$6 million, respectively.

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

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

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

IFRIC 23 Uncertainty over Income Tax Treatments (“IFRIC 23”)

In June 2017, the IASB published IFRIC 23, effective for annual periods beginning on or after January 1, 2019. The interpretation requires an entity to assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings and to exercise judgment in determining whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. An entity also has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, assuming that the taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. The interpretation may be applied on either a fully retrospective basis or a modified retrospective basis without restatement of comparative information. Our partnership has adopted the standard as of January 1, 2019 on a modified retrospective basis. The adoption did not have a significant impact on our partnership’s unaudited interim condensed consolidated financial statements.

IFRS 3 Business Combinations (“IFRS 3”)

In October 2018, the IASB issued an amendment to IFRS 3, effective for annual periods beginning on or after January 1, 2020. The amendment clarifies the definition of a business and assists companies in determining whether an acquisition is a business combination or an acquisition of a group of assets. The amendment emphasizes that to be considered a business, an acquired set of activities and assets must include an input and a substantive process that together significantly contribute to the ability to create outputs. Effective January 1, 2019, our partnership has early adopted the standard prospectively. The adoption did not have a significant impact on our partnership’s unaudited interim condensed consolidated financial statements.

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

CONTROLS AND PROCEDURES

No changes were made in our internal control over financial reporting during the three-month period ended March 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Excluded from our evaluation were internal controls over financial reporting at DCI and EWPL for which control was acquired on January 4, 2019 and March 22, 2019, respectively. The financial statements of these entities constitute 7% of total assets, 11% of partnership capital, 1% of revenue and less than 1% of net income of the consolidated financial statements of our partnership as of and for the three-month period ended March 31, 2019.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Samuel Pollock, Chief Executive Officer of Brookfield Infrastructure Group L.P., service provider of Brookfield Infrastructure Partners L.P., certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Brookfield Infrastructure Partners L.P. (the “issuer”) for the interim period ended March 31, 2019.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer and I have, as at the end of the period covered by the interim filings
 - a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1. **Control framework:** The control framework the issuer’s other certifying officer and I used to design the issuer’s ICFR is the Internal Control - Integrated Framework (COSO 2013 Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- 5.2. **ICFR – material weakness relating to design:** N/A
- 5.3. **Limitation on scope of design:** The issuer has disclosed in its interim MD&A
 - a) the fact that the issuer’s other certifying officer(s) and I have limited scope of our design of the DC&P and ICFR to exclude controls, policies and procedures of
 - i) a business that the issuer acquired not more than 365 days before the last day of the period covered by the interim filings; and
 - b) summary financial information about the proportionately consolidated entity, special purpose entity or business that the issuer acquired that has been proportionately consolidated or consolidated in the issuer’s financial statements
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on January 1, 2019 and ended on March 31, 2019, that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: May 13, 2019

/s/ Samuel Pollock

Samuel Pollock
 Chief Executive Officer,
 Brookfield Infrastructure Group L.P.

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, Bahir Manios, Chief Financial Officer of Brookfield Infrastructure Group L.P., service provider of Brookfield Infrastructure Partners L.P., certify the following:

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of Brookfield Infrastructure Partners L.P. (the “issuer”) for the interim period ended March 31, 2019.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer and I have, as at the end of the period covered by the interim filings
 - a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - i) material information relating to the issuer is made known to us by others, particularly during the period in which the interim filings are being prepared; and
 - ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1. **Control framework:** The control framework the issuer’s other certifying officer and I used to design the issuer’s ICFR is the Internal Control - Integrated Framework (COSO 2013 Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- 5.2. **ICFR – material weakness relating to design:** N/A
- 5.3. **Limitation on scope of design:** The issuer has disclosed in its interim MD&A
 - a) the fact that the issuer’s other certifying officer(s) and I have limited scope of our design of the DC&P and ICFR to exclude controls, policies and procedures of
 - i) a business that the issuer acquired not more than 365 days before the last day of the period covered by the interim filings; and
 - b) summary financial information about the proportionately consolidated entity, special purpose entity or business that the issuer acquired that has been proportionately consolidated or consolidated in the issuer’s financial statements
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on January 1, 2019 and ended on March 31, 2019, that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: May 13, 2019

/s/ Bahir Manios

Bahir Manios
Chief Financial Officer,
Brookfield Infrastructure Group L.P.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

bip.brookfield.com

NYSE: BIP

TSX: BIP.UN