

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners and the Board of Directors of
Brookfield Infrastructure Partners L.P.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Brookfield Infrastructure Partners L.P. and subsidiaries (the "Partnership") as of December 31, 2022 and 2021, the related consolidated statements of operating results, comprehensive income, partnership capital, and cash flows, for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 17, 2023 expressed an unqualified opinion on the Partnership's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revaluation of Property, Plant and Equipment - Refer to Notes 3 and 14 to the financial statements

Critical Audit Matter Description

The Partnership has elected the revaluation method for all classes of property, plant and equipment, and accordingly measures certain classes of property, plant and equipment at fair value subsequent to initial recognition on the statement of financial position using a discounted cash flow approach.

While there are several assumptions that are required to determine the fair value of property, plant and equipment, the significant inputs with the highest degree of subjectivity and impact on fair value are the future revenues and operating margins, terminal value multiples and discount rates for those classes of property, plant and equipment where such inputs significantly impact the revaluation. Given the revaluation of property, plant and equipment requires management to make significant assumptions relating to significant inputs of future revenues and operating margins, terminal value multiples and discount rates for certain asset classes of property, plant and equipment, auditing these assumptions required a high degree of auditor judgment as the estimations made by management contain significant measurement uncertainty. This resulted in an increased extent of audit effort, including the need to involve fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future revenues and operating margins, terminal value multiples and discount rates for certain classes of property, plant and equipment included the following, among others:

- Evaluated the effectiveness of controls over revaluation, including those over the unobservable estimates of future revenues and operating margins, terminal value multiples and discount rates.
- Evaluated management's ability to accurately estimate future revenue and operating margins by comparing actual results to management's historical forecasts.
- Assessed the reasonableness of management's estimated future revenues and operating margins by comparing the projections to historical results, objective contractual terms, observable macroeconomic indicators and independent market data, where applicable.
- With the assistance of fair value specialists, we evaluated the reasonableness of the terminal value multiples and discount rates, by (1) testing the source information underlying the terminal value multiples and discount rates, and (2) developing a range of independent estimates and comparing those to the terminal value multiples and discount rates selected by management.

Valuation of Investments in Associates and Joint Ventures - Refer to Notes 3 and 13 to the financial statements

Critical Audit Matter Description

The Partnership applies the equity method for interests in investments where significant influence or joint control exists. When indicators of impairment or impairment reversals are identified, management of the Partnership is required to estimate the recoverable amount of the equity-accounted investment. Management prepares discounted cash flow models to evaluate whether an impairment or a previous impairment reversal occurred.

While there are several assumptions that are required to determine recoverable amount, the judgments with the highest degree of subjectivity and impact on fair values are future cash flow projections, terminal value multiples and discount rates. Given the determination of recoverability requires management to make significant estimates and assumptions relating to the forecasts of future cash flow projections, terminal value multiples and discount rates, performing audit procedures to evaluate the reasonableness of such estimates and assumptions required a high degree of auditor judgment as the estimations made by management contain significant measurement uncertainty. This resulted in an increased extent of audit effort, including the need to involve fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future cash flow projections, terminal value multiples and discount rates included the following, among others:

- Evaluated the effectiveness of controls over the determination of recoverable amount, including those over the forecasts of future cash flow projections, terminal value multiples, and discount rates.
- Evaluated management's ability to accurately forecast future cash flow projections by comparing actual results to management's historical forecasts.
- Assessed the reasonableness of management's estimated future cash flow projections by comparing the projections to historical results, objective contractual terms, observable macroeconomic indicators and independent market data, where applicable.
- With the assistance of fair value specialists, we evaluated the reasonableness of the terminal value multiples and discount rates by (1) testing the source information underlying the determination of terminal value multiples and discount rates, and (2) developing a range of independent estimates and comparing those to the discount rates and terminal value multiples selected by management.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
March 17, 2023

We have served as the Partnership's auditor since 2007.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners and the Board of Directors of
Brookfield Infrastructure Partners L.P.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Brookfield Infrastructure Partners L.P. and subsidiaries (the "Partnership") as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Partnership and our report dated March 17, 2023, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
March 17, 2023

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

US\$ MILLIONS	Notes	As of December 31, 2022	As of December 31, 2021
Assets			
Cash and cash equivalents	8, 9	\$ 1,279	\$ 1,406
Financial assets	8, 10	1,392	740
Accounts receivable and other	8, 11	2,628	2,204
Inventory	12	531	400
Assets classified as held for sale	6, 13	856	146
Current assets		<u>6,686</u>	4,896
Property, plant and equipment	14	37,291	38,655
Intangible assets	15	11,822	14,214
Investments in associates and joint ventures	13	5,325	4,725
Investment properties	17	700	655
Goodwill	16	8,789	8,979
Financial assets	8, 10	721	536
Other assets	11	1,524	1,141
Deferred income tax asset	27	111	160
Total assets		<u>\$ 72,969</u>	<u>\$ 73,961</u>
Liabilities and Partnership Capital			
Liabilities			
Accounts payable and other	8, 18	4,478	4,019
Corporate borrowings	8, 20, 21	464	431
Non-recourse borrowings	8, 20	2,567	2,701
Financial liabilities	8, 19	390	1,510
Liabilities directly associated with assets classified as held for sale	6	478	—
Current liabilities		<u>8,377</u>	8,661
Corporate borrowings	8, 20, 21	3,202	2,288
Non-recourse borrowings	8, 20	24,000	23,833
Financial liabilities	8, 19	1,677	1,730
Other liabilities	18	4,164	5,027
Deferred income tax liability	27	5,975	6,011
Preferred shares	8, 22	20	20
Total liabilities		<u>47,415</u>	47,570
Partnership capital			
Limited partners	28	5,372	5,702
General partner	28	27	31
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield	28	2,263	2,408
BIPC exchangeable shares	28	1,289	1,369
Exchangeable units ⁽¹⁾	28	72	85
Perpetual subordinated notes	28	293	—
Interest of others in operating subsidiaries		15,320	15,658
Preferred unitholders	28	918	1,138
Total partnership capital		<u>25,554</u>	26,391
Total liabilities and partnership capital		<u>\$ 72,969</u>	<u>\$ 73,961</u>

(1) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF OPERATING RESULTS

US\$ MILLIONS (except per unit information)	Notes	For the year ended December 31,		
		2022	2021	2020
Revenues	4	\$14,427	\$11,537	\$ 8,885
Direct operating costs	14, 15, 24	(10,510)	(8,247)	(6,548)
General and administrative expenses		(433)	(406)	(312)
		3,484	2,884	2,025
Interest expense	23	(1,855)	(1,468)	(1,179)
Share of earnings from investments in associates and joint ventures	13	12	88	131
Mark-to-market on hedging items	8	202	80	(16)
Other income	5	92	1,749	234
Income before income tax		1,935	3,333	1,195
Income tax expense				
Current	27	(474)	(374)	(237)
Deferred	27	(86)	(240)	(54)
Net income		\$ 1,375	\$ 2,719	\$ 904
Attributable to:				
Limited partners		\$ 101	\$ 556	\$ 141
General partner		240	210	183
Non-controlling interest attributable to:				
Redeemable Partnership Units held by Brookfield		42	229	55
BIPC exchangeable shares		24	95	14
Exchangeable units ⁽¹⁾		—	3	1
Interest of others in operating subsidiaries		968	1,626	510
Basic and diluted income per unit attributable to ⁽²⁾ :				
Limited partners	28	\$ 0.14	\$ 1.16	\$ 0.23

(1) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

(2) Basic and diluted income per limited partner unit have been retroactively adjusted to reflect the impact of the special distribution and the unit split. Refer to Note 1, Organization and Description of the Business, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<u>US\$ MILLIONS</u>	Notes	For the year ended December 31,		
		2022	2021	2020
Net income		\$1,375	\$2,719	\$ 904
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Revaluation surplus	14	406	252	786
Marketable securities	8	—	153	59
Unrealized actuarial gains (losses)		160	170	(157)
Taxes on the above items	27	(152)	(197)	(188)
Share of income from investments in associates and joint ventures	13	89	96	98
		503	474	598
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation		(1,365)	(513)	(516)
Cash flow hedge	8	547	293	(104)
Net investment hedge	8	229	2	(12)
Taxes on the above items	27	(162)	(63)	63
Share of income (losses) from investments in associates and joint ventures ..	13	396	67	(91)
		(355)	(214)	(660)
Total other comprehensive income (loss)		148	260	(62)
Comprehensive income		\$1,523	\$2,979	\$ 842
Attributable to:				
Limited partners	29	\$ 338	\$ 694	\$ 130
General partner	29	240	210	182
Non-controlling interest attributable to:				
Redeemable Partnership Units held by Brookfield	29	149	287	48
BIPC exchangeable shares	29	84	125	101
Exchangeable units ⁽¹⁾	29	2	4	1
Interest of others in operating subsidiaries		710	1,659	380

(1) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

US\$ MILLIONS	Limited Partners				Limited partners	General partner	Non-Controlling Interest—Redeemable Partnership Units held by Brookfield	Non-controlling interest—BIPC exchangeable shares	Non-controlling interest—Exchangeable Units ⁽⁵⁾	Non-controlling interest—in operating subsidiaries	Non-controlling interest—Perpetual subordinated notes	Preferred Unitholders Capital	Total partners' capital
	Limited partners' capital	(Deficit)	Ownership Changes	Accumulated other comprehensive income ⁽¹⁾									
Balance as at January 1, 2022	\$ 6,074	\$ (2,125)	\$ 1,430	\$ 323	\$ 5,702	\$ 31	\$ 2,408	\$ 1,369	\$ 85	\$ 15,658	\$ —	\$ 1,138	\$ 26,391
Net income	—	101	—	—	101	240	42	24	—	968	—	—	1,375
Other comprehensive income (loss)	—	—	—	237	237	—	107	60	2	(258)	—	—	148
Comprehensive income	—	101	—	237	338	240	149	84	2	710	—	—	1,523
Unit issuance ⁽²⁾	13	—	—	—	13	—	—	—	—	—	—	—	13
Partnership distributions ⁽³⁾	—	(660)	—	—	(660)	(244)	(277)	(160)	(11)	—	—	—	(1,352)
Partnership preferred distributions ⁽³⁾	—	(38)	—	—	(38)	—	(19)	(9)	—	—	—	—	(66)
Disposition of subsidiaries ⁽⁴⁾	—	—	—	—	—	—	—	—	—	(494)	—	—	(494)
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	(751)	—	—	(751)
Preferred units redeemed ⁽²⁾	—	(14)	—	—	(14)	—	(9)	—	—	—	—	(220)	(243)
Issuance of perpetual subordinated notes ⁽²⁾	—	—	—	—	—	—	—	—	—	—	293	—	293
Other items ⁽¹⁾⁽²⁾	5	79	26	(79)	31	—	11	5	(4)	197	—	—	240
Balance as at December 31, 2022	\$ 6,092	\$ (2,657)	\$ 1,456	\$ 481	\$ 5,372	\$ 27	\$ 2,263	\$ 1,289	\$ 72	\$ 15,320	\$ 293	\$ 918	\$ 25,554

(1) Refer to Note 29, Accumulated Other Comprehensive Income (Loss).

(2) Refer to Note 28, Partnership Capital.

(3) Refer to Note 30, Distributions.

(4) Refer to Note 5, Disposition of Businesses.

(5) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

US\$ MILLIONS	Limited Partners											Total partners' capital
	Limited partners' capital	(Deficit)	Ownership Changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner	Non-Controlling Interest—Redeemable Partnership Units held by Brookfield	Non-controlling interest—BIPC exchangeable shares	Non-controlling interest—Exchangeable Units ⁽⁶⁾	Non-controlling interest—in operating subsidiaries	Preferred Unitholders Capital	
Balance as at January 1, 2021	5,526	(2,285)	540	452	4,233	19	1,687	638	12	13,954	1,130	21,673
Net income	—	556	—	—	556	210	229	95	3	1,626	—	2,719
Other comprehensive income	—	—	—	138	138	—	58	30	1	33	—	260
Comprehensive income	—	556	—	138	694	210	287	125	4	1,659	—	2,979
Unit issuance ⁽²⁾	545	—	—	—	545	—	400	1,770	259	—	—	2,974
Partnership distributions ⁽³⁾	—	(608)	—	—	(608)	(209)	(251)	(115)	(7)	—	—	(1,190)
Partnership preferred distributions ⁽³⁾	—	(41)	—	—	(41)	—	(18)	(8)	—	—	—	(67)
Acquisition of subsidiaries ⁽⁴⁾	—	—	—	—	—	—	—	—	—	2,707	—	2,707
Disposition of subsidiaries ⁽⁵⁾	—	—	—	—	—	—	—	—	—	(1,340)	—	(1,340)
Subsidiary distribution to non-controlling interest	—	—	—	—	—	—	—	—	—	(955)	—	(955)
Acquisition of non-controlling interest ⁽⁴⁾	—	—	—	—	—	—	—	—	—	(939)	—	(939)
Preferred units redeemed ⁽²⁾	—	(13)	—	—	(13)	—	(5)	(2)	—	—	(186)	(206)
Preferred units issued ⁽²⁾	—	—	—	—	—	—	—	—	—	—	194	194
Other items ^{(1),(2),(4)}	3	266	890	(267)	892	11	308	(1,039)	(183)	572	—	561
Balance as at December 31, 2021	\$ 6,074	\$ (2,125)	\$ 1,430	\$ 323	\$ 5,702	\$ 31	\$ 2,408	\$ 1,369	\$ 85	\$ 15,658	\$ 1,138	\$ 26,391

(1) Refer to Note 29, Accumulated Other Comprehensive Income (Loss).

(2) Refer to Note 28, Partnership Capital.

(3) Refer to Note 30, Distributions.

(4) Refer to Note 7, Acquisition of Businesses

(5) Refer to Note 5, Disposition of Businesses.

(6) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

US\$ MILLIONS	Limited Partners											
	Limited partners' capital	(Deficit)	Ownership Changes	Accumulated other comprehensive income ⁽¹⁾	Limited partners	General partner	Non-Controlling Interest—Redeemable Partnership Units held by Brookfield	Non-controlling interest—BIPC exchangeable shares	Non-controlling interest—Exchange LP Units	Non-controlling interest—in operating subsidiaries	Preferred Unitholders Capital	Total partners' capital
Balance as at January 1, 2020	5,495	(1,430)	510	473	5,048	24	2,039	—	18	14,113	935	22,177
Net income	—	141	—	—	141	183	55	14	1	510	—	904
Other comprehensive (loss) income	—	—	—	(11)	(11)	(1)	(7)	87	—	(130)	—	(62)
Comprehensive income	—	141	—	(11)	130	182	48	101	1	380	—	842
Unit issuance ⁽²⁾	9	—	—	—	9	—	—	—	—	—	—	9
Partnership distributions ⁽³⁾	—	(588)	—	—	(588)	(185)	(240)	(66)	(4)	—	—	(1,083)
Partnership preferred distributions ⁽³⁾	—	(35)	—	—	(35)	—	(13)	(3)	—	—	—	(51)
Acquisition of subsidiaries ⁽⁴⁾	—	—	—	—	—	—	—	—	—	1,880	—	1,880
Disposition of subsidiaries ⁽⁵⁾	—	—	—	—	—	—	—	—	—	(1,078)	—	(1,078)
Capital provided to non-controlling interest	—	—	—	—	—	—	—	—	—	63	—	63
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	(1,278)	—	(1,278)
Acquisition of non-controlling interest ⁽⁴⁾	—	—	—	—	—	—	—	—	—	(107)	—	(107)
Preferred units issued ⁽²⁾	—	—	—	—	—	—	—	—	—	—	195	195
Issuance of BIPC exchangeable shares ^{(2),(6)}	—	(398)	(61)	18	(441)	(2)	(183)	626	—	—	—	—
Other items ^{(1),(4)}	22	25	91	(28)	110	—	36	(20)	(3)	(19)	—	104
Balance as at December 31, 2020	\$ 5,526	\$ (2,285)	\$ 540	\$ 452	\$ 4,233	\$ 19	\$ 1,687	\$ 638	\$ 12	\$ 13,954	\$ 1,130	\$ 21,673

- (1) Refer to Note 29, Accumulated Other Comprehensive Income (Loss).
- (2) Refer to Note 28, Partnership Capital.
- (3) Refer to Note 30, Distributions.
- (4) Refer to Note 7, Acquisition of Businesses
- (5) Refer to Note 5, Disposition of Businesses.
- (6) Refer to Note 1, Organization and Description of the Business.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS

US\$ MILLIONS	Notes	For the year ended December 31,		
		2022	2021	2020
Operating Activities				
Net income		\$ 1,375	\$ 2,719	\$ 904
Adjusted for the following items:				
Earnings from investments in associates and joint ventures, net of distributions received	13	563	69	36
Depreciation and amortization expense	13, 14	2,158	2,036	1,705
Mark-to-market on hedging items, provisions and other	5	(147)	(1,768)	51
Deferred income tax expense	27	86	240	54
Changes in non-cash working capital, net	38	(904)	(524)	(220)
Cash from operating activities		3,131	2,772	2,530
Investing Activities				
Acquisition of subsidiaries, net of cash acquired	7	(479)	(2,923)	(3,405)
Disposal of subsidiaries and assets held for sale, net of cash disposed		198	3,284	745
Investments in associates and joint ventures	13	(864)	—	(369)
Disposal of investments in associates and joint ventures	13	275	412	—
Purchase of long lived assets	14, 15, 17	(2,775)	(2,067)	(1,472)
Disposal of long lived assets	14, 15, 17	41	85	46
Purchase of financial assets		(659)	(1,324)	(1,170)
Sale of financial assets		720	1,341	933
Net settlement of foreign exchange hedging items		178	19	83
Cash used by investing activities		(3,365)	(1,173)	(4,609)
Financing Activities				
Distributions to general partner	30	(244)	(209)	(185)
Distributions to other unitholders	30	(1,174)	(1,048)	(949)
Subsidiary distributions to non-controlling interest		(751)	(955)	(1,278)
Capital provided by non-controlling interest	7	293	3,071	3,091
Capital provided to non-controlling interest	7	—	(1,560)	(828)
Disposal of partial interest to non-controlling interest, net of taxes	5	—	—	168
Acquisition of partial interest from non-controlling interest	6	—	(1,399)	(150)
Net proceeds from commercial paper program	20	33	431	—
Deposit (repaid to) received from parent		—	(545)	545
Proceeds from corporate borrowings	20	995	244	657
Repayment of corporate borrowings	20	—	—	(339)
Proceeds from corporate credit facility	20	3,225	5,928	3,183
Repayment of corporate credit facility	20	(3,129)	(7,059)	(2,872)
Proceeds from non-recourse borrowings	20	8,885	16,510	5,196
Repayment of non-recourse borrowings	20	(6,392)	(14,499)	(4,077)
Settlement of deferred consideration	19	(1,224)	(191)	—
Net preferred units (redeemed) issued	28	(243)	(12)	195
Partnership units issued, net of costs and repurchases	28	13	1,073	9
Lease liability repaid		(233)	(272)	(240)
Other financing activity	7	2	(503)	—
Cash from (used by) financing activities		56	(995)	2,126
Cash and cash equivalents				
Change during the year		(178)	604	47
Impact of foreign exchange on cash		88	(65)	(7)
Cash reclassified as held for sale		(37)	—	—
Balance, beginning of year		1,406	867	827
Balance, end of year		\$ 1,279	\$ 1,406	\$ 867

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

a) Brookfield Infrastructure Partners L.P.

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

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

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b) Brookfield Infrastructure Corporation

On August 30, 2019, Brookfield Infrastructure Corporation (“BIPC”) was established by the partnership. On March 30, 2020, the partnership contributed our U.K. regulated distribution operation and Brazilian regulated gas transmission operation to BIPC. On March 31, 2020, the partnership completed a special distribution (the “special distribution”) whereby unitholders as of March 20, 2020 (the “Record Date”) received one class A exchangeable subordinate voting share (“BIPC exchangeable share”) for every nine units held. Immediately prior to the special distribution, the partnership received exchangeable shares through a distribution by Brookfield Infrastructure L.P. (“Holding LP”), or the Holding LP Distribution, of the BIPC exchangeable shares to all of its unitholders. As a result of the Holding LP Distribution, (i) Brookfield and its subsidiaries received approximately 13.7 million BIPC exchangeable shares and (ii) the partnership received approximately 32.6 million BIPC exchangeable shares, which it subsequently distributed to unitholders pursuant to the special distribution. Immediately following the special distribution, (i) holders of units held approximately 70.4% of the issued and outstanding BIPC exchangeable shares (ii) Brookfield and its affiliates held approximately 29.6% of the issued and outstanding BIPC exchangeable shares, and (iii) a subsidiary of the partnership owned all of the issued and outstanding class B multiple voting shares, or class B shares, which represent a 75.0% voting interest in BIPC, and all of the issued and outstanding class C non-voting shares, or class C shares, of BIPC, which entitle the partnership to the residual value in BIPC after payment in full of the amount due to holders of BIPC exchangeable shares and class B shares. The partnership directly and indirectly controlled BIPC prior to the special distribution and continues to control BIPC subsequent to the special distribution through its interests in the company.

The BIPC exchangeable shares are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol “BIPC”.

i) BIPC exchangeable shares

At any time, holders of BIPC exchangeable shares have the right to exchange all or a portion of their BIPC exchangeable shares for one unit per BIPC exchangeable share held or its cash equivalent based on the NYSE closing price of one unit on the date that the request for exchange is received, on a fixed-for-fixed basis. BIPC or the partnership, as applicable, has the ability to satisfy exchanges of BIPC exchangeable shares in units instead of cash. Additionally, the partnership has the ability to exchange all BIPC exchangeable shares for units at our election, on a fixed-for-fixed basis. As a result of these characteristics, BIPC exchangeable shares have been classified as non-controlling interests in the Consolidated Statements of Financial Position.

ii) Basic and diluted income per unit

The special distribution resulted in the issuance of approximately 69.5 million exchangeable shares. Historical per unit/share disclosures have been retroactively adjusted to effect for the special distribution.

On June 10, 2022, Brookfield Infrastructure completed a three-for-two split of our units, BIPC exchangeable shares, Exchange LP Units, and BIPC exchangeable LP units, by way of a subdivision whereby unitholders/shareholders received an additional one-half of a unit/share for each unit/share held. The Managing General Partner Units, Special General Partner Units and Redeemable Partnership Units of the Holding LP were concurrently split. Brookfield Infrastructure’s preferred units were not affected by the split. All historical unit and share counts, as well as per unit/share disclosures have been adjusted to effect for the change in units as a result of the splits.

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c) Brookfield Infrastructure Corporation Exchange Limited Partnership

On April 21, 2021, Brookfield Infrastructure Corporation Exchange Limited Partnership (“BIPC Exchange LP”) was established by the partnership. In connection with the acquisition of Inter Pipeline Ltd. (“IPL,” “Inter Pipeline,” or “Canadian diversified midstream operation”), certain IPL shareholders were given the right to elect to receive, for each common share of IPL and in lieu of cash consideration, 0.25 BIPC exchange LP class B exchangeable limited partnership units (“BIPC exchangeable LP units”), or 0.25 BIPC exchangeable shares. The BIPC exchangeable LP units provide holders with economic terms that are substantially equivalent to those of a BIPC exchangeable share and are exchangeable, on a one-for-one basis, for BIPC exchangeable shares. Given the exchangeable features, we present the BIPC Exchangeable LP units as a component of non-controlling interest.

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NOTE 2. SUBSIDIARIES

The following provides information about our partnership's wholly-owned subsidiaries as of December 31, 2022 and 2021:

Defined Name	Name of entity	Country of incorporation	Ownership interest (%)	
			2022	2021
Transport				
Australian rail operation	Arc Infrastructure WA Pty Ltd	Australia	100	100

The following table presents details of non-wholly owned subsidiaries of our partnership:

Defined Name	Name of entity	Country of incorporation	Effective Ownership Interest (%)		Voting interest (%)	
			2022	2021	2022	2021
Utilities						
U.K. regulated distribution operation	BUUK Infrastructure No 1 Limited ⁽³⁾	U.K.	80	80	80	80
Brazilian regulated gas transmission operation	Nova Transportadora do Sudeste S.A. ^{(1),(2)}	Brazil	31	31	92	92
Colombian natural gas distribution operation	Vanti S.A. ESP ⁽¹⁾	Colombia	21	21	75	75
Brazilian electricity transmission operation	Odoya Transmissora de Energia S.A., Esperanza Transmissora de Energia S.A., Jose Maria de Macedo de Eletricidade S.A, Giovanni Sanguinetti Transmissora de Energia S.A. & Veredas Transmissora de Eletricidade S.A. ^{(1),(2),(3)}	Brazil	—	31	—	100
European residential infrastructure operation	Thermondo GmbH ⁽²⁾	Germany	11	11	51	51
North American residential energy infrastructure operation	Enercare Inc. ⁽¹⁾	Canada	26	30	100	100
Indian gas transmission operation	Pipeline Infrastructure Ltd. ⁽¹⁾	India	21	23	75	80
U.K. residential infrastructure business	BOXT Limited ^{(1),(2)}	U.K.	15	15	60	60
Transport						
North American rail operation	Genesee & Wyoming Inc. ⁽¹⁾	U.S.	9	9	72	72
U.K. ports operation	Brookfield Port Acquisitions (UK) Limited ⁽¹⁾	U.K.	59	59	100	100
Australian port operation	Linx Cargo Care Group Pty Ltd ⁽¹⁾	Australia	27	27	67	67
Indian toll roads	BIF India Holdings Pte Ltd ⁽¹⁾	Singapore	40	40	93	93
Peruvian toll roads	Rutas de Lima S.A.C ⁽¹⁾	Peru	17	17	57	57
Indian toll roads	Simhapuri Expressway Limited ^{(1),(4)}	India	29	29	95	93
Indian toll roads	Rayalseema Expressway Private Limited ^{(1),(4)}	India	29	26	95	84

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Defined Name	Name of entity	Country of incorporation	Effective Ownership Interest (%)		Voting interest (%)		
			2022	2021	2022	2021	
Midstream							
North American gas storage operation	Warwick Gas Storage L.P. ⁽¹⁾	Canada	25	25	100	100	
North American gas storage operation	Lodi Gas Storage LLC ⁽¹⁾	U.S.	40	40	100	100	
North American gas storage operation	Rockpoint Gas Storage Partners L.P. ⁽¹⁾	U.S.	40	40	100	100	
Canadian diversified midstream operation	Inter Pipeline Ltd. ^{(1),(2)}	Canada	56	59	100	100	
Western Canadian natural gas gathering and processing operation	NorthRiver Midstream Inc. ⁽¹⁾	Canada	29	29	100	100	
Data							
U.S. data center operation	Dawn Acquisitions LLC ⁽¹⁾	U.S.	29	29	100	100	
Australian data center operation	Ruby Pooling Hold Trust ⁽¹⁾	Australia	29	29	100	100	
Indian telecom towers operation	Summit Digitel Infrastructure Private Limited ^{(1),(2)}	India	17	17	62	62	
Indian telecom towers operation	Crest Digitel Private Limited ^{(1),(2)}	India	17	—	62	—	
U.K. telecom towers operation	WIG Holdings I Limited ⁽¹⁾	U.K.	24	24	98	98	
Corporate							
Holding LP	Brookfield Infrastructure L.P.	Bermuda	70	70	100	100	

(1) For the above noted subsidiaries, our partnership has entered into voting arrangements to provide our partnership with the ability to direct the relevant activities of the investee. Our partnership controls these investees given that our partnership is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Our partnership exercises judgment to determine the level of variability that will achieve control over an investee, particularly in circumstances where our partnership's voting interest differs from its ownership interest in an investee. The following were considered to determine whether our partnership controls these investees: the degree of power (if any) held by other investors, the degree of exposure to variability of each investor, the determination of whether any general partner removal rights are substantive and the purpose and design of the investee.

(2) See Note 7, Acquisition of Businesses, for further details.

(3) See Note 5, Disposition of Businesses, for further details.

(4) See Note 6, Assets and Liabilities Classified as Held for Sale, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

The consolidated financial statements were authorized for issue by the Board of Directors on March 17, 2023.

(b) Basis of Preparation

The consolidated financial statements are prepared on a going concern basis.

(i) Subsidiaries

These consolidated financial statements include the accounts of our partnership and subsidiaries over which our partnership has control. Subsidiaries are consolidated from the date of acquisition, being the date on which our partnership obtains control, and continue to be consolidated until the date when control is lost. Our partnership (investor) controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Together, our partnership and its subsidiaries are referred to as “Brookfield Infrastructure” in these financial statements.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets. The choice of measurement basis is made on an acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in partnership capital in addition to changes in ownership interests. Total comprehensive income is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Holding LP has issued Redeemable Partnership Units held by Brookfield, which may, at the request of the holder, require the Holding LP to redeem the Redeemable Partnership Units for cash consideration equal to the market price of our partnership’s units. This right is subject to our partnership’s right of first refusal which entitles it, at its sole discretion, to elect to acquire any Redeemable Partnership Unit so presented to Holding LP in exchange for one of our partnership’s units subject to certain customary adjustments.

All intercompany balances, transactions, revenues and expenses are eliminated in full.

(ii) Associates and Joint Ventures

Associates and joint ventures are entities over which our partnership has significant influence or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not constitute control. Our partnership accounts for investments over which it has significant influence using the equity method, and are recorded as Investments in associates and joint ventures on the Consolidated Statements of Financial Position.

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Interests in investments accounted for using the equity method are initially recorded at cost. If the cost of the associate is lower than the proportionate share of the investment's underlying fair value, our partnership records a gain on the difference between the cost and the underlying fair values of the identifiable net assets of the associate. If the cost of the associate is greater than our partnership's proportionate share of the underlying fair value, goodwill and other adjustments arising from the purchase price allocation relating to the associate is included in the carrying amount of the investment. Subsequent to initial recognition, the carrying value of our partnership's interest in an investee is adjusted for our partnership's share of comprehensive income or loss and distributions from the investee.

Profits or losses resulting from transactions with an associate are recognized in the consolidated financial statements based on the interests of unrelated investors in the associate.

(c) Foreign Currency Translation

The U.S. dollar is the functional and presentation currency of Brookfield Infrastructure. Each of Brookfield Infrastructure's subsidiaries, associates and jointly controlled entities determines its own functional currency and items included in the financial statements of each subsidiary and associate are measured using that functional currency.

Assets and liabilities of foreign operations having a functional currency other than the U.S. dollar are translated at the rate of exchange prevailing at the reporting date and revenues and expenses at average rates during the period. Gains or losses on translation are included as a component of other comprehensive income. On disposal of a foreign operation resulting in the loss of control, the component of other comprehensive income due to accumulated foreign currency translation relating to that foreign operation is reclassified to net income. Gains or losses on foreign currency denominated balances and transactions that are designated as hedges of net investments in these operations are reported in the same manner. On partial disposal of a foreign operation in which control is retained, the proportionate share of the component of other comprehensive income or loss relating to that foreign operation is reclassified to non-controlling interests in that foreign operation.

Foreign currency denominated monetary assets and liabilities are translated using the rate of exchange prevailing at the reporting date and non-monetary assets and liabilities measured at fair value are translated at the rate of exchange prevailing at the date when the fair value was determined. Revenues and expenses are measured at average rates during the period. Gains or losses on translation of these items are included in net income. Gains and losses on transactions which hedge these items are also included in net income or loss. Foreign currency denominated non-monetary assets and liabilities, measured at historic cost, are translated at the rate of exchange at the transaction date.

(d) Business Combinations

Business acquisitions in which control is acquired are accounted for using the acquisition method, other than those between and among entities under common control. The consideration of each acquisition is measured at the aggregate of the fair values at the acquisition date of assets transferred by the acquirer, liabilities incurred or assumed, and equity instruments issued by Brookfield Infrastructure in exchange for control of the acquiree. Acquisition related costs are recognized in the Consolidated Statements of Operating Results as incurred and included in other expenses.

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Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in fair values are adjusted against the cost of the acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as liabilities will be recognized in the Consolidated Statements of Operating Results, whereas changes in the fair values of contingent consideration classified within partnership capital are not subsequently re-measured.

Where a business combination is achieved in stages, Brookfield Infrastructure's previously held interests in the acquired entity are remeasured to fair value at the acquisition date, that is, the date Brookfield Infrastructure attains control and the resulting gain or loss, if any, is recognized in the Consolidated Statements of Operating Results. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the Consolidated Statements of Operating Results, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Brookfield Infrastructure reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

The measurement period is the period from the date of acquisition to the date Brookfield Infrastructure obtains complete information about facts and circumstances that existed as of the acquisition date. The measurement period is subject to a maximum of one year subsequent to the acquisition date.

If, after reassessment, Brookfield Infrastructure's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree if any, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37") and the amount initially recognized less cumulative amount of income recognized in accordance with IFRS 15, *Revenue from Contracts with Customers*.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Accounts Receivable

Trade receivables are recognized initially at their transaction price and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

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(g) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average costing method and includes direct purchase costs as well as costs of production, storage, and transportation of natural gas, natural gas liquids and other hydrocarbons. Net realizable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and selling costs. If applicable, an increase in net realizable value representing a reversal of a previous inventory write-down is recognized as an increase in inventory.

(h) Property, Plant and Equipment

Brookfield Infrastructure uses the revaluation method of accounting for all classes of property, plant and equipment. Property, plant and equipment is initially measured at cost and subsequently carried at its revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations are made on at least an annual basis, and on a sufficient basis to ensure that the carrying amount does not differ significantly from fair value. Where the carrying amount of an asset is increased as a result of a revaluation, the increase is recognized in other comprehensive income or loss and accumulated in equity within the revaluation surplus reserve, unless the increase reverses a previously recognized impairment recorded through net income, in which case that portion of the increase is recognized in net income. Where the carrying amount of an asset is decreased, the decrease is recognized in other comprehensive income to the extent of any balance existing in revaluation surplus in respect of the asset, with the remainder of the decrease recognized in net income. Revaluation gains are included in other comprehensive income, but are not subsequently recycled into profit or loss.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Consolidated Statements of Operating Results. However, any balance accumulated in revaluation surplus is subsequently recorded in retained earnings when an asset is derecognized and not transferred to profit or loss.

Depreciation of an asset commences when it is available for use. Property, plant and equipment are depreciated on a straight-line or declining-balance basis over the estimated useful lives of each component of the assets as follows:

Buildings	Up to 75 years
Transmission stations, towers and related fixtures	Up to 40 years
Leasehold improvements	Up to 50 years
Plant and equipment	Up to 40 years
Network systems	Up to 65 years
Track	Up to 40 years
District energy systems	Up to 50 years
Pipelines	Up to 20 years
Gas storage assets	Up to 50 years

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Depreciation on property, plant and equipment is calculated on a straight-line or declining-balance basis so as to depreciate the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes recognized on a prospective basis.

(i) Investment Properties

Brookfield Infrastructure uses the fair value method to account for assets classified as investment property. An asset is determined to be an investment property when it is principally held to earn rental income or for capital appreciation, or both. Investment property is initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value. Gains or losses arising from changes in fair value are included in profit or loss.

Fair values are primarily determined by valuation of the lease term and freehold reversion. An income capitalization approach is used by applying a yield to the rental income of the capitalization rate that is reflective of the characteristics, location and market of each property. Fair value is estimated by management of our partnership with due consideration given to observable market inputs, where available.

(j) Asset Impairment

At each reporting date, Brookfield Infrastructure assesses whether for assets, other than those measured at fair value with changes in values recorded in profit or loss, there is any indication that such assets are impaired. This assessment includes a review of internal and external factors which includes, but is not limited to, changes in the technological, political, economic or legal environment in which the entity operates in, structural changes in the industry, changes in the level of demand, physical damage and obsolescence due to technological changes. An impairment is recognized if the recoverable amount, determined as the higher of the estimated fair value less costs of disposal or the discounted future cash flows generated from use and eventual disposal from an asset or cash generating unit is less than its carrying value. The projections of future cash flows take into account the relevant operating plans and management's best estimate of the most probable set of conditions anticipated to prevail. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

(k) Intangible Assets

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Brookfield Infrastructure's intangible assets are comprised primarily of conservancy rights, service concession arrangements, customer order backlogs, track access rights, operating network agreements and customer contracts and relationships.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization unless indefinite-lived and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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Public service concessions that provide Brookfield Infrastructure the right to charge users for a service in which the service and fee is regulated by the grantor are accounted for as an intangible asset under IFRIC 12, *Service Concession Arrangements*.

Concession arrangements were acquired as part of the acquisition of the Brazilian regulated gas transmission operation, Brazilian electricity transmission operation and Indian and Peruvian toll roads and were initially recognized at their fair values. The intangible assets at the Brazilian regulated gas transmission operation and Brazilian electricity transmission operation relate to concession contracts. For our Brazilian regulated gas transmission operation, the concession arrangement provides the business with the right to operate the asset perpetually. As a result, the asset is amortized over its estimated useful life. For our Brazilian electricity transmission operation, the intangible asset is amortized on a straight-line basis over the life of the contractual arrangement. The intangible assets at the Indian and Peruvian toll roads relate to the right to operate a road and charge users a specified tariff for a contractual length of time and is amortized over the life of the contractual arrangement with an average of 15 and 21 years remaining, respectively.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

(I) Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets and liabilities acquired. Goodwill is allocated to the cash generating unit or units to which it relates. Brookfield Infrastructure identifies cash generating units as identifiable groups of assets that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is evaluated for impairment annually or more often if events or circumstances indicate there may be impairment. Impairment is determined for goodwill by assessing if the carrying value of a cash generating unit, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal or the value in use. Impairment losses recognized in respect of a cash generating unit are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the cash generating unit. Any goodwill impairment is charged to profit or loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. In the year of a business acquisition, the recoverability of the acquired goodwill is assessed by revisiting the assumptions of the related underwriting model.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal of the operation.

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(m) Revenue Recognition

Our partnership recognizes revenue when it transfers control of a product or service to a customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Brookfield Infrastructure recognizes revenue when the specific criteria have also been met for each of Brookfield Infrastructure's activities as described below. Cash received by Brookfield Infrastructure from customers is recorded as deferred revenue until revenue recognition criteria are met.

Utilities

Revenue from utilities infrastructure is derived from the transmission of energy and natural gas, and from our commercial and residential distribution operations. Distribution and transmission revenue each contain a single performance obligation that is recognized over time. The connection revenue relating to Brookfield Infrastructure's U.K. regulated distribution operation contains a distinct performance obligation that is recognized over the period that the connection is constructed, based on an input method of progress recognition on the basis that this methodology is most reflective of the underlying transfer of control. Performance obligations relating to commercial and residential distribution operations are satisfied over time as the services are rendered or upon commencement of a finance lease agreement. The payment terms for all of our businesses in the utilities segment require payment upon completion, except for connections income whereby payment is typically collected up-front prior to the completion of any services.

Transport

Revenue from transport infrastructure consists primarily of freight, toll road operations, transportation services revenue, and from our Australian export terminal. These services consist of a single performance obligation and revenue is recognized over time when services are rendered, based primarily on usage or volume during the period. Terminal infrastructure revenue contains both a capacity charge and a handling charge associated with operating the terminal. The terminal infrastructure service contracts contain a performance obligation recognized over time pertaining to capacity for the period the services are provided and for handling services based on tons of coal shipped through the terminal when service is provided. The payment terms for all of our businesses in the transport segment require payment upon completion of the underlying transportation service.

Midstream

Revenue from midstream infrastructure consists primarily of midstream and storage services. Natural gas midstream services revenue consists of a single performance obligation and is recognized over time as services are rendered, based primarily on volume throughput or contracted capacity. Revenue associated with the sale of raw materials consists of a single performance obligation and is recognized upon delivery. Gas storage revenues contain both a capacity charge and a variable charge, however the associated services are highly interdependent and represent a single performance obligation that is satisfied over time as the services are provided. The payment terms for all of our businesses in the midstream segment require payment upon completion of the underlying service within a given period.

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Data

Revenues from data transmission and distribution operations are derived from contracts with media broadcasting and telecom customers to access infrastructure, and revenue from data storage operations are generated from providing data storage services to enterprise customers. These contracts consist of performance obligations that are satisfied over time in accordance with the underlying agreements. The payment terms require upfront and recurring payments to utilize space on towers to host the customers' equipment at our data transmission and distribution operations, and to receive colocation services, mainly leased space and power, at our data storage operations. The differing payment terms do not constitute separate performance obligations as revenue is recognized over time for the period the services are provided.

(n) Financial Instruments and Hedge Accounting

(i) Financial Instrument Classification

Our partnership classifies cash and cash equivalents and accounts receivable and other as amortized cost. Additionally, our partnership maintains a portfolio of marketable securities comprised of liquid equity and debt securities. The marketable securities are classified either as fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Derivative assets are classified as FVTPL, except for derivatives in certain hedging relationships. Other financial assets are classified as either amortized cost or FVTOCI.

Financial assets classified as FVTPL or FVTOCI are subsequently measured at fair value at each reporting date. For financial assets classified as FVTPL, the change in fair value is recorded through profit or loss. For financial assets classified as FVTOCI, the change in fair value is recorded in other comprehensive income. The cumulative gains or losses related to FVTOCI equity instruments are not reclassified to profit or loss on disposal, whereas the cumulative gains or losses on all other FVTOCI assets are reclassified to profit or loss on disposal. For financial instruments at amortized cost or debt instruments at FVTOCI, the partnership assesses if there have been significant increases in credit risk since initial recognition to determine whether lifetime or 12-month expected credit losses should be recognized. Any related loss allowances are recorded through profit or loss.

Borrowings, accounts payable and other, and preferred shares are classified as amortized cost, except for derivatives embedded in related financial instruments. Embedded derivatives and any other derivative liabilities are classified as FVTPL and are subsequently measured at fair value, except for derivatives in certain hedging relationships. Other financial liabilities are classified as either FVTPL or amortized cost.

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(ii) Hedge Accounting

Brookfield Infrastructure selectively utilizes derivative financial instruments primarily to manage financial risks, including interest rate and foreign exchange risks. Derivative financial instruments are recorded at fair value. Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure and that the hedging relationship meets all of the hedge effectiveness requirements. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as a hedge or the hedging relationship is terminated. Once discontinued, the cumulative change in fair value of a derivative that was previously recorded in other comprehensive income by the application of hedge accounting is recognized in profit or loss over the remaining term of the original hedging relationship as amounts related to the hedged item are recognized in profit or loss. The assets or liabilities relating to unrealized mark-to-market gains and losses on derivative financial instruments are recorded in financial assets and financial liabilities, respectively.

Realized and unrealized gains and losses on foreign exchange contracts, designated as hedges of currency risks relating to a net investment in a subsidiary with a functional currency other than the U.S. dollar are included in equity and are included in net income in the period in which the subsidiary is disposed of or to the extent partially disposed and control is not retained. Derivative financial instruments that are designated as hedges to offset corresponding changes in the fair value of assets and liabilities and cash flows are measured at estimated fair value with changes in fair value recorded in profit or loss or as a component of equity as applicable.

Unrealized gains and losses on interest rate contracts designated as hedges of future variable interest payments are included in equity as a cash flow hedge when the interest rate risk relates to an anticipated variable interest payment. The periodic exchanges of payments on interest rate swap contracts designated as hedges of debt are recorded on an accrual basis as an adjustment to interest expense.

(o) Income Taxes

Income tax expense represents the sum of the tax accrued in the period and deferred income tax.

(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the reporting date. Current income tax relating to items recognized directly in partnership capital and other comprehensive income are also recognized directly in partnership capital and other comprehensive income, respectively.

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(ii) Deferred income tax

Deferred income tax liabilities are provided for using the liability method on temporary differences between the tax bases used in the computation of taxable income and carrying amounts of assets and liabilities in the consolidated financial statements. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. Such deferred income tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income, other than in a business combination. The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the income tax asset will be recovered.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where Brookfield Infrastructure is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and assets reflect the tax consequences that would follow from the manner in which Brookfield Infrastructure expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority within a single taxable entity or Brookfield Infrastructure intends to settle its current tax assets and liabilities on a net basis in the case where there exist different taxable entities in the same taxation authority and when there is a legally enforceable right to set off current tax assets against current tax liabilities.

(p) Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification subject to limited exceptions.

When Brookfield Infrastructure is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether Brookfield Infrastructure will retain a non-controlling interest in its former subsidiary after the sale.

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Non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale and the assets of a disposal group are presented separately from other assets in the Consolidated Statements of Financial Position and are classified as current. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Consolidated Statements of Financial Position.

Once classified as held for sale, property, plant and equipment and intangible assets are not depreciated or amortized, respectively.

(q) Provisions

Provisions are recognized when Brookfield Infrastructure has a present obligation, either legal or constructive, as a result of a past event, it is probable that Brookfield Infrastructure will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(r) Significant Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

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

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(i) Common control transactions

IFRS 3 (2008) *Business Combinations* does not include specific measurement guidance for transfers of businesses or subsidiaries between entities under common control. Accordingly, Brookfield Infrastructure has developed a policy to account for such transactions taking into consideration other guidance in the IFRS framework and pronouncements of other standard-setting bodies. Brookfield Infrastructure's policy is to record assets and liabilities recognized as a result of transactions between entities under common control at the carrying value on the transferor's financial statements, and to have the Consolidated Statements of Financial Position, Consolidated Statements of Operating Results, Consolidated Statements of Comprehensive Income and Statements of Cash Flows reflect the results of combining entities for all periods presented for which the entities were under the transferor's common control, irrespective of when the combination takes place.

(ii) Financial instruments

Brookfield Infrastructure's accounting policies relating to derivative financial instruments are described in Note 3(n), Financial Instruments and Hedge Accounting. The significant judgments inherent in these policies relate to applying the criteria to the assessment of the effectiveness of hedging relationships. Estimates and assumptions used in determining the fair value of financial instruments are equity and commodity prices; future interest rates; the credit worthiness of the company relative to its counterparties; the credit risk of our partnership and counterparty; estimated future cash flows; and discount rates.

(iii) Revaluation of property, plant and equipment

Property, plant and equipment is revalued on a regular basis. The significant estimates and assumptions underlying the valuation of property, plant and equipment are set out in Note 14, Property, Plant and Equipment.

(iv) Fair values in business combinations

Brookfield Infrastructure accounts for business combinations using the acquisition method of accounting. This method requires the application of fair values for both the consideration given and the assets and liabilities acquired. The calculation of fair values is often predicated on estimates and judgments including future cash flows discounted at an appropriate rate to reflect the risk inherent in the acquired assets and liabilities (refer to Note 7, Acquisition of Businesses for details of business combinations). The determination of the fair values may remain provisional for up to 12 months from the date of acquisition due to the time required to obtain independent valuations of individual assets and to complete assessments of provisions. When the accounting for a business combination has not been completed as at the reporting date, this is disclosed in the financial statements, including observations on the estimates and judgments made as of the reporting date.

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(v) Assets held for sale

Brookfield Infrastructure applies judgment to determine whether an asset or disposal group is available for immediate sale in its present condition and that its sale is highly probable and therefore should be classified as held for sale at the balance sheet date. Conditions that support a highly probable sale include the following: an appropriate level of management is committed to a plan to sell the asset or disposal group, an active program to locate a buyer is initiated, the asset is being actively marketed for sale at a price reasonable in relation to its fair value, the sale is highly probably within 12 months of classification as held for sale, and actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

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

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

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

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

Future accounting policies

The following are accounting policies issued that the partnership expects to adopt in the future:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the consolidated balance sheets and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether the partnership will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants with which an entity is required to comply on or before the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. The partnership is in the process of determining the impact of the amendments on its consolidated financial statements.

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Amendments to IAS 1 – Making Materiality Judgements - Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The partnership is in the process of determining the impact of the amendments on its consolidated financial statements.

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NOTE 4. SEGMENT INFORMATION

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

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

FOR THE YEAR ENDED DECEMBER 31, 2022 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non- controlling interest	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Midstream	Data	Corporate	Total			
Revenues ⁽²⁾	\$ 1,872	\$ 2,431	\$ 1,661	\$ 607	\$ —	\$ 6,571	\$ (2,470)	\$ 10,326	\$ 14,427
Costs attributed to revenues ⁽³⁾ ..	(771)	(1,349)	(724)	(262)	—	(3,106)	1,241	(6,487)	(8,352)
General and administrative costs	—	—	—	—	(433)	(433)	—	—	(433)
Other (expense) income	(86)	(6)	(3)	7	134	46	29	(313)	(238)
Interest expense	(276)	(282)	(191)	(113)	(129)	(991)	314	(1,178)	(1,855)
FFO	739	794	743	239	(428)	2,087			
Depreciation and amortization						(1,282)	507	(1,383)	(2,158)
Deferred taxes						(113)	(15)	42	(86)
Mark-to-market on hedging items and other						(285)	382	(39)	58
Share of earnings from associates						—	12	—	12
Net income attributable to non-controlling interest						—	—	(968)	(968)
Net income attributable to partnership⁽⁴⁾						\$ 407	\$ —	\$ —	\$ 407

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FOR THE YEAR ENDED DECEMBER 31, 2021 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non- controlling interest	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Midstream	Data	Corporate	Total			
Revenues ⁽²⁾	\$ 1,623	\$ 2,062	\$ 990	\$ 606	\$ —	\$ 5,281	\$ (1,976)	\$ 8,232	\$ 11,537
Costs attributed to revenues ⁽³⁾	(681)	(1,094)	(378)	(271)	—	(2,424)	964	(4,751)	(6,211)
General and administrative costs	—	—	—	—	(406)	(406)	—	—	(406)
Other (expense) income	(64)	(8)	(4)	7	106	37	9	(256)	(210)
Interest expense	(173)	(259)	(116)	(104)	(103)	(755)	258	(971)	(1,468)
FFO	705	701	492	238	(403)	1,733			
Depreciation and amortization						(1,144)	480	(1,372)	(2,036)
Deferred taxes						(168)	(10)	(62)	(240)
Mark-to-market on hedging items and other						672	187	806	1,665
Share of earnings from associates						—	88	—	88
Net income attributable to non-controlling interest						—	—	(1,626)	(1,626)
Net income attributable to partnership ⁽⁴⁾						\$ 1,093	\$ —	\$ —	\$ 1,093

FOR THE YEAR ENDED DECEMBER 31, 2020 US\$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non- controlling interest	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Midstream	Data	Corporate	Total			
Revenues ⁽²⁾	\$ 1,434	\$ 1,573	\$ 572	\$ 519	\$ —	\$ 4,098	\$ (1,379)	\$ 6,166	\$ 8,885
Costs attributed to revenues ⁽³⁾	(580)	(767)	(193)	(253)	—	(1,793)	600	(3,650)	(4,843)
General and administrative costs	—	—	—	—	(312)	(312)	—	—	(312)
Other (expense) income	(43)	(2)	3	(1)	127	84	17	(188)	(87)
Interest expense	(152)	(214)	(93)	(69)	(95)	(623)	177	(733)	(1,179)
FFO	659	590	289	196	(280)	1,454			
Depreciation and amortization						(1,034)	471	(1,142)	(1,705)
Deferred taxes						3	(65)	8	(54)
Mark-to-market on hedging items and other						(29)	48	49	68
Share of losses from associates						—	131	—	131
Net income attributable to non-controlling interest						—	—	(510)	(510)
Net income attributable to partnership ⁽⁴⁾						\$ 394	\$ —	\$ —	\$ 394

(1) The above table reconciles Brookfield Infrastructure's share of results to our partnership's Consolidated Statements of Operating Results on a line by line basis by aggregating the components comprising the earnings from our partnership's investments in associates and reflecting the portion of each line item attributable to non-controlling interests.

(2) Revenues on a consolidated basis were \$5,238 million (2021: \$4,622 million, 2020: \$4,083 million) from our utilities segment, \$3,533 million (2021: \$3,497 million, 2020: \$3,449 million) from our transport segment, \$3,957 million (2021: \$1,829 million, 2020: \$643 million) from our midstream segment and \$1,699 million (2021: \$1,589 million, 2020: \$710 million) from our data segment.

(3) Costs attributed to revenues exclude depreciation and amortization expense. Refer to Note 24, Direct Operating Costs, for further details.

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

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Segment assets

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

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

AS AT DECEMBER 31, 2022 US\$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non- controlling interest	Working capital adjustment and other	As per IFRS financials ⁽¹⁾
	Utilities	Transport	Midstream	Data	Corporate	Brookfield Infrastructure				
Total assets	<u>\$ 7,337</u>	<u>\$ 8,333</u>	<u>\$ 9,747</u>	<u>\$ 4,002</u>	<u>\$ (1,208)</u>	<u>\$ 28,211</u>	<u>\$ (5,434)</u>	<u>\$ 41,327</u>	<u>\$ 8,865</u>	<u>\$ 72,969</u>

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

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

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Geographic Information

Revenues from external customers

Substantially all of our partnership's revenues are recognized over time as services are rendered. The following table disaggregates revenues by geographical region.

<u>US\$ MILLIONS</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Canada	\$ 4,438	\$ 2,423	\$ 1,461
United States	2,840	2,644	2,279
India	1,878	1,717	740
United Kingdom	1,604	1,511	1,305
Brazil	1,538	1,164	981
Colombia	900	862	799
Australia	666	617	916
New Zealand	112	121	85
Peru	111	96	81
Chile	—	138	117
Other	340	244	121
	<u>\$14,427</u>	<u>\$11,537</u>	<u>\$ 8,885</u>

Brookfield Infrastructure's customer base is comprised predominantly of investment grade companies. Our revenues are well diversified by region and counterparty with only one customer making up greater than 10% of our partnership's consolidated revenues. For the year ended December 31, 2022, revenue generated from this customer within the utilities and data segment was \$1,501 million (2021: \$1,405 million, 2020: \$477 million). Our partnership has completed a review of the credit risk of key counterparties. Based on their liquidity position, business performance, and aging of our accounts receivable, we do not have any significant changes in expected credit losses at this time.

Non-current assets

<u>US\$ MILLIONS</u>	<u>2022</u>	<u>2021</u>
Canada	\$ 22,711	\$ 23,324
United States	13,384	12,382
India	9,269	10,836
United Kingdom	8,092	8,831
Brazil	4,476	5,840
Australia	4,290	3,688
Europe	1,351	1,467
Peru	1,202	1,132
Colombia	989	1,061
New Zealand	338	287
Other	181	217
	<u>\$ 66,283</u>	<u>\$ 69,065</u>

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NOTE 5. DISPOSITION OF BUSINESSES

Dispositions Completed in 2022

a) Disposition of our Brazilian electricity transmission operation

On November 30, 2022, Brookfield Infrastructure completed the sale of its approximate 31% interest in five Brazilian electricity transmission concessions. The sale resulted in net proceeds of approximately \$250 million. Our partnership recognized a gain of approximately \$40 million in Other income on the Consolidated Statement of Operating Results. The partnership's share of losses relating to previous foreign exchange movements of \$9 million were reclassified from accumulated other comprehensive income to Other income on the Consolidated Statements of Operating Results.

Dispositions Completed in 2021

a) Disposition of our Chilean toll road operation

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

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

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

c) Disposition of our Canadian district energy operation

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

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

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

NOTE 6. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

In June 2022, Brookfield Infrastructure, alongside institutional partners, agreed to the sale of its Indian toll road operations for total net proceeds of approximately \$0.2 billion (Indian toll road consortium of approximately \$0.6 billion). As a result, these assets and liabilities of the business were classified as held for sale as at December 31, 2022. In addition, a subsidiary of Brookfield Infrastructure agreed to the sale of its 50% interest in a freehold landlord port in Victoria, Australia. As a result, our net investment in the port, which was previously presented as investments in associates, has been classified as held for sale.

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

<u>US\$ MILLIONS</u>	<u>December 31, 2022</u>
Assets	
Cash and cash equivalents	\$ 37
Accounts receivable and other current assets	33
Current assets	70
Property, plant and equipment	4
Investment in associates ⁽¹⁾	138
Intangible assets	582
Goodwill and other non-current assets	62
Total assets classified as held for sale	\$ 856
Liabilities	
Accounts payable and other liabilities	\$ 81
Deferred income tax liability	3
Non-recourse borrowings	394
Total liabilities associated with assets held for sale	478
Net assets classified as held for sale	\$ 378

1. Refer to Note 13, Investments in Associates and Joint Ventures, for further details

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 7. ACQUISITION OF BUSINESSES

Acquisitions Completed in 2022

a) Individually insignificant business combinations

During the year, Brookfield Infrastructure, through its subsidiaries acquired a 17% interest in an Indian telecommunications business for approximately \$30 million (consolidated total of approximately \$165 million for a 100% interest), a 30% interest in five North American residential infrastructure businesses for approximately \$90 million (consolidated total of approximately \$315 million for a 100% interest), and an approximately 24% interest in a U.K. telecom tower portfolio for approximately \$40 million (consolidated total of approximately \$160 million for a 100% interest).

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

US\$ MILLIONS

Cash	\$ 123
Equity consideration ⁽¹⁾	21
Contingent consideration	17
Total consideration	<u>\$ 161</u>

(1) As part of our consideration, we issued shares of a subsidiary which are compound financial instruments.

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

US\$ MILLIONS

Cash and cash equivalents	\$ 6
Accounts receivable and other	24
Property, plant and equipment	161
Intangible assets	302
Goodwill	278
Accounts payable and other liabilities	(54)
Non-recourse borrowings	(51)
Deferred income tax liabilities	(18)
Net assets acquired before non-controlling interest	648
Non-controlling interest ⁽²⁾	(487)
Net assets acquired	<u>\$ 161</u>

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

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

Supplemental Information

Had the individually insignificant acquisitions been effective January 1, 2022, the revenue and net income of Brookfield Infrastructure would have increased by approximately \$81 million (unaudited) and \$27 million (unaudited), respectively, for the year ended December 31, 2022.

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

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

Acquisitions Completed in 2021

(a) Acquisition of Brazilian electricity transmission operation

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

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

Consideration Transferred:

US\$ MILLIONS

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

Fair value of assets and liabilities acquired as of the date of acquisitions:

US\$ MILLIONS

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

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

(b) Acquisition of a Canadian diversified midstream operation

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

Consideration Transferred:

US\$ MILLIONS

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

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

Fair value of assets and liabilities acquired as of August 20, 2021:

US\$ MILLIONS

Cash and cash equivalents	\$ 121
Accounts receivable and other	440
Property, plant and equipment	9,864
Intangible assets	2,570
Goodwill	2,096
Accounts payable and other liabilities	(700)
Lease liabilities	(226)
Non-recourse borrowings	(6,185)
IPL shares held by public shareholders ⁽¹⁾	(2,086)
Deferred income tax liabilities	(1,229)
Net assets acquired before non-controlling interest	4,665
Non-controlling interest ⁽²⁾	(1,899)
Net assets acquired	<u>\$ 2,766</u>

(1) *IPL shares held by public shareholders represent the 31% interest in IPL not yet acquired by Brookfield as of August 20, 2021. The interest is classified as liability on acquisition due to the mandatory extension of Brookfield's offer to acquire the remaining interest in IPL. The mandatory extension expired on September 3, 2021 and the remaining \$1.6 billion interest was reclassified to non-controlling interest thereafter.*

(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' unused capacity and production growth. The goodwill recognized is not deductible for income tax purposes.

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

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

For the year ended December 31, 2021, our Canadian diversified midstream operation contributed revenues of \$906 million and net income of \$59 million.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

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

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

d) Individually insignificant business combinations

In 2021, Brookfield and its institutional partners (the “acquisition consortiums”) acquired a 26% interest in an Australian port operation for approximately \$15 million (acquisition consortium total of approximately \$50 million for a 100% interest), a 11% interest in a European residential infrastructure operation for approximately \$20 million (acquisition consortium total of approximately \$165 million for a 100% interest), a 15% interest in a U.K. residential infrastructure operation for approximately \$20 million (acquisition consortium total of approximately \$125 million for a 100% interest), a 30% interest in a North American residential infrastructure operation for approximately \$25 million (acquisition consortium total of \$90 million for a 100% interest), a 29% interest in a North American data center operation for approximately \$5 million (acquisition consortium total of approximately \$25 million for a 100% interest), and a 9% interest in a North American rail operation for approximately \$1 million (acquisition consortium total of approximately \$10 million for a 100% interest).

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

US\$ MILLIONS

Cash	\$ 79
Deferred consideration	3
Contingent consideration	2
Total consideration	\$ 84

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

US\$ MILLIONS

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

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

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 8. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Classification of Financial Instruments

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

Carrying Value and Fair Value of Financial Instruments

The following table provides the allocation of financial instruments and their associated financial instrument classifications as at December 31, 2022:

US\$ MILLIONS

Financial Instrument Classification

MEASUREMENT BASIS	Fair value through profit or loss	Fair value through OCI	Amortized Cost	Total
Financial assets				
Cash and cash equivalents	\$ —	\$ —	\$ 1,279	\$ 1,279
Accounts receivable and other	—	—	3,475	3,475
Financial assets (current and non-current) ⁽¹⁾	2,012	46	55	2,113
Total	\$ 2,012	\$ 46	\$ 4,809	\$ 6,867
Financial liabilities				
Corporate borrowings	\$ —	\$ —	\$ 3,666	\$ 3,666
Non-recourse borrowings (current and non-current)	—	—	26,567	26,567
Accounts payable and other	—	—	3,634	3,634
Financial liabilities (current and non-current) ⁽¹⁾	362	—	1,705	2,067
Lease liabilities	—	—	3,421	3,421
Preferred shares ⁽²⁾	—	—	20	20
Total	\$ 362	\$ —	\$ 39,013	\$ 39,375

(1) Derivative instruments which are elected for hedge accounting totaling \$789 million are included in financial assets and \$139 million of derivative instruments are included in financial liabilities.

(2) \$20 million of preferred shares issued to subsidiaries of Brookfield.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

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

US\$ MILLIONS

Financial Instrument Classification

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

(1) Derivative instruments which are elected for hedge accounting totaling \$384 million are included in financial assets and \$314 million of derivative instruments are included in financial liabilities.

(2) \$20 million of preferred shares issued to subsidiaries of Brookfield.

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

US\$ MILLIONS	Dec. 31, 2022		Dec. 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	\$ 1,279	\$ 1,279	\$ 1,406	\$ 1,406
Accounts receivable and other	3,475	3,475	2,718	2,718
Financial assets (current and non-current)	2,113	2,113	1,276	1,276
Total	\$ 6,867	\$ 6,867	\$ 5,400	\$ 5,400

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

US\$ MILLIONS	Dec. 31, 2022		Dec. 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial liabilities				
Corporate borrowings ⁽¹⁾	\$ 3,666	\$ 3,406	\$ 2,719	\$ 2,805
Non-recourse borrowings (current and non-current) ⁽²⁾	26,567	25,958	26,534	26,769
Accounts payable and other	3,634	3,634	3,392	3,392
Financial liabilities (current and non-current)	2,067	2,067	3,240	3,240
Preferred shares ⁽³⁾	20	20	20	20
Total	\$ 35,954	\$ 35,085	\$ 35,905	\$ 36,226

(1) Corporate borrowings are classified under level 1 of the fair value hierarchy; quoted prices in an active market are available.

(2) Non-recourse borrowings are classified under level 2 of the fair value hierarchy with the exception of certain borrowings at our U.K. port operation, which are classified under level 1. For level 2 fair values, future cash flows are estimated based on observable forward interest rates at the end of the reporting period.

(3) \$20 million of preferred shares issued to subsidiaries of Brookfield.

Hedging Activities

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

Cash Flow Hedges

Brookfield Infrastructure uses interest rate swaps to hedge the variability in cash flows related to a variable rate asset or liability and highly probable forecasted issuances of debt. The settlement dates coincide with the dates on which the interest is payable on the underlying debt, and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss. For the year ended December 31, 2022, pre-tax net unrealized gains of \$547 million (2021: gains of \$293 million, 2020: losses of \$104 million) were recorded in other comprehensive income for the effective portion of the cash flow hedges. As at December 31, 2022, there was a net derivative asset balance of \$645 million relating to derivative contracts designated as cash flow hedges (2021: asset balance of \$101 million).

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

Net Investment Hedges

Brookfield Infrastructure uses foreign exchange contracts and foreign currency denominated debt instruments to manage its foreign currency exposures arising from net investments in foreign operations having a functional currency other than the U.S. dollar. For the year ended December 31, 2022, gains of \$229 million (2021: gains of \$2 million, 2020: losses of \$12 million) were recorded in other comprehensive income relating to hedges of net investments in foreign operations. Further, Brookfield Infrastructure received \$178 million (2021: paid \$19 million, 2020: received \$83 million) relating to the settlement of foreign exchange contracts in the period. As at December 31, 2022, there was a net unrealized derivative asset balance of \$5 million relating to derivative contracts designated as net investment hedges (2021: net unrealized derivative liability balance of \$31 million).

Fair Value Hierarchical Levels—Financial Instruments

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

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

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

<u>US\$ MILLIONS</u>	<u>Fair value hierarchy</u>	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Highly liquid securities	Level 1 ⁽¹⁾	\$ 108	\$ 179
Foreign currency forward contracts	Level 2 ⁽²⁾		
Financial asset		\$ 159	\$ 104
Financial liability		37	98
Interest rate swaps & other	Level 2 ⁽²⁾		
Financial asset		\$ 1,005	\$ 882
Financial liability		233	307
Other contracts	Level 3 ⁽³⁾		
Financial asset		\$ 786	\$ 6
Financial liability		92	96

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

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

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

During the year, Brookfield Infrastructure transferred the fair value measurements on financial assets of \$460 million to Level 3 of the fair value hierarchy, reflecting a change in valuation technique to a discounted cash flow approach driven by assumptions concerning the amount and timing of estimated future cash flows and discount rates. No other transfers were made between level 1 and 2 or level 2 and 3.

NOTE 9. CASH AND CASH EQUIVALENTS

<u>US\$ MILLIONS</u>	<u>2022</u>	<u>2021</u>
Cash	\$ 684	\$ 745
Cash equivalents ⁽¹⁾	454	505
Restricted cash ⁽²⁾	141	156
Total cash and cash equivalents	\$1,279	\$1,406

(1) Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(2) Restricted cash primarily relates to our partnership's financing arrangements, including debt service accounts. Cash that becomes unrestricted within one year of the reporting date is classified as cash and cash equivalents.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 10. FINANCIAL ASSETS

US\$ MILLIONS	2022	2021
Current:		
Marketable securities	\$ 838	\$ 518
Foreign currency forward contracts	124	79
Cross currency interest rate swaps	111	58
Loans and receivables	29	47
Other	290	38
Total current	\$1,392	\$ 740
Non-current:		
Marketable securities	\$ 169	\$ 168
Foreign currency forward contracts	35	24
Cross currency interest rate swaps	183	202
Loans and receivables	30	63
Other	304	79
Total non-current	\$ 721	\$ 536

NOTE 11. ACCOUNTS RECEIVABLE AND OTHER

US\$ MILLIONS	2022	2021
Current:		
Accounts receivable	\$2,276	\$1,847
Finance lease receivables	37	29
Prepayments & other assets	315	328
Total current	\$2,628	\$2,204
Non-current:		
Finance lease receivables	\$1,000	\$ 667
Restricted cash ⁽¹⁾	104	127
Accounts receivable	59	35
Other assets	361	312
Total non-current	\$1,524	\$1,141

(1) Restricted cash primarily relates to our partnership's financing arrangements, including debt service accounts. Cash that becomes unrestricted within one year of the reporting date is classified as cash and cash equivalents.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The table below outlines Brookfield Infrastructure’s undiscounted lease payments to be received under operating and finance leases as at December 31, 2022:

US\$ MILLIONS	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years	Total lease payment receivable
Finance lease receivables	\$ 172	\$ 170	\$ 169	\$ 167	\$ 165	\$ 1,552	\$ 2,395
Operating lease receivables	395	328	307	287	265	969	2,551
Total lease receivables	\$ 567	\$ 498	\$ 476	\$ 454	\$ 430	\$ 2,521	\$ 4,946

The table below outlines Brookfield Infrastructure’s undiscounted lease payments to be received under operating and finance leases as at December 31, 2021:

US\$ MILLIONS	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years	Total lease payment receivable
Finance lease receivables	\$ 128	\$ 127	\$ 126	\$ 124	\$ 122	\$ 1,040	\$ 1,667
Operating lease receivables	361	350	308	284	260	1,289	2,852
Total lease receivables	\$ 489	\$ 477	\$ 434	\$ 408	\$ 382	\$ 2,329	\$ 4,519

NOTE 12. INVENTORY

US\$ MILLIONS	2022	2021
Natural gas inventory	\$ 193	\$ 132
Raw materials and other	338	268
Total	\$ 531	\$ 400

Refer to Note 24, *Direct Operating Costs*, for further details on inventory expenses identified as “*cost of inventory*”.

NOTE 13. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Our partnership’s investment in associates and joint ventures are reviewed and reported on a segmented basis. Investments in the utilities segment include a 15% interest in a Brazilian electricity transmission operation, a 13% and 11% interest in two businesses collectively referred to as our regulated natural gas transmission business in Mexico, four associates of our Colombian natural gas distribution operation, an 8% interest in an Australian regulated utility operation, and a 13% interest in an Australian smart meter business. Transport investments include a 45% interest in a Brazilian toll road business, an 11% interest in a Brazilian rail and port logistics business, our 13% and 49% interests in port and export terminal operations in Australia and a 6% interest in a U.S. LNG export terminal. In our midstream segment, investments in associates and joint ventures include our 38% interest in a U.S. gas pipeline and a 20% interest in a North American gas storage operation. Our investments in the data segment include our 21% interest in a European telecommunications infrastructure operation, a 12% interest in a Brazilian data center operation, a 12% interest in a New Zealand data distribution business, a 13% interest in an Indian data center business, a 12% interest in an Australian data distribution business, and a 12% interest in a U.S. semiconductor manufacturing facility. Our partnership also has interests in associates that primarily hold foreign exchange derivative contracts to mitigate risks of foreign exchange of our investments.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

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

<u>US\$ MILLIONS</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$4,725	\$5,528
Share of earnings for the year	12	88
Foreign currency translation and other	(44)	(323)
Share of other comprehensive income	485	163
Distributions ⁽⁸⁾	(575)	(157)
Disposition of interest ^{(2),(6)}	(142)	(336)
Held for sale ⁽¹⁰⁾	—	(146)
Change in basis of accounting ^{(1),(3)}	—	(92)
Acquisitions ^{(4),(5),(7),(9)}	864	—
Balance at end of year ^{(11),(12)}	<u>\$5,325</u>	<u>\$4,725</u>

- (1) On February 26, 2021, Brookfield Infrastructure exercised its option to acquire an additional 15% interest in Jose Maria de Macedo de Eletricidade S.A. (“JMM”), a Brazilian electricity transmission operation, increasing Brookfield Infrastructure’s ownership in JMM to 31%. As a result of governance rights obtained, Brookfield Infrastructure consolidated JMM effective February 26, 2021. Refer to Note 7, Acquisition of Businesses, for further details.
- (2) In March 2021, Brookfield Infrastructure sold an effective 13% interest in its U.S. gas pipeline for net proceeds of \$412 million. Approximately \$125 million of the proceeds were used to repay a shareholder loan. On disposition, Brookfield Infrastructure recognized a gain on sale of approximately \$75 million in Other income (expense) in the Consolidated Statement of Operating Results. Based on our ownership interest and governance rights retained, our partnership will continue to equity account for this investment.
- (3) On December 24, 2021, Brookfield Infrastructure exercised its option to acquire an additional 15% interest in Giovanni Sanguinetti Transmissora de Energia S.A. (“Sanguinetti”) and Veredas Transmissora de Electricidade S.A. (Veredas”) both being Brazilian electricity transmission operations, increasing Brookfield Infrastructure’s ownership in each operation to 31%. As a result of governance rights obtained, Brookfield Infrastructure consolidated both operations effective December 24, 2021. Refer to Note 7, Acquisition of Businesses, for further details.
- (4) On February 16, 2022, Brookfield Infrastructure acquired an approximate 8% interest in AusNet Services Ltd., an Australian regulated utility, for total equity consideration of approximately \$0.5 billion.
- (5) On April 1, 2022, Brookfield Infrastructure acquired a 13% interest in an Australian smart meter business, for total equity consideration of approximately \$215 million.
- (6) On June 13, 2022, Brookfield Infrastructure sold an effective 19% (Brookfield consortium - 49%) interest in its North American container terminal operation for net proceeds of \$275 million. On disposition, Brookfield Infrastructure recognized a gain on sale of approximately \$125 million and income tax expense of approximately \$50 million in the Consolidated Statements of Operating Results. \$142 million of revaluation gains (net of tax) were reclassified from accumulated other comprehensive income directly to retained earnings and recorded within Other items on the Consolidated Statements of Partnership Capital.
- (7) On August 4, 2022, Brookfield Infrastructure acquired an approximate 12% interest in an Australian data transmission business, for total consideration of \$193 million.
- (8) On November 1, 2022, our New Zealand data distribution business completed the sale of a portfolio of telecom towers which generated net proceeds of approximately \$140 million to the partnership.
- (9) On November 22, 2022, Brookfield Infrastructure entered into a joint-venture agreement with Intel Corporation for the construction and operation of a semiconductor manufacturing facility in Chandler, Arizona. The partnership has an effective 12% economic interest in the operation.
- (10) A subsidiary of Brookfield Infrastructure agreed to the sale of its 50% interest in a freehold landlord port in Victoria, Australia. The subsidiary’s interest in the port was therefore classified as held for sale. Please refer to Note 6, Assets and Liabilities Classified as Held for Sale, for further details.
- (11) The closing balance includes a shareholder loan of \$375 million from our U.S. gas pipeline (2021: \$375 million).
- (12) Subsequent to year end, on February 1, 2023, Brookfield Infrastructure acquired an effective 6% interest in a telecom towers operation in Germany and Austria, for total consideration of approximately \$0.7 billion.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The following tables present the gross assets and liabilities of Brookfield Infrastructure's investments in associates and joint ventures:

		As at December 31, 2022								
		Total							Attributable to	
US\$ MILLIONS	Ownership and Voting Interest	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Total Net Assets	Other Ownership Interests	Partnership's Share
Utilities	8-21%	\$ 801	\$ 22,050	\$ 22,851	\$ 786	\$ 12,724	\$ 13,510	\$ 9,341	\$ 8,454	\$ 887
Transport	6-49%	1,587	22,305	23,892	2,399	12,096	14,495	9,397	7,472	1,925
Midstream ⁽¹⁾	20-38%	232	6,279	6,511	226	4,067	4,293	2,218	1,160	1,058
Data	12-21%	1,462	15,811	17,273	1,224	8,594	9,818	7,455	6,158	1,297
Corporate	25-40%	4	492	496	—	—	—	496	338	158
Total		<u>\$ 4,086</u>	<u>\$ 66,937</u>	<u>\$ 71,023</u>	<u>\$ 4,635</u>	<u>\$ 37,481</u>	<u>\$ 42,116</u>	<u>\$28,907</u>	<u>\$ 23,582</u>	<u>\$ 5,325</u>

(1) The partnership's share of total net assets include a shareholder loan of \$375 million receivable from our U.S. gas pipeline.

		As at December 31, 2021								
		Total							Attributable to	
US\$ MILLIONS	Ownership and Voting Interest	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Total Net Assets	Other Ownership Interests	Partnership's Share
Utilities	11-20%	\$ 359	\$ 5,723	\$ 6,082	\$ 444	\$ 3,738	\$ 4,182	\$ 1,900	\$ 1,670	\$ 230
Transport	6-49%	1,356	24,437	25,793	2,172	13,044	15,216	10,577	8,260	2,317
Midstream ⁽¹⁾	20-38%	223	6,275	6,498	234	4,087	4,321	2,177	1,125	1,052
Data	12-21%	1,055	13,393	14,448	1,727	6,284	8,011	6,437	5,350	1,087
Corporate	25-50%	4	144	148	1	—	1	147	108	39
Total		<u>\$ 2,997</u>	<u>\$ 49,972</u>	<u>\$ 52,969</u>	<u>\$ 4,578</u>	<u>\$ 27,153</u>	<u>\$ 31,731</u>	<u>\$21,238</u>	<u>\$ 16,513</u>	<u>\$ 4,725</u>

(1) The partnership's share of total net assets include a shareholder loan of \$375 million receivable from our U.S. gas pipeline.

As at December 31, 2022, two (2021: two) of our investments in associates or joint ventures have a quoted price in a public market.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The following tables present the gross amounts of revenue, net income, other comprehensive income from Brookfield Infrastructure's investments in associates and joint ventures for the years ended December 31, 2022, 2021, and 2020:

Year ended December 31, 2022					
US\$ MILLIONS	Total				Net income (loss) attributable to the Partnership
	Revenue	Net Income	OCI	Total Comprehensive Income	
Utilities	\$ 2,287	\$ 249	\$ 52	\$ 301	\$ 28
Transport	16,994	1,151	388	1,539	(85)
Midstream	918	220	67	287	97
Data	2,385	315	769	1,084	28
Corporate	—	(86)	619	533	(56)
Total	\$ 22,584	\$ 1,849	\$ 1,895	\$ 3,744	\$ 12
Year ended December 31, 2021					
US\$ MILLIONS	Total				Net income (loss) attributable to the Partnership
	Revenue	Net Income	OCI	Total Comprehensive Income	
Utilities	\$ 1,336	\$ 521	\$ 28	\$ 549	\$ 84
Transport	11,808	1,574	(435)	1,139	15
Midstream	833	146	(46)	100	74
Data	2,460	70	73	143	14
Corporate	—	(76)	102	26	(99)
Total	\$ 16,437	\$ 2,235	\$ (278)	\$ 1,957	\$ 88
Year ended December 31, 2020					
US\$ MILLIONS	Total				Net income (loss) attributable to the Partnership
	Revenue	Net Income	OCI	Total Comprehensive Income	
Utilities	\$ 1,715	\$ 364	\$ (205)	\$ 159	\$ 50
Transport	4,161	171	(1,419)	(1,248)	(101)
Midstream	767	236	—	236	136
Data	2,245	293	374	667	45
Corporate	9	(15)	(245)	(260)	1
Total	\$ 8,897	\$ 1,049	\$(1,495)	\$ (446)	\$ 131

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The following tables present the cash flow activities of Brookfield Infrastructure's investments in associates and joint ventures for the years ended December 31, 2022, 2021, and 2020:

US\$ MILLIONS	Year ended December 31, 2022					
	Total			Attributable to		
	Operating	Investing	Financing	Total Cash Flows	Other Ownership Interests	Partnership's Share
Utilities	\$ 620	\$ 50	\$ (833)	\$ (163)	\$ (152)	\$ (11)
Transport	3,319	(1,294)	(3,081)	(1,056)	(1,012)	(44)
Midstream	448	(147)	(306)	(5)	(4)	(1)
Data	1,164	(1,020)	176	320	279	41
Corporate	(51)	379	(328)	—	—	—
Total	\$ 5,500	\$ (2,032)	\$ (4,372)	\$ (904)	\$ (889)	\$ (15)

US\$ MILLIONS	Year ended December 31, 2021					
	Total			Attributable to		
	Operating	Investing	Financing	Total Cash Flows	Other Ownership Interests	Partnership's Share
Utilities	\$ 202	\$ (611)	\$ 176	\$ (233)	\$ (199)	\$ (34)
Transport	3,192	(372)	(1,627)	1,193	1,091	102
Midstream	342	(33)	(314)	(5)	(2)	(3)
Data	718	(996)	489	211	171	40
Corporate	(79)	(293)	372	—	—	—
Total	\$ 4,375	\$ (2,305)	\$ (904)	\$ 1,166	\$ 1,061	\$ 105

US\$ MILLIONS	Year ended December 31, 2020					
	Total			Attributable to		
	Operating	Investing	Financing	Total Cash Flows	Other Ownership Interests	Partnership's Share
Utilities	\$ 184	\$ (697)	\$ 285	\$ (228)	\$ (199)	\$ (29)
Transport	1,189	(1,039)	826	976	843	133
Midstream	378	(314)	(56)	8	3	5
Data	852	(735)	(77)	40	34	6
Corporate	—	—	—	—	—	—
Total	\$ 2,603	\$ (2,785)	\$ 978	\$ 796	\$ 681	\$ 115

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

<u>US\$ MILLIONS</u>	<u>Utilities</u>	<u>Transport</u>	<u>Midstream</u>	<u>Data</u>	<u>Total</u>
Gross Carrying Amount:					
Balance at January 1, 2021	\$ 9,289	\$ 8,697	\$ 4,321	\$ 8,593	\$ 30,900
Additions, net of disposals	478	434	423	429	1,764
Assets held by subsidiaries disposed during the period	(2,300)	(15)	—	—	(2,315)
Non-cash additions (disposals) ⁽¹⁾	34	(107)	88	(532)	(517)
Acquisitions through business combinations ⁽²⁾	180	134	9,865	—	10,179
Net foreign currency exchange differences	(116)	(145)	165	(166)	(262)
Balance at December 31, 2021	\$ 7,565	\$ 8,998	\$ 14,862	\$ 8,324	\$ 39,749
Additions, net of disposals	500	561	797	575	2,433
Acquisitions through business combinations ⁽²⁾	109	—	—	52	161
Non-cash (disposals) additions	(154)	126	(17)	(12)	(57)
Assets reclassified as held for sale ⁽³⁾	—	(8)	—	—	(8)
Net foreign currency exchange differences	(743)	(340)	(963)	(754)	(2,800)
Balance at December 31, 2022	\$ 7,277	\$ 9,337	\$ 14,679	\$ 8,185	\$ 39,478
Accumulated depreciation:					
Balance at January 1, 2021	\$ (1,613)	\$ (1,404)	\$ (356)	\$ (263)	\$ (3,636)
Depreciation expense	(352)	(481)	(270)	(419)	(1,522)
Disposals	19	9	17	—	45
Assets held by subsidiaries disposed during the period	663	12	—	—	675
Net foreign currency exchange differences	11	56	(16)	8	59
Non-cash disposals	—	140	3	45	188
Balance at December 31, 2021	\$ (1,272)	\$ (1,668)	\$ (622)	\$ (629)	\$ (4,191)
Depreciation expense	(327)	(468)	(418)	(384)	(1,597)
Disposals	22	5	—	—	27
Assets reclassified as held for sale ⁽³⁾	—	4	—	—	4
Non-cash disposals	—	—	11	41	52
Net foreign currency exchange differences	123	87	47	52	309
Balance at December 31, 2022	\$ (1,454)	\$ (2,040)	\$ (982)	\$ (920)	\$ (5,396)

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

US\$ MILLIONS	Utilities	Transport	Midstream	Data	Total
Accumulated fair value adjustments:					
Balance at January 1, 2021	\$ 2,934	\$ 1,048	\$ 338	\$ —	\$ 4,320
Fair value adjustments	134	48	70	—	252
Net foreign currency exchange differences	(26)	(50)	—	—	(76)
Assets held by subsidiaries disposed during the period	(1,399)	—	—	—	(1,399)
Balance at December 31, 2021	\$ 1,643	\$ 1,046	\$ 408	\$ —	\$ 3,097
Fair value adjustments	175	75	118	—	368
Net foreign currency exchange differences	(179)	(73)	(4)	—	(256)
Balance at December 31, 2022	\$ 1,639	\$ 1,048	\$ 522	\$ —	\$ 3,209
Net book value:					
December 31, 2022⁽⁴⁾	\$ 7,462	\$ 8,345	\$ 14,219	\$ 7,265	\$ 37,291
December 31, 2021	\$ 7,936	\$ 8,376	\$ 14,648	\$ 7,695	\$ 38,655

(1) Non-cash additions (disposals) within the data segment primarily relates to revisions to the purchase price allocation at our telecom tower operation in India. Refer to Note 7, Acquisition of Businesses, for additional information.

(2) See Note 7, Acquisition of Businesses, for additional information.

(3) See Note 6, Assets and Liabilities Classified as Held for Sale, for additional information.

(4) Includes right-of-use assets of \$126 million (2021: \$118 million) in our utilities segment, \$1,014 million (2021: \$1,179 million) in our transport segment, \$345 million (2021: \$389 million) in our midstream segment and \$1,973 million (2021: \$2,287 million) in our data segment.

The partnership's property, plant, and equipment is measured at fair value on a recurring basis with an effective date of revaluation for all asset classes of December 31, 2022 and 2021. Brookfield Infrastructure determined fair value under the income method or on a depreciated replacement cost basis. Assets under development were revalued where fair value could be reliably measured.

The following table summarizes the valuation techniques and significant inputs for the valuation of property, plant and equipment using the income method, categorized by segment.

Segment	Dec. 31, 2022				Dec. 31, 2021			
	Valuation Technique ⁽¹⁾	Discount Rate	Terminal Value Multiple	Investment Horizon	Valuation Technique ⁽¹⁾	Discount Rate	Terminal Value Multiple	Investment Horizon
Utilities	Discounted cash flow model	7% to 11%	18x	10 to 20 yrs	Discounted cash flow model	7% to 11%	20x	10 to 20 yrs
Transport	Discounted cash flow model	8% to 14%	9x to 15x	10 yrs	Discounted cash flow model	7% to 14%	9x to 15x	10 yrs
Midstream	Discounted cash flow model	15%	10x	5 to 10 yrs	Discounted cash flow model	15%	10x	5 to 10 yrs

(1) Certain businesses are valued using the replacement cost method as a result of their underlying operations. Replacement costs are determined with guidance from independent studies and third party evaluators.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

An increase in the discount rate would lead to a decrease in the fair value of property, plant and equipment. Conversely, an increase to the terminal value multiple would increase the fair value of property, plant and equipment. Our partnership has classified all property, plant and equipment under level 3 of the fair value hierarchy.

At December 31, 2022, Brookfield Infrastructure carried out an assessment of the fair value of its utilities property, plant and equipment, resulting in a gain from revaluation of \$175 million (2021: \$134 million) which was recognized in revaluation surplus in the Consolidated Statements of Comprehensive Income. The key driver behind the revaluation gain recorded was growth in underlying cash flows at our U.K. regulated distribution business, as a result of additional connections and increased tariffs.

At December 31, 2022, Brookfield Infrastructure carried out an assessment of the fair value of its transport property, plant and equipment. A gain from revaluation of \$75 million (2021: \$48 million) was recognized in revaluation surplus in the Consolidated Statements of Comprehensive Income. Stronger volumes and higher charges and tariffs were the main contributors to the gain.

At December 31, 2022, Brookfield Infrastructure carried out an assessment of the fair value of its midstream property, plant and equipment. A gain from revaluation of \$118 million (2021: \$70 million) was recognized in revaluation surplus in the Consolidated Statements of Comprehensive Income. Underlying valuation assumptions in the midstream segment remain relatively consistent with the prior year with the current year's gain attributable to favorable market conditions and organic growth.

At December 31, 2022, Brookfield Infrastructure carried out an assessment of the fair value of its data property, plant and equipment, which are measured using replacement cost approach. No revaluation gains were recognized in revaluation surplus in the Consolidated Statements of Comprehensive Income (2021: \$nil).

The following table summarizes the carrying amount of property, plant and equipment that would have been recognized had assets been carried under the cost model, inclusive of purchase price allocations.

<u>US\$ MILLIONS</u>	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Utilities	\$ 6,048	\$ 6,504
Transport	7,510	7,557
Midstream	13,778	14,300
Data	7,266	7,694

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 15. INTANGIBLE ASSETS

US\$ MILLIONS	2022	2021
Cost	\$ 13,718	\$ 15,785
Accumulated amortization	(1,896)	(1,571)
Net intangible assets	<u>\$ 11,822</u>	<u>\$ 14,214</u>

Intangible assets are allocated to the following cash generating units:

US\$ MILLIONS	2022	2021
Brazilian regulated transmission operation	\$ 2,816	\$ 2,645
Canadian diversified midstream operation	2,186	2,536
North American rail operations	1,762	1,867
North American residential energy infrastructure operation	1,674	1,720
Peruvian toll roads	1,031	976
Indian telecom tower operation	682	782
U.K. telecom towers operation	537	480
U.K. port operation	258	289
Brazilian electricity transmission operation ⁽¹⁾	—	1,366
Indian toll roads ⁽²⁾	—	658
Other ⁽³⁾	876	895
Total	<u>\$ 11,822</u>	<u>\$ 14,214</u>

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

(2) Refer to Note 6, Assets and Liabilities Held for Sale, for further details.

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

The intangible assets at our Brazilian regulated transmission operation relate to concession arrangements with the local energy regulator, Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (“ANP”). Total capacity is fully contracted under long-term “ship-or-pay” gas transportation agreements (“GTA”) and therefore, the business is exposed to no volume or price risk. Each GTA takes into account a return on regulatory asset base (“RAB”), and the tariffs are calculated on an inflation adjusted regulatory weighted average cost of capital (“WACC”) fixed for the life of GTAs. On April 8, 2021, new legislation was passed in Brazil which provides our Brazilian regulated gas transmission operation the right to operate the gas pipelines perpetually. The intangible assets are amortized on a straight-line basis over the estimated useful life of the underlying infrastructure.

The intangible assets at our Canadian diversified midstream operation relate to long-term take-or-pay and fee-for-service contractual arrangements which are not materially impacted by volume or commodity price fluctuations. These customer relationships and shipping agreements are with investment grade counterparties. Revenues are recognized over time as transportation services are fulfilled. The intangible assets will be amortized on a straight-line basis over the estimated useful life.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The intangible assets at Brookfield Infrastructure's North American rail operations mainly relate to customer relationships, operating network agreements and track access rights. The business provides critical first and last mile rail services which connect large Class I railroad operators to end customers. Our North American freight revenue is diversified across numerous commodities and the business largely performed in line with expectations. Customer relationships and operating network agreements as well as trackage rights, which are long-term leases, are not expected to be negatively impacted in the long term.

The intangible assets at our North American residential infrastructure operation are comprised of contractual customer relationships, customer contracts, proprietary technology and brands. The contractual customer relationships and customer contracts represent ongoing economic benefits from leasing customers and annuity-based management agreements. Proprietary technology is recognized for the development of new metering technology, which allows the business to generate revenue through its sub-metering business. Brands represent the intrinsic value customers place on the operation's various brand names. The business generates revenues under long-term contracts with a diversified customer base across North America and is exposed to minimum volume risk.

The terms and conditions of the Peruvian toll roads concession, including tariffs that can be charged to the users and the duties to be performed by the operator, are regulated by the Municipalidad Metropolitana de Lima ("MML") and its municipal arm, Fondo Metropolitano de Inversiones. The service concession provides the operator the right to charge a tariff to vehicles which use the road network over the life of the concession in exchange for the design, construction, improvement, maintenance and operation of the road network. Tariffs are adjusted annually for the Lima Metropolitana Consumer Price Index. The concession arrangement has an expiration date of 2043 at which point the underlying concession assets will be returned to the MML.

The intangible asset at Brookfield Infrastructure's Indian telecom tower operation relates primarily to the customer contract with Reliance Jio, India's largest cellular network operator. Reliance Jio is an anchor tenant of our tower operation under a 30-year Master Service Agreement.

The terms and conditions of the Simhapuri Expressway ("SEL"), Rayalseema Expressway ("REPL") and Mumbai Nasik ("MNEL") Indian toll road concessions, including tariffs that can be charged to the users and the duties to be performed by the operator, are regulated by the National Highways Authority of India ("NHAI"). The Service Concession Agreements provides the operators the right to charge a tariff to vehicles which use the road over the term of the concession in exchange for operating the road, including preserving the road based on a defined maintenance schedule. Tariffs are revised annually for the Indian Wholesale Price Index. The Concession Arrangements have expiration dates of 2041, 2040 and 2026, respectively, for SEL, REPL and MNEL, at which point the underlying concessions assets will be returned to the NHAI.

The intangible asset at Brookfield Infrastructure's U.K telecom tower operation primarily relates to customer contracts and related relationships. The contractual customer contracts and customer relationships represent ongoing economic benefits from leasing space on the existing portfolio of towers and distributed antenna systems. Intangible assets are amortized straight-line over the average remaining contractual period plus a reasonable expectation of long term renewals.

The intangible asset at Brookfield Infrastructure's U.K. port operation relates to a conservancy right. As a right in perpetuity issued by the Statutory Harbour Authority in the U.K., the conservancy right is classified as having an indefinite life, and is subject to an annual impairment review.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The carrying value as at December 31, 2022, of Brookfield Infrastructure's indefinite lived intangibles is \$866 million (2021: \$899 million).

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

US\$ MILLIONS	2022	2021
Cost at beginning of the year	\$ 15,785	\$ 13,233
Acquisitions through business combinations ⁽¹⁾	302	3,734
Additions, net of disposals	149	67
Assets reclassified as held for sale ⁽²⁾	(793)	—
Assets held by subsidiaries disposed during the period ⁽³⁾	(1,454)	(957)
Non-cash additions ⁽⁴⁾	47	271
Foreign currency translation	(318)	(563)
Cost at end of year	<u>\$ 13,718</u>	<u>\$ 15,785</u>

(1) See Note 7, Acquisition of Businesses, for additional information.

(2) Refer to Note 6, Assets and Liabilities Held for Sale, for further details.

(3) Refer to Note 5, Disposition of Businesses, for further details.

(4) Non-cash additions during the year ended December 31, 2021 primarily relates to revisions to the purchase price allocation at our telecom tower operation in India. Refer to Note 7, Acquisition of Businesses, for additional information.

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

US\$ MILLIONS	2022	2021
Accumulated amortization at beginning of year	\$ (1,571)	\$ (1,466)
Assets held by subsidiaries disposed during the period ⁽¹⁾	5	281
Non-cash disposals	—	26
Amortization	(561)	(514)
Held for sale ⁽²⁾	211	—
Foreign currency translation	20	102
Accumulated amortization at end of year	<u>\$ (1,896)</u>	<u>\$ (1,571)</u>

(1) See Note 5, Disposition of Businesses, for further details.

(2) Refer to Note 6, Assets and Liabilities Held for Sale, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 16. GOODWILL

The following table presents the carrying amount for Brookfield Infrastructure's goodwill:

<u>US\$ MILLIONS</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of the year	\$ 8,979	\$ 6,634
Acquisitions through business combinations ⁽¹⁾	278	2,400
Assets held by subsidiaries disposed during the period ⁽²⁾	(108)	(56)
Held for sale ⁽³⁾	(21)	—
Foreign currency translation and other	(339)	1
Balance at end of the year	\$ 8,789	\$ 8,979

(1) See Note 7, Acquisition of Businesses, for additional information.

(2) See Note 5, Disposition of Businesses, for additional information.

(3) See Note 6, Assets and Liabilities Classified as Held for Sale, for additional information.

Goodwill is evaluated for impairment annually or more often if events or circumstances indicate there may be impairment. Impairment is determined by assessing if the carrying value of cash generating units or a group of cash generating units, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal or the value in use. During 2022, the carrying amount of each cash generating unit was determined to not exceed its recoverable amount.

Goodwill is allocated to the following cash generating units or group of cash generating units:

<u>US\$ MILLIONS</u>	<u>2022</u>	<u>2021</u>
North American rail operations	\$ 2,094	\$ 2,105
Canadian diversified midstream operation	1,984	2,125
North American residential energy infrastructure operation	1,463	1,356
Western Canadian natural gas gathering and processing operation	710	762
U.S. data center operation	503	503
Brazilian regulated transmission operation	488	456
Colombian natural gas distribution operation	367	433
U.K. telecom tower operation	332	341
Other	848	898
Total	\$ 8,789	\$ 8,979

The recoverable amount of goodwill has been determined using a discounted cash flow model whereby the fair value measurement is classified under level 3 on the fair value hierarchy. For businesses with the most significant goodwill as separately listed in the table above, the key inputs in determining the fair value of each cash generating unit under the discounted cash flow model are the utilization of discount rates ranging from 11% to 14%, terminal value multiples of 8x to 20x and discrete cash flow periods from 6 to 19 years.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 17. INVESTMENT PROPERTIES

The following table presents the carrying amount for Brookfield Infrastructure's investment properties:

<u>US\$ MILLIONS</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of the year	\$ 655	\$ 518
Additions, net of disposals	125	106
Non-cash disposals	(45)	—
Fair value adjustments	18	42
Foreign currency translation	(53)	(11)
Balance at end of the year	<u>\$ 700</u>	<u>\$ 655</u>

Investment properties are measured at fair value on a recurring basis and the effective date of revaluation is December 31, 2022 and 2021. The fair value of our partnership's investment properties are determined by management of our partnership with due consideration given to relevant market conditions. The following table summarizes the valuation techniques and significant inputs for Brookfield Infrastructure's investment property. Our partnership has classified all assets below under level 3 of the fair value hierarchy:

<u>Segment</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Range of inputs</u>
<i>Transport</i>	Direct Income Capitalization	Capitalization Rate	6% to 14%
<i>Data</i>	Direct Income Capitalization	Capitalization Rate	6% to 8%

An increase in the capitalization rate would lead to a decrease in the fair value of investment property, with the opposite impact for a decrease in the capitalization rate.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 18. ACCOUNTS PAYABLE AND OTHER

US\$ MILLIONS	Note	2022	2021
Current:			
Accounts payable		\$ 1,872	\$ 1,877
Accrued liabilities		1,395	1,103
Deferred revenue	(i)	460	338
Lease liabilities		384	416
Provisions ⁽¹⁾		127	161
Loans and notes payable		147	—
Other liabilities		93	124
Total current		\$ 4,478	\$ 4,019
Non-current:			
Lease liabilities		\$ 3,037	\$ 3,423
Deferred revenue	(i)	254	366
Accrued liabilities		178	200
Provisions ⁽¹⁾		426	492
Pension liabilities ⁽²⁾		8	172
Loans and notes payable		27	28
Other liabilities		234	346
Total non-current		\$ 4,164	\$ 5,027

(1) Provisions primarily relate to decommissioning and site restoration liabilities at our Western Canadian natural gas gathering and processing operation and our Indian telecom tower operation.

(2) See Note 33, Retirement Benefit Plans, for further details.

Brookfield Infrastructure's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 36, Financial Risk Management.

(i) Deferred revenue

Deferred revenue relates primarily to cash contributions from third parties to build or upgrade existing network capabilities at our Australian rail operation, for future natural gas and electricity connections at our U.K. regulated distribution operation, for future transportation of gas at our Indian natural gas operation, for future protection plans at our North American residential energy infrastructure operation and to build or upgrade existing networks at our U.K. telecom towers operation. The deferred revenue is recorded on receipt of cash payments and recognized as revenue as services are rendered over the life of the contracted track access, connections arrangements, gas transportation agreement, contract plans or networks.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 19. FINANCIAL LIABILITIES

U\$ MILLIONS	2022	2021
Current:		
Deferred consideration ⁽¹⁾	\$ 84	\$1,148
Interest rate swaps	72	54
Foreign currency forward contracts	31	76
Other financial liabilities	203	232
Total current financial liabilities	\$ 390	\$1,510
Non-current:		
Interest rate swaps	\$ 20	\$ 160
Foreign currency forward contracts	6	22
Deferred consideration ⁽¹⁾	—	6
Other financial liabilities ⁽²⁾	1,651	1,542
Total non-current financial liabilities	\$1,677	\$1,730

(1) *Deferred consideration primarily relates to the April 4, 2017 acquisition our Brazilian regulated gas transmission operation. The liability was paid on April 4, 2022, the fifth anniversary of the date of acquisition. Prior to being settled, the deferred consideration was denominated in U.S. dollars and accrued interest at 3.35% compounded annually. Historically, the financial liability was measured at amortized cost.*

(2) *Other financial liabilities primarily includes capital provided by non-controlling interest in the form of a shareholder loan.*

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 20. BORROWINGS

(a) Corporate Borrowings

Brookfield Infrastructure has a \$2.1 billion senior unsecured revolving credit facility used for general working capital including acquisitions. The \$2.1 billion is available on a revolving basis for the full term of the facility. All amounts outstanding under this facility will be repayable on June 29, 2027. All obligations of Brookfield Infrastructure under the facility are guaranteed by our partnership. Loans under this facility accrue interest at a floating rate based on SOFR plus 1.2%. Brookfield Infrastructure is required to pay an unused commitment fee under the facility of 13 basis points per annum. As at December 31, 2022, there were \$96 million (2021: \$nil) draws outstanding on the credit facility and \$12 million of letters of credit were issued (2021: \$12 million).

	Maturity⁽²⁾	Annual Rate⁽²⁾	Currency	2022	2021
Corporate revolving credit facility	June 29, 2027	SOFR plus 1.2%	US\$	\$ 96	\$ —
Commercial Paper	January 24, 2023	5.0%	US\$	464	431
Non-Current:					
Medium Term Notes ⁽¹⁾ :					
Public - Canadian	February 22, 2024	3.3%	C\$	222	237
Public - Canadian	February 22, 2024	3.3%	C\$	295	317
Public - Canadian	November 14, 2027	5.6%	C\$	332	—
Public - Canadian	September 11, 2028	4.2%	C\$	517	554
Public - Canadian	October 9, 2029	3.4%	C\$	517	554
Public - Canadian	September 1, 2032	2.9%	C\$	369	396
Public - Canadian	February 14, 2033	6.0%	C\$	185	—
Public - Canadian	April 25, 2034	5.4%	C\$	295	—
Public - Canadian	April 25, 2052	5.8%	C\$	147	—
Subordinated notes ⁽¹⁾					
Public - United States	May 24, 2081	5.0%	US\$	250	250
				3,689	2,739
Deferred financing costs and other				(23)	(20)
Total				\$3,666	\$2,719

(1) See Note 21, *Subsidiary Public Issuers*, for further details.

(2) Maturity and annual rate associated with our commercial paper program represents a weighted average of all outstanding obligations as of December 31, 2022.

Brookfield Infrastructure has entered into a \$1 billion revolving credit facility with Brookfield to provide additional liquidity for general corporate purposes and capital expenditures, if required. The revolving credit facility automatically renews for eight consecutive one-year terms, which would result in the facility ultimately maturing in February 2027. Brookfield has the option to terminate the agreement prior to April 14 each year by providing Brookfield Infrastructure with a written notice. Loans under this facility accrued interest on LIBOR plus 1.8% and no commitment fees were incurred for any undrawn balance. As of December 31, 2022, there were no (2021: \$nil) borrowings outstanding.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

On November 14, 2022, Brookfield Infrastructure Finance ULC issued C\$700 million of medium-term notes in two tranches: C\$450 million maturing on November 14, 2027 with a coupon of 5.616% per annum and C\$250 million maturing on February 14, 2033 with a coupon of 5.980% per annum, and \$2 million of debt issuance costs were incurred.

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

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

On February 24, 2021, Brookfield Infrastructure established a U.S. commercial paper program under which a subsidiary of our partnership may issue unsecured commercial paper notes up to a maximum aggregate amount outstanding at any time of \$500 million. Proceeds from the commercial paper issuances are supplemented by our corporate credit facilities. As of December 31, 2022, there were \$464 million of borrowings outstanding (2021: \$431 million).

The increase in corporate borrowings of \$947 million during the year ended December 31, 2022 is primarily attributable to the issuance of approximately \$960 million of medium-term notes and net draws on our corporate credit facility of \$96 million. These increases were partially offset by the impact of foreign exchange.

(b) Non-Recourse Borrowings

The current and non-current balances of non-recourse borrowings are as follows:

<u>US\$ MILLIONS</u>	<u>2022</u>	<u>2021</u>
Current	<u>\$ 2,567</u>	<u>\$ 2,701</u>
Non-current	<u>24,000</u>	<u>23,833</u>
Total	<u>\$26,567</u>	<u>\$26,534</u>

Non-recourse borrowings increased by \$33 million from December 31, 2021 due to \$2.5 billion of incremental borrowings, partially offset by the derecognition of \$0.6 billion of borrowings associated with the sale of five Brazilian electricity transmission concessions, \$0.4 billion of borrowings classified as classified as held for sale, and the impact of foreign exchange.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

Principal repayments on non-recourse borrowings due over the next five years and thereafter are as follows:

US\$ MILLIONS	Utilities	Transport	Midstream	Data	Total
2023 ⁽¹⁾	\$ 632	\$ 221	\$ 1,507	\$ 245	\$ 2,605
2024	1,361	484	685	197	2,727
2025	946	232	1,175	800	3,153
2026	871	2,637	861	507	4,876
2027	893	654	1,101	293	2,941
Thereafter	4,039	756	3,587	2,052	10,434
Total principal repayments ⁽²⁾	8,742	4,984	8,916	4,094	26,736
Deferred financing costs and other	(40)	(60)	105	(174)	(169)
Total - Dec. 31, 2022	\$ 8,702	\$ 4,924	\$ 9,021	\$ 3,920	\$ 26,567
Total - Dec. 31, 2021	\$ 7,951	\$ 5,309	\$ 9,490	\$ 3,784	\$ 26,534

(1) Includes commercial paper obligations of \$1.2 billion at our Canadian diversified midstream operation.

(2) As of December 31, 2022, approximately \$31 million of debt was in breach of asset-level financial covenants. We anticipate being able to refinance or obtain waivers from our financial institutions and accordingly presented the debt in the contractually obligated year of maturity.

The weighted average interest rates of non-recourse borrowings are as follows:

US\$ MILLIONS	Utilities⁽¹⁾	Transport	Midstream	Data	Total
Dec. 31, 2022	8 %	5 %	3 %	7 %	5 %
Dec. 31, 2021	4 %	5 %	6 %	7 %	6 %

(1) Excluding the impact of the variable interest in our Brazilian assets, the weighted average interest rate of non-recourse borrowings would be 4% as at December 31, 2022.

Principal repayments on non-recourse borrowings in their local currency are as follows:

US\$ MILLIONS, except as noted	Dec. 31, 2022	Local Currency	Dec. 31, 2021	Local Currency
Canadian dollars	\$ 9,115	CAD \$ 12,348	\$ 9,257	CAD \$ 11,698
U.S. dollars	8,198	USD 8,198	7,376	USD 7,376
Indian rupees	3,249	INR 268,512	3,650	INR 272,388
British pounds	3,151	GBP 2,608	3,067	GBP 2,266
Brazilian real ⁽¹⁾	1,543	BRL 8,049	1,840	BRL 10,268
Australian dollars	525	AUD 771	468	AUD 644
Colombian pesos	405	COP 1,966,019	394	COP 1,621,399
Peruvian soles	410	PEN 1,561	380	PEN 1,521
New Zealand dollars	80	NZD 126	41	NZD 60
Euro	60	EUR 56	36	EUR 32

(1) See Note 5, Disposition of Businesses, for additional information.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

(c) Supplemental Information

Details of the “Changes in liabilities from financing activities”, including both changes arising from cash flows and non-cash changes are as follows:

US\$ MILLIONS	2021	Cash Flows ⁽¹⁾	Acquisitions/ Dispositions ⁽¹⁾	Held for Sale ⁽²⁾	Foreign Exchange Movement and Other	2022
Corporate borrowings	\$ 2,719	\$ 1,124	\$ —	\$ —	\$ (177)	\$ 3,666
Non-recourse borrowings	26,534	2,493	(597)	(394)	(1,469)	26,567

(1) Cash flows related to net corporate level debt raised and acquisition of individually insignificant operations have been presented within Acquisitions/Dispositions. Refer to Note 7, Acquisition of Businesses, and Note 5, Disposition of Businesses, for further details.

(2) Refer to Note 6. Assets and Liabilities Classified as Held for Sale, for further details.

NOTE 21. SUBSIDIARY PUBLIC ISSUERS

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

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

On November 14, 2022, the Co-Issuers issued C\$700 million of medium-term notes under the Indenture in two tranches in the Canadian bond market: C\$450 million maturing November 14, 2027 with a coupon of 5.616% and C\$250 million maturing February 14, 2033 with a coupon of 5.980%. These medium-term notes are fully and unconditionally guaranteed by the BIP Guarantors and BIPC Holdings.

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

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

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

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

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

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

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

For the year ended December 31, 2022 US\$ MILLIONS	Our	The		BIPC	BIPC	Subsidiaries of our	Consolidating	Our
	partnership⁽²⁾	Fincos	BIPIC	Holdings	than the Fincos, BIPIC,	and BIPC Holdings⁽³⁾	adjustments⁽⁴⁾	partnership
								consolidated
Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14,427	\$ 14,427
Net income (loss) attributable to partnership ⁽¹⁾	101	—	—	—	—	407	(101)	407
For the year ended December 31, 2021								
Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 11,537	\$ 11,537
Net income (loss) attributable to partnership ⁽¹⁾	556	—	—	208	—	885	(556)	1,093
For the year ended December 31, 2020								
Revenues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,885	\$ 8,885
Net income (loss) attributable to partnership ⁽¹⁾	141	—	—	5	—	389	(141)	394
As at December 31, 2022								
Current assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,686	\$ 6,686
Non-current assets	6,583	—	1,005	3,105	—	9,603	45,987	66,283
Current liabilities	—	—	182	—	—	—	8,195	8,377
Non-current liabilities	—	3,106	—	191	—	—	35,741	39,038
Non-controlling interests								
Redeemable Partnership Units held by Brookfield	—	—	—	—	—	—	2,263	2,263
BIPC exchangeable shares	—	—	—	—	—	—	1,289	1,289
Exchangeable units ⁽⁵⁾	—	—	—	—	—	—	72	72
Perpetual subordinated notes	—	—	—	—	—	—	293	293
In operating subsidiaries	—	—	—	—	—	—	15,320	15,320
Preferred unitholders	—	—	—	—	—	—	918	918
As at December 31, 2021								
Current assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,896	\$ 4,896
Non-current assets	6,840	—	1,045	2,373	—	9,835	48,972	69,065
Current liabilities	—	—	232	—	—	—	8,429	8,661
Non-current liabilities	—	2,288	—	—	—	—	36,621	38,909
Non-controlling interests								
Redeemable Partnership Units held by Brookfield	—	—	—	—	—	—	2,408	2,408
BIPC exchangeable shares	—	—	—	—	—	—	1,369	1,369
Exchangeable units ⁽⁵⁾	—	—	—	—	—	—	85	85
In operating subsidiaries	—	—	—	—	—	—	15,658	15,658
Preferred unitholders	—	—	—	—	—	—	1,138	1,138

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

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

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

- (3) Includes investments in all other subsidiaries of the Holding LP, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation and BIP Bermuda Holdings I Limited under the equity method.
- (4) Includes elimination of intercompany transactions and balances necessary to present our partnership on a consolidated basis.
- (5) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

NOTE 22. PREFERRED SHARES

As at December 31, 2022, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation and BIP Bermuda Holdings I Limited (wholly owned subsidiaries of Brookfield Infrastructure) have issued 196,000, 1 and 400,000 preferred shares, respectively, to subsidiaries of Brookfield, for proceeds of \$5 million, \$5 million and \$10 million, respectively. Each preferred share is non-voting and is redeemable at \$25 per share except in the case of the preferred share issued by Brookfield Infrastructure US Holdings I Corporation, which is redeemable for \$5 million. Each of these preferred shares is redeemable, together with any accrued and unpaid dividends, at the option of the issuer on or after the tenth anniversary of the date of issue, subject to certain restrictions. Further, these preferred shares entitle the holders thereof to a fixed cumulative 6% preferential cash dividend payable quarterly as and when declared by the issuer's board of directors. At December 31, 2022, there were no dividends in arrears (2021: \$nil).

NOTE 23. INTEREST EXPENSE

US\$ MILLIONS	2022	2021	2020
Interest on corporate facility	\$ 11	\$ 16	\$ 19
Interest on corporate debt	118	87	76
Interest on non-recourse borrowings	1,470	1,134	944
Other financing fees ⁽¹⁾	256	231	140
	<u>\$1,855</u>	<u>\$1,468</u>	<u>\$1,179</u>

(1) Other financing fees primarily relate to interest expense associated with leases in connection with IFRS 16.

NOTE 24. DIRECT OPERATING COSTS

Direct operating costs are costs incurred to earn revenue and include all attributable expenses. The following table lists direct operating costs for the years ended December 31, 2022, 2021 and 2020.

US\$ MILLIONS	2022	2021	2020
Cost of inventory	\$ 2,881	\$ 1,308	\$ 706
Depreciation and amortization	2,158	2,036	1,705
Compensation	1,707	1,517	1,284
Fuel, transportation and distribution costs	1,624	1,514	1,291
Operations and maintenance costs	852	733	720
Marketing and administrative costs	535	477	447
Utilities	500	409	171
Other direct operating costs	253	253	224
Total	<u>\$ 10,510</u>	<u>\$ 8,247</u>	<u>\$ 6,548</u>

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 25. PAYROLL EXPENSE

Our partnership has no key employees; therefore, Brookfield Infrastructure does not remunerate key management personnel. Key decision makers of Brookfield Infrastructure are all employees of the ultimate parent company who provide management services under Brookfield Infrastructure's Master Services Agreement. Details of the management fees paid are disclosed in Note 34, Related Party Transactions.

Throughout the year, the General Partner in its capacity as our partnership's general partner, incurs director fees, a portion of which are charged to our partnership in accordance with the limited partnership agreement.

Refer to Note 24, *Direct Operating Costs*, for further details on payroll expenses identified as "compensation," across all of Brookfield Infrastructure's subsidiaries.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 26. NON-WHOLLY OWNED SUBSIDIARIES

The following tables present summarized accounts for non-wholly owned subsidiaries on the Consolidated Statement of Financial Position:

<u>US\$ MILLIONS</u>	As of December 31, 2022					
	<u>Current Assets</u>	<u>Non-Current Assets</u>	<u>Current Liabilities</u>	<u>Non-Current Liabilities</u>	<u>Non-Controlling Interest in Operating Subsidiaries</u>	<u>Partnership Capital⁽¹⁾</u>
Utilities						
U.K. regulated distribution operation	\$ 264	\$ 4,821	\$ 690	\$ 2,864	\$ 298	\$ 1,233
Brazilian regulated gas transmission operation	737	3,362	486	3,034	460	119
Colombian natural gas distribution operation	209	989	155	535	442	66
North American residential infrastructure business ⁽²⁾	405	5,096	483	3,222	1,322	474
Indian gas transmission operation	146	1,718	308	949	590	17
U.K. residential infrastructure business ⁽²⁾	26	111	20	5	95	17
European residential infrastructure business ⁽²⁾	43	190	17	71	128	17
Transport						
North American rail operation	675	9,630	544	4,856	4,422	483
U.K. port operation	106	1,112	67	833	129	189
Australian port operation	237	531	112	284	265	107
Peruvian toll roads	127	1,202	10	616	584	119
Indian toll roads ⁽³⁾	717	—	478	—	164	75
Midstream						
Canadian diversified midstream operation ⁽²⁾	577	14,306	2,370	7,342	2,496	2,675
North American gas storage operation	539	1,515	564	452	633	405
Western Canadian natural gas gathering and processing operation	177	3,633	97	1,802	1,365	546
Data						
North American data center operation	70	1,528	151	783	476	188
Australian data center operation	15	512	14	160	252	101
U.K. telecom towers operation	46	940	243	407	254	82
Indian telecom towers operation ⁽²⁾	294	7,557	547	5,988	914	402
U.S. fiber business	7	9	4	—	9	3
Corporate						
Holding LP and other	1,126	88	761	3,483	22	(3,052)
Total	\$6,543	\$ 58,850	\$ 8,121	\$ 37,686	\$ 15,320	\$ 4,266

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

US\$ MILLIONS	As of December 31, 2021					
	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Non-Controlling Interest in Operating Subsidiaries	Partnership Capital ⁽¹⁾
Utilities						
U.K. regulated distribution operation	\$ 249	\$ 4,961	\$ 316	\$ 3,285	\$ 314	\$ 1,295
Brazilian regulated gas transmission operation	668	3,115	1,278	2,028	389	88
Colombian natural gas distribution operation	219	1,061	162	522	512	84
Brazilian electricity transmission operation ^{(2),(4)}	104	1,457	30	902	436	193
North American residential infrastructure business	269	4,583	466	2,660	1,215	511
Indian gas transmission operation	154	2,015	287	1,191	644	47
U.K. residential infrastructure business	5	151	34	5	99	18
European residential infrastructure business	24	213	10	78	132	17
Transport						
North American rail operation	564	9,561	564	4,930	4,173	458
U.K. port operation	55	1,154	40	779	159	231
Australian port operation	262	581	223	180	316	124
Peruvian toll roads	98	1,132	17	561	541	111
Indian toll roads ⁽³⁾	70	732	166	364	189	83
Midstream						
Canadian diversified midstream operation ⁽²⁾	441	15,034	2,875	7,283	2,413	2,904
North American gas storage operation	258	1,479	227	662	525	323
Western Canadian natural gas gathering and processing operation	130	3,932	96	1,974	1,422	570
Data						
North American data center operation	51	1,401	86	929	312	125
Australian data center operation	28	402	23	119	206	82
U.K. telecom towers operation	40	880	190	495	177	58
Indian telecom tower operation ⁽²⁾	306	8,081	407	6,034	1,443	503
Corporate						
Holding LP and other	746	101	889	2,470	41	(2,553)
Total	\$4,741	\$ 62,026	\$ 8,386	\$ 37,451	\$ 15,658	\$ 5,272

(1) Attributable to all equity holders other than non-controlling interests in operating subsidiaries.

(2) Refer to Note 7, Acquisition of Businesses, for further details.

(3) Indian toll roads include our investments in BIF India Holdings Pte Ltd, Simhapuri Expressway Limited and Rayalseema Expressway Private Limited. The assets and liabilities have been classified as held for sale as at December 31, 2022. Refer to Note 6. Assets and Liabilities Classified as Held for Sale, for further details.

(4) Refer to Note 5, Disposition of Businesses, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The following tables present summarized accounts for non-wholly owned subsidiaries on the Consolidated Statement of Operating Results:

US\$ MILLIONS	Year ended December 31, 2022				
	Revenue	Attributable to non-controlling interest		Attributable to unitholders	
		Net Income (loss)	Other Comprehensive Income (loss)	Net Income (loss)	Other Comprehensive Income (loss)
Utilities					
U.K. regulated distribution operation	\$ 572	\$ 19	\$ (20)	\$ 75	\$ (78)
Brazilian regulated gas transmission operation	1,314	506	(2)	225	(1)
Colombian natural gas distribution operation	901	47	(23)	10	(4)
Brazilian electricity transmission operation ⁽²⁾	224	67	29	21	22
North American residential infrastructure business	1,695	89	23	36	9
Indian gas transmission operation	337	51	(56)	14	(15)
U.K. residential infrastructure business ⁽¹⁾	84	(4)	(11)	(1)	(2)
European residential infrastructure business ⁽¹⁾	106	(15)	(7)	(2)	(1)
Transport					
North American rail operation	2,253	196	202	23	21
U.K. port operation	272	6	(15)	8	(21)
Australian port operation	458	(27)	(21)	(10)	(8)
Peruvian toll roads	111	15	28	3	6
Indian toll roads ⁽³⁾	143	1	(22)	4	(11)
Midstream					
North American gas storage operation	246	64	43	45	38
Canadian diversified midstream operation ⁽¹⁾	3,150	115	(163)	160	(239)
Western Canadian natural gas gathering and processing operation	561	32	(37)	13	(15)
Data					
North American data center operation	221	(75)	28	(30)	11
Australian data center operation	22	3	(9)	2	(4)
U.K. telecom towers operation	57	(5)	(18)	(2)	(5)
Indian telecom tower operation	1,398	(7)	(201)	2	(41)
U.S. fiber business	—	(4)	—	(1)	—
Corporate					
Holding LP and other	6	(106)	—	(244)	300
Total	\$14,131	\$ 968	\$ (252)	\$ 351	\$ (38)

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

US\$ MILLIONS	Year ended December 31, 2021				
	Revenue	Attributable to non-controlling interest		Attributable to unitholders	
		Net Income (loss)	Other Comprehensive Income (loss)	Net Income (loss)	Other Comprehensive Income (loss)
Utilities					
U.K. regulated distribution operation	569	34	6	138	26
Brazilian regulated gas transmission operation	1,074	361	(87)	150	(31)
Colombian natural gas distribution operation	862	34	(101)	8	(24)
Brazilian electricity transmission operation ⁽²⁾	90	22	(6)	10	(2)
Canadian district energy operation	72	9	35	3	8
U.S. district energy operation	74	2	—	—	—
North American residential infrastructure business	1,444	75	43	32	18
Indian gas transmission operation	342	35	(17)	13	(5)
U.K. residential infrastructure operation ⁽¹⁾	2	—	—	—	—
European residential infrastructure business ⁽¹⁾	89	(6)	(8)	(1)	(1)
Transport					
North American rail operation	2,157	208	131	24	13
U.K. port operation	274	17	6	24	9
Australian port operation	412	(16)	(18)	(6)	(6)
Chilean toll roads	138	(40)	53	(8)	13
Peruvian toll roads	96	6	(57)	1	(11)
Indian toll roads	117	(25)	(6)	(9)	(3)
Midstream					
North American gas storage operation	371	95	36	65	22
Canadian diversified midstream operation ⁽¹⁾	906	59	38	65	30
Western Canadian natural gas gathering and processing operation	551	62	52	25	21
Data					
North American data center operation	249	(33)	13	(13)	5
Australian data center operation	23	3	(8)	1	(3)
U.K. telecom towers operation	59	(19)	(1)	(6)	—
Indian telecom tower operation	1,257	1	(80)	—	(16)
Corporate					
Holding LP and other	5	742	—	450	194
Total	\$11,233	\$1,626	\$ 24	\$ 966	\$ 257

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

US\$ MILLIONS	Year ended December 31, 2020				
	Revenue	Attributable to non-controlling interest		Attributable to unitholders	
		Net Income (loss)	Other Comprehensive Income (loss)	Net Income (loss)	Other Comprehensive Income (loss)
Utilities					
U.K. regulated distribution operation	488	11	42	46	167
Colombian regulated distribution operation	6	2	156	—	(6)
Brazilian regulated gas transmission operation	942	309	(399)	116	(152)
Colombian natural gas distribution operation	793	39	34	7	13
Brazilian electricity transmission operation ⁽²⁾	40	9	(25)	4	(11)
Canadian district energy operation	127	5	115	2	39
U.S. district energy operation	137	(14)	58	(9)	38
North American residential infrastructure business	1,274	70	(32)	29	(14)
Indian gas transmission operation	268	(61)	(23)	(19)	(7)
Transport					
Australian export terminal ⁽⁴⁾	297	163	35	54	16
North American rail operation	1,974	86	(153)	11	(16)
U.K. port operation	235	22	16	31	22
Australian port operation	381	(29)	40	(10)	14
Chilean toll roads	116	(21)	(21)	(6)	2
Peruvian toll roads	81	7	(54)	1	(11)
Indian toll roads ⁽³⁾	111	(24)	(4)	(8)	(2)
Midstream					
North American gas storage operation	143	(10)	10	(7)	6
Western Canadian natural gas gathering and processing operation	501	29	(1)	12	(1)
Data					
North American data center operation	273	(32)	(10)	(13)	(4)
Australian data center operation	24	4	12	1	5
U.K. telecom towers operation	51	(3)	5	(1)	2
Indian telecom tower operation	360	5	69	3	14
Corporate					
Holding LP and other	9	(57)	—	(7)	250
Total	\$8,631	\$ 510	\$ (130)	\$ 237	\$ 364

(1) Refer to Note 7, Acquisition of Businesses, for further details.

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

(3) Indian toll roads include our investments in BIF India Holdings Pte Ltd, Simhapuri Expressway Limited and Rayalseema Expressway Private Limited.

(4) On December 7, 2020, our partnership completed the partial sale of an effective 22% interest in our Australian export terminal. Upon partial disposition, the operation ceased to meet the definition of a non-wholly owned subsidiary. The balance in the tables above reflect the period up until the date of partial disposition. Refer to Note 13, Investment in Associates and Joint Ventures, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The following tables present summarized accounts for non-wholly owned subsidiaries on the Consolidated Statement of Cash Flows:

US\$ MILLIONS	Cash Flow Activities					
	Year ended December 31, 2022			Year ended December 31, 2021		
	Operating	Investing	Financing	Operating	Investing	Financing
Utilities						
U.K. regulated distribution operation	\$ 293	\$ (432)	\$ 101	\$ 273	\$ 344	\$ (582)
Brazilian regulated gas transmission operation	783	(80)	(824)	768	(32)	(473)
Colombian natural gas distribution operation	154	(32)	(99)	91	(38)	(41)
Brazilian electricity transmission operation ⁽²⁾	90	(58)	(120)	29	70	(24)
Canadian district energy operation ⁽¹⁾	—	—	—	30	(38)	7
U.S. district energy operation ⁽¹⁾	—	—	—	13	(34)	25
North American residential infrastructure business ⁽⁵⁾	(116)	(352)	480	(79)	(107)	189
Indian gas transmission operation	132	5	(123)	187	(51)	(120)
U.K. residential infrastructure business ⁽²⁾	(11)	(5)	16	—	1	—
European residential infrastructure business ⁽²⁾	(14)	(30)	55	(6)	15	—
Transport						
North American rail operation	515	(250)	(210)	511	(98)	(424)
U.K. port operation	31	(61)	42	66	(53)	(24)
Australian port operation	26	(44)	(3)	11	(21)	(18)
Chilean toll roads ⁽¹⁾	—	—	—	46	(172)	85
Peruvian toll roads	42	(19)	—	30	(27)	—
Indian toll roads ⁽³⁾	51	(15)	(26)	(2)	3	5
Midstream						
North American gas storage operation	61	(37)	(26)	196	(35)	(179)
Canadian diversified midstream operation ⁽²⁾	568	(713)	144	198	(246)	108
Western Canadian natural gas gathering and processing operation	197	(68)	(153)	235	(91)	(135)
Data						
North American data center operation	(5)	(300)	318	38	(25)	(15)
Australian data center operation	5	(131)	114	16	(105)	104
U.K. telecom towers operation	61	(170)	120	16	(15)	2
Indian telecom towers operation ⁽²⁾	315	(243)	(28)	189	(416)	261
U.S. fiber business	(5)	(9)	17	—	—	—
Corporate						
Holding LP and other	(174)	(291)	362	(171)	22	322
Total	\$ 2,999	\$ (3,335)	\$ 157	\$ 2,685	\$ (1,149)	\$ (927)

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

US\$ MILLIONS	Cash Flow Activities		
	Year ended December 31, 2020		
	Operating	Investing	Financing
Utilities			
U.K. regulated distribution operation	\$ 241	\$ (372)	\$ 133
Colombian regulated distribution operation ⁽¹⁾	2	—	(2)
Brazilian regulated gas transmission operation	634	(34)	(588)
Colombian natural gas distribution operation	89	(35)	(55)
Brazilian electricity transmission operation	13	—	(14)
Canadian district energy operation ⁽¹⁾	42	(97)	55
U.S. district energy operation ⁽¹⁾	51	(50)	—
North American residential infrastructure business	(42)	(5)	45
Indian gas transmission operation	136	(14)	(117)
Transport			
Australian export terminal ⁽⁴⁾	68	(27)	(57)
North American rail operation	616	(24)	(606)
U.K. port operation	42	(25)	(11)
Australian port operation	28	(32)	26
Chilean toll roads ⁽¹⁾	49	(1)	(34)
Peruvian toll roads	18	(22)	—
Indian toll roads ⁽³⁾	11	(18)	19
Midstream			
North American gas storage operation	68	12	(53)
Western Canadian natural gas gathering and processing operation	156	(299)	114
Data			
North American data center operation	77	(16)	(63)
Australian data center operation	7	(3)	(3)
U.K. telecom towers operation	27	(20)	(9)
Indian telecom tower operation	245	(3,451)	3,331
Corporate			
Holding LP and other	(182)	(4)	89
Total	\$ 2,396	\$ (4,537)	\$ 2,200

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

(2) Refer to Note 7, Acquisition of Businesses, for further details.

(3) Indian toll roads include our investments in BIF India Holdings Pte Ltd, Simhapuri Expressway Limited and Rayalseema Expressway Private Limited.

(4) On December 7, 2020, our partnership completed the partial sale of an effective 22% interest in our Australian export terminal. Upon partial disposition, the operation ceased to meet the definition of a non-wholly owned subsidiary. The balance in the tables above reflect the period up until the date of partial disposition. Refer to Note 5, Disposition of Businesses, and Note 13, Investment in Associates and Joint Ventures, for further details.

(5) Our partnership's cash from operating activities include reduction to cash related to the impact of finance lease receivables signed at our North American residential energy infrastructure operation. The operation presents an outflow for the cost of inventory within the operating cash flows, and given the business has been securitized since 2019, the corresponding cash outflows are offset by increases in non-recourse borrowings under financing activities on the Consolidated Statements of Cash Flows.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 27. INCOME TAXES

Our partnership is a flow through entity for tax purposes and as such is not subject to taxation. However, income taxes are recognized for the amount of taxes payable by the partnership's corporate subsidiaries and for the impact of deferred tax assets and liabilities related to such subsidiaries.

(a) Deferred Income Tax Balances

The sources of deferred income tax balances are as follows:

<u>US\$ MILLIONS</u>	<u>As of December 31,</u>	
	<u>2022</u>	<u>2021</u>
Deferred income tax assets		
Tax losses carried forward	\$ 1,937	\$ 1,731
Financial instruments and other	125	284
	<u>\$ 2,062</u>	<u>\$ 2,015</u>
Deferred income tax liabilities		
Long lived assets	\$ (7,880)	\$ (7,788)
Investment in associates and investment properties	(46)	(78)
	<u>\$ (7,926)</u>	<u>\$ (7,866)</u>
Net deferred income tax liabilities	<u>\$ (5,864)</u>	<u>\$ (5,851)</u>
Reflected in the Consolidated Statements of Financial Position as follows:		
Deferred income tax assets	\$ 111	\$ 160
Deferred income tax liabilities	(5,975)	(6,011)
Net deferred income tax liabilities	<u>\$ (5,864)</u>	<u>\$ (5,851)</u>

The deferred tax asset related to losses available for carry forward includes \$81 million (2021: \$150 million) of tax benefits that have been recognized based on projections of future taxable profits. In addition, we also consider tax planning opportunities that will create taxable income in the period in which the unused tax losses can be utilized.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The sources of deferred income tax balances and movements are as follows:

US\$ MILLIONS	Jan. 1, 2022	Net Income	Recognized in			Acquisitions/ Dispositions	Dec. 31, 2022
			Other Comprehensive Income	Other ⁽¹⁾			
Deferred income tax assets related to non-capital losses and capital losses	\$ 1,731	\$ 208	\$ —	\$ (23)	\$ 21	\$ 1,937	
Deferred income tax liabilities related to differences in tax and book basis, net	(7,582)	(294)	(314)	182	207	(7,801)	
Net deferred income tax liabilities	\$ (5,851)	\$ (86)	\$ (314)	\$ 159	\$ 228	\$ (5,864)	

US\$ MILLIONS	Jan. 1, 2021	Net Income	Recognized in			Acquisitions/ Dispositions	Dec. 31, 2021
			Other Comprehensive Income	Other ⁽¹⁾			
Deferred income tax assets related to non-capital losses and capital losses	\$ 999	\$ 377	\$ —	\$ (16)	\$ 371	\$ 1,731	
Deferred income tax liabilities related to differences in tax and book basis, net	(5,487)	(617)	(260)	100	(1,318)	(7,582)	
Net deferred income tax liabilities	\$ (4,488)	\$ (240)	\$ (260)	\$ 84	\$ (947)	\$ (5,851)	

(1) Other items relates to foreign exchange as deferred income taxes are calculated based on the functional currency of each operating entity.

A deferred tax asset is not recognized in respect of deductible temporary differences of \$120 million (2021: \$134 million), unused capital losses of \$6,395 million (2021: \$1,799 million) and unused non-capital losses of \$1,763 million (2021: \$1,414 million). Of the total deductible temporary differences of \$120 million (2021: \$134 million), \$28 million expire after five years from the reporting date and \$92 million do not expire. Of the unused capital losses of \$6,395 million (2021: \$1,799 million), \$6,359 million expire after four years from the reporting date and \$36 million do not expire.

The following table details the expiry date, if applicable, of the non-capital losses:

US\$ MILLIONS	Year of Expiration							Total
	2023	2024	2025	2026	2027	Beyond	Do not expire	
As of December 31, 2022	\$ 45	\$ 4	\$ 5	\$ 5	\$ 9	\$ 366	\$ 1,329	\$ 1,763

US\$ MILLIONS	Year of Expiration							Total
	2022	2023	2024	2025	2026	Beyond	Do not expire	
As of December 31, 2021	\$ 35	\$ 35	\$ 18	\$ 4	\$ 5	\$ 321	\$ 996	\$ 1,414

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

(b) Income Tax Recognized in Profit or Loss

The major components of income tax expense include the following:

US\$ MILLIONS	For the year ended December 31,		
	2022	2021	2020
Tax expense comprises:			
Current income tax expense	\$ 474	\$ 374	\$ 237
Deferred income tax expense (recovery)			
Origination and reversal of temporary differences	75	13	(37)
Changes in tax rates or the imposition of new taxes	(6)	188	41
Previously unrecognized deferred taxes	17	39	50
Total income tax expense	\$ 560	\$ 614	\$ 291

Net income before income tax expense reconciles to income tax expense as follows:

Net income before income tax	\$1,935	\$3,333	\$1,195
Income tax expense calculated at the domestic rates applicable to profits in the country concerned	626	829	431
Change in substantively enacted tax rates	(6)	188	41
International operations subject to different tax rates	(5)	(9)	(21)
Taxable income attributable to non-controlling interests	(91)	(325)	(91)
Portion of gains subject to different tax rates	23	(115)	(117)
Deferred tax assets not recognized	17	39	50
Permanent differences and other	(4)	7	(2)
Income tax expense recognized in profit or loss	\$ 560	\$ 614	\$ 291

As the partnership is not subject to tax, the above reconciliation has been prepared using a composite statutory rate for jurisdictions where Brookfield Infrastructure's subsidiaries operate. The composite rate has decreased due to changes in the related operating income in the various subsidiaries and changes in local statutory rates.

The partnership has approximately \$64 million (2021: \$40 million) of temporary differences associated with investments in subsidiaries, and associates for which no deferred income taxes have been provided.

(c) Income Tax Recognized Directly in Other Comprehensive Income

US\$ MILLIONS	2022	2021	2020
Deferred income tax arising on income and expenses recognized in other comprehensive income:			
Revaluation of property, plant and equipment	\$ (113)	\$ (164)	\$ (219)
Cash flow hedges	(162)	(63)	63
Pension plan actuarial changes	(39)	(33)	31
Total income tax expense recognized directly in other comprehensive income	\$ (314)	\$ (260)	\$ (125)

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 28. PARTNERSHIP CAPITAL

As at December 31, 2022, our partnership's capital structure was comprised of three classes of partnership units: limited partnership units, preferred units and general partnership units. Limited partnership units entitle the holder to their proportionate share of distributions. Preferred units entitle the holder to cumulative preferential cash distributions in accordance with their terms. General partnership units entitle the holder the right to govern the financial and operating policies of our partnership. The Holding LP's capital structure is composed of four classes of partnership units: special general partner units, Holding LP Class A preferred units, managing general partner units and redeemable partnership units held by Brookfield.

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

In its capacity as the holder of the Special General Partner Units of the Holding LP, the special general partner is entitled to incentive distribution rights which are based on the amount by which quarterly distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed specified target levels. To the extent distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed \$0.1218 per quarter, the incentive distribution rights entitle the special general partner to 15% of incremental distributions above this threshold. To the extent that distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed \$0.1320 per unit, the incentive distribution rights entitle the special general partner to 25% of incremental distributions above this threshold. During the year, the Holding LP paid incentive distributions of \$240 million (2021: \$206 million, 2020: \$183 million). Prior to the split on June 10, 2022, the above thresholds of \$0.1218 and \$0.1320 were \$0.1827 and \$0.1980, respectively. Prior to the special distribution on March 30, 2020, the above thresholds were \$0.2030 and \$0.22, respectively.

The Holding LP has issued 193.6 million Redeemable Partnership Units to Brookfield, which may, at the request of the holder, require the Holding LP to redeem the Redeemable Partnership Units for cash in an amount equal to the market value of our units. This right is subject to our partnership's right of first refusal which entitles it, at its sole discretion, to elect to acquire any Redeemable Partnership Units so presented to the Holding LP in exchange for one of our partnership's units (subject to certain customary adjustments). Both the units issued by our partnership and the Redeemable Partnership Units issued by the Holding LP have the same economic attributes in all respects, except for the redemption right described above. The Redeemable Partnership Units participate in earnings and distributions on a per Redeemable Partnership Unit basis equivalent to the per unit participation of the units of our partnership. Our partnership reflects the Redeemable Partnership Units issued to Brookfield by the Holding LP as non-controlling interest—Redeemable Partnership Units held by Brookfield.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

(a) Special and Limited Partnership Capital

<u>MILLIONS, EXCEPT UNIT INFORMATION</u>	<u>Special General Partner Units</u>					
	2022		2021		2020	
	Carrying Value	Units	Carrying Value	Units	Carrying Value	Units
Opening balance	\$ 19	2,400,631	\$ 19	2,400,631	\$ 19	2,400,631
Ending balance	\$ 19	2,400,631	\$ 19	2,400,631	\$ 19	2,400,631

<u>MILLIONS, EXCEPT UNIT INFORMATION</u>	<u>Limited Partnership Units</u>					
	2022		2021		2020	
	Carrying Value	Units	Carrying Value	Units	Carrying Value	Units
Opening balance	\$ 6,074	457,901,280	\$ 5,526	443,147,915	\$ 5,495	440,295,677
Unit issuance	13	338,953	545	14,564,499	9	336,134
Conversions	5	140,082	3	188,866	22	2,516,104
Ending balance	\$ 6,092	458,380,315	\$ 6,074	457,901,280	\$ 5,526	443,147,915

In November 2021, Brookfield Infrastructure issued 14.2 million units in public offerings in the U.S. and Canada. In total, \$556 million of gross proceeds were raised through the issuance and \$23 million in equity issuance costs were incurred. Concurrently, Brookfield Infrastructure issued approximately 10.7 million Redeemable Partnership Units at the public offering price, net of commissions, to Brookfield for additional proceeds of \$400 million.

As a result of the issuances during 2021, inclusive of equity raised as part of the IPL acquisition, equity was reallocated between limited partners, the general partner, non-controlling interests - Redeemable Partnership Units held by Brookfield, non-controlling interests - Exchange LP units, non-controlling interests - BIPC exchangeable LP units, and non-controlling interests - BIPC exchangeable shares to reflect the difference between the ratio in which the unit/shareholders participated in the issuance and their original economic interest in the partnership. The resulting impacts were recognized as ownership changes within the Consolidated Statements of Partnership Capital. Amounts in accumulated other comprehensive income (loss) were also ratably allocated.

During the year ended December 31, 2022, Brookfield Infrastructure did not repurchase units (2021: nil, 2020: less than 0.2 million for less than \$0.1 million) and did not incur any commission costs (2021: \$nil, 2020: less than \$1 million).

Our partnership has implemented a distribution reinvestment plan (the “Plan”) that allows eligible holders of our units to purchase additional units by reinvesting their cash distributions. Under the Plan, units are acquired at a price per unit calculated by reference to the volume weighted average of the trading price for our units on the New York Stock Exchange for the five trading days immediately preceding the relevant distribution date. During the year ended December 31, 2022, our partnership issued 0.3 million units for proceeds of \$13 million (2021: 0.4 million units for proceeds of \$12 million, 2020: 0.3 million units for proceeds of \$9 million).

The weighted average number of Special General Partner Units outstanding for the year ended December 31, 2022 was 2.4 million (2021: 2.4 million, 2020: 2.4 million). The weighted average number of limited partnership units outstanding for the year ended December 31, 2022 was 458.1 million (2021: 445.1 million, 2020: 442.1 million).

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

Net income per limited partnership unit was \$0.14 for the year ended December 31, 2022 (2021: \$1.16, 2020: \$0.23). Net income per limited partnership unit is calculated as the total net income attributable to limited partnership units, less preferred partnership distributions, divided by the average number of limited partnership units outstanding during the year ended December 31, 2022.

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

MILLIONS, EXCEPT UNIT INFORMATION	2022		2021		2020	
	Carrying Value	Units	Carrying Value	Units	Carrying Value	Units
Opening balance	\$ 2,728	193,587,223	\$ 2,328	182,930,702	\$ 2,328	182,930,702
Unit issuance	—	—	400	10,656,521	—	—
Ending balance	<u>\$ 2,728</u>	<u>193,587,223</u>	<u>\$ 2,728</u>	<u>193,587,223</u>	<u>\$ 2,328</u>	<u>182,930,702</u>

In November 2021, Brookfield Infrastructure issued 10.7 million Redeemable Partnership Units to Brookfield for proceeds of \$400 million.

The weighted average number of Redeemable Partnership Units outstanding for the year ended December 31, 2022 was 193.6 million (2021: 184.2 million, 2020: 182.9 million).

(c) Non-controlling interest—BIPC exchangeable shares

MILLIONS, EXCEPT SHARE INFORMATION	2022		2021		2020	
	Carrying Value	Units	Carrying Value	Units	Carrying Value	Units
Opening balance	\$ 1,755	110,157,540	\$ (19)	67,441,451	\$ —	—
Unit issuance	—	—	128	3,210,037	—	—
Issued in conjunction with the acquisition of Inter Pipeline	—	—	1,642	38,985,604	—	—
Non-cash issuance	—	—	—	—	—	69,524,786
Conversions	2	410,131	4	520,448	(19)	(2,083,335)
Ending balance	<u>\$ 1,757</u>	<u>110,567,671</u>	<u>\$ 1,755</u>	<u>110,157,540</u>	<u>\$ (19)</u>	<u>67,441,451</u>

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

In October 2021, BIPC issued 12.1 million BIPC exchangeable shares for a fair value of \$502 million in connection with the acquisition of our Canadian diversified midstream operation. Refer to Note 7, *Acquisition of Business*, for further details.

During August and September 2021, BIPC issued 26.9 million BIPC exchangeable shares for a fair value of \$1,140 million in connection with the acquisition of our Canadian diversified midstream operation. Refer to Note 7, *Acquisition of Businesses*, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

On March 31, 2020, BIPC, a subsidiary of our partnership, issued 69.5 million BIPC exchangeable shares to unitholders as part of the BIPC special distribution. The distribution resulted in no cash proceeds to the partnership. The BIPC exchangeable shares provide holders with economic terms that are substantially equivalent to those of our units and are exchangeable, on a one-for-one basis, for our units. Given the exchangeable feature, the BIPC exchangeable shares are presented as a component of non-controlling interests. Refer to Note 1, Organization and Description of the Business, for further details.

During the year ended December 31, 2022, BIPC exchangeable shareholders exchanged less than 0.1 million (2021: less than 0.1 million) BIPC exchangeable shares for less than \$1 million of our units (2021: \$1 million).

(d) Non-controlling interest—Exchangeable Units

MILLIONS, EXCEPT UNIT INFORMATION	2022		2021		2020	
	Carrying Value	Units	Carrying Value	Units	Carrying Value	Units
Opening balance ..	\$ 408	7,015,032	\$ 156	1,611,508	\$ 159	1,854,239
Special distribution .	—	—	—	—	—	190,038
Issuance of BIPC Exchangeable LP Units	—	—	259	6,112,838	—	—
Conversions	(7)	(550,213)	(7)	(709,314)	(3)	(432,769)
Ending balance ...	<u>\$ 401</u>	<u>6,464,819</u>	<u>\$ 408</u>	<u>7,015,032</u>	<u>\$ 156</u>	<u>1,611,508</u>

During August, September and October 2021, BIPC Exchange LP, a subsidiary of our partnership, issued 6.1 million BIPC Exchangeable LP Units for a fair value of \$259 million in connection with the acquisition of our Canadian diversified midstream operation. Refer to Note 7, *Acquisition of Businesses*, and Note 1, *Organization and Description of the Business*, for further details.

During the year ended December 31, 2022, Exchange LP unitholders exchanged 0.1 million (2021: 0.2 million, 2020: 0.4 million) Exchange LP Units for \$2 million (2021: \$2 million, 2020: \$3 million) of our units.

During the year ended December 31, 2022, BIPC Exchangeable LP unitholders exchanged 0.4 million (2021: 0.6 million) BIPC exchangeable LP units for \$5 million (2021: \$5 million) of BIPC exchangeable shares.

On March 31, 2020, the partnership executed a special distribution of its Exchange LP units whereby each Exchange LP unitholder received one additional Exchange LP unit for every nine Exchange LP units held. The special distribution resulted in no cash proceeds to the partnership. In total, 0.2 million Exchange LP units were issued.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

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As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

(e) Non-controlling interest - Perpetual Subordinated Notes

US\$ MILLIONS	Perpetual Subordinated Notes		
	2022	2021	2020
Opening balance	\$ —	\$ —	\$ —
Issued for cash	293	—	—
Ending balance	\$ 293	\$ —	\$ —

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

(f) Preferred Unitholders' Capital

MILLIONS, EXCEPT UNIT INFORMATION	2022		2021		2020	
	Carrying Value	Units	Carrying Value	Units	Carrying Value	Units
Opening balance	\$ 1,138	55,881,062	\$ 1,130	57,867,650	\$ 935	49,867,650
Units issued	—	—	194	8,000,000	195	8,000,000
Repurchased and cancelled	(220)	(11,979,750)	(186)	(9,986,588)	—	—
Ending balance	\$ 918	43,901,312	\$ 1,138	55,881,062	\$ 1,130	57,867,650

During the year ended December 31, 2022, our partnership redeemed all of its outstanding Cumulative Class A Preferred Limited Partnership Units, Series 7, for \$243 million. Losses on redemption of \$23 million were recognized directly in equity.

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

On January 21, 2021, our partnership issued 8 million Series 14 Preferred Units, at \$25 per unit, with a quarterly fixed distribution of 5.00% annually. In total, \$200 million of gross proceeds were raised and \$6 million in underwriting and issuance costs were incurred. Net proceeds of the issuance were used to finance or refinance eligible green projects.

On September 21, 2020, our partnership issued 8 million Series 13 Preferred Units, at \$25 per unit, with a quarterly fixed distribution of 5.125% annually. In total, \$200 million of gross proceeds were raised and \$5 million in underwriting and issuance costs were incurred. Net proceeds of the issuance were used to finance or refinance eligible green projects.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 29. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

(a) Attributable to Limited Partners

US\$ MILLIONS	Revaluation Surplus	Foreign Currency Translation	Net Investment Hedges	Cash Flow Hedges	Marketable Securities	Unrealized Actuarial (Losses) Gains	Equity accounted investments	Accumulated Other Comprehensive Income
Balance at December 31, 2020	\$ 1,015	\$ (1,562)	\$ 37	\$ (14)	\$ 39	\$ (36)	\$ 973	\$ 452
Other comprehensive income (loss) ⁽¹⁾	31	(168)	(2)	59	98	21	99	138
Equity issuance ⁽²⁾	(108)	267	(8)	11	(12)	5	(157)	(2)
Other items ⁽³⁾	(265)	—	—	—	—	—	—	(265)
Balance at December 31, 2021	\$ 673	\$ (1,463)	\$ 27	\$ 56	\$ 125	\$ (10)	\$ 915	\$ 323
Other comprehensive income (loss)	101	(285)	88	31	—	13	289	237
Other items ⁽⁴⁾	—	7	—	—	—	—	(86)	(79)
Balance at December 31, 2022	\$ 774	\$ (1,741)	\$ 115	\$ 87	\$ 125	\$ 3	\$ 1,118	\$ 481

(b) Attributable to General Partner

US\$ MILLIONS	Revaluation Surplus	Foreign Currency Translation	Net Investment Hedges	Cash Flow Hedges	Marketable Securities	Unrealized Actuarial Gains	Equity accounted investments	Accumulated Other Comprehensive Income
Balance at December 31, 2020	\$ 7	\$ (12)	\$ 2	\$ 1	\$ —	\$ —	\$ 5	\$ 3
Other comprehensive (loss) income ⁽¹⁾	—	(1)	—	—	—	—	1	—
Equity issuance ⁽²⁾	(3)	5	(2)	(1)	1	—	(1)	(1)
Balance at December 31, 2021	\$ 4	\$ (8)	\$ —	\$ —	\$ 1	\$ —	\$ 5	\$ 2
Other comprehensive (loss) income	—	(1)	—	—	—	—	1	—
Balance at December 31, 2022	\$ 4	\$ (9)	\$ —	\$ —	\$ 1	\$ —	\$ 6	\$ 2

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

(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 December 31, 2020	\$ 438	\$ (647)	\$ 17	\$ (9)	\$ 13	\$ (12)	\$ 409	\$ 209
Other comprehensive income (loss) ⁽¹⁾	13	(68)	(1)	25	40	8	41	58
Equity issuance ⁽²⁾	(59)	99	(4)	8	—	(2)	(63)	(21)
Other items ⁽³⁾	(109)	—	—	—	—	—	—	(109)
Balance at December 31, 2021	\$ 283	\$ (616)	\$ 12	\$ 24	\$ 53	\$ (6)	\$ 387	\$ 137
Other comprehensive income (loss)	43	(112)	37	12	—	5	122	107
Other items ⁽⁴⁾	—	2	—	—	—	—	(36)	(34)
Balance at December 31, 2022	\$ 326	\$ (726)	\$ 49	\$ 36	\$ 53	\$ (1)	\$ 473	\$ 210

(d) Attributable to Non-controlling interest—BIPC exchangeable shares

US\$ MILLIONS	Revaluation Surplus	Foreign Currency Translation	Net Investment Hedges	Cash Flow Hedges	Marketable Securities	Unrealized Actuarial (Losses) Gains	Equity accounted investments	Accumulated Other Comprehensive Income
Balance at December 31, 2020	\$ 27	\$ 28	\$ (6)	\$ 22	\$ 5	\$ (3)	\$ (11)	\$ 62
Other comprehensive income (loss) ⁽¹⁾	11	(31)	—	10	15	4	21	30
Equity issuance ⁽²⁾	165	(348)	13	(19)	10	(3)	209	27
Other items ⁽³⁾	(42)	—	—	—	—	—	—	(42)
Balance at December 31, 2021	\$ 161	\$ (351)	\$ 7	\$ 13	\$ 30	\$ (2)	\$ 219	\$ 77
Other comprehensive income (loss)	25	(65)	21	7	—	3	69	60
Other items ⁽⁴⁾	—	1	—	—	—	—	(20)	(19)
Balance at December 31, 2022	\$ 186	\$ (415)	\$ 28	\$ 20	\$ 30	\$ 1	\$ 268	\$ 118

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

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

US\$ MILLIONS	Revaluation Surplus	Foreign Currency Translation	Net Investment Hedges	Cash Flow Hedges	Marketable Securities	Unrealized Actuarial Gains	Equity accounted investments	Accumulated Other Comprehensive Income
Balance at December 31, 2020	\$ 4	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ 5
Other comprehensive income (loss) ⁽¹⁾	1	(1)	—	—	—	—	1	1
Equity issuance ⁽²⁾	5	(22)	1	1	1	—	12	(2)
Balance at December 31, 2021	\$ 10	\$ (24)	\$ 1	\$ 1	\$ 1	\$ —	\$ 15	\$ 4
Other comprehensive income (loss)	1	(4)	1	—	—	—	4	2
Balance at December 31, 2022	\$ 11	\$ (28)	\$ 2	\$ 1	\$ 1	\$ —	\$ 19	\$ 6

(1) On May 24, 2021, Finance Bill 2021 in the U.K. became substantively enacted. As a result, effective April 2023, the U.K. tax rate will increase from 19% to 25%. During the year ended December 31, 2021, net income and accumulated other comprehensive income included \$178 million and \$90 million of deferred tax expenses, respectively, related to the rate change.

(2) In relation to the issuance of BIPC exchangeable shares and BIPC Exchangeable LP Units in connection with the acquisition of IPL, as well as the issuance of BIPC exchangeable shares, units and Redeemable Partnership Units in November 2021, accumulated other comprehensive income was reallocated between all components of equity. Refer to Note 7, Acquisition of Businesses and Note 28, Partnership Capital, for further details.

(3) In relation to the disposition of our smart meters business in the U.K., a 25% interest in our Canadian district energy operation and a 40% interest in our U.S. district energy operation, \$416 million of accumulated other comprehensive (net of tax) of revaluation surplus gains were reclassified directly into retained earnings.

(4) In relation to the disposition of a 49% interest in its North American container terminal operation, \$142 million of accumulated other comprehensive income (net of tax) of revaluation surplus gains were reclassified from accumulated other comprehensive income directly to retained earnings and recorded within Other items on the Consolidated Statements of Partnership Capital. Refer to Note 13, Investments in Associates and Joint Ventures, for further details.

(5) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 30. DISTRIBUTIONS

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

US\$ MILLIONS	For the year ended December 31,		
	2022	2021	2020
Limited Partners	\$ (660)	\$ (608)	\$ (588)
General Partner ⁽¹⁾	(244)	(209)	(185)
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield	(277)	(251)	(240)
BIPC exchangeable shares	(160)	(115)	(66)
Exchangeable units ⁽²⁾	(11)	(7)	(4)
Preferred unitholders	(50)	(67)	(51)
Perpetual subordinated notes	(16)	—	—
Total Distributions	\$ (1,418)	\$ (1,257)	\$ (1,134)

PER UNIT/SHARE⁽³⁾	For the year ended December 31,		
	2022	2021	2020
Limited Partners	\$ 1.44	\$ 1.36	\$ 1.29
General Partner ⁽¹⁾	1.44	1.36	1.29
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield	1.44	1.36	1.29
BIPC exchangeable shares	1.44	1.36	1.29
Exchangeable units ⁽²⁾	1.44	1.36	1.29
Preferred unitholders	1.06	1.05	0.97
Perpetual subordinated notes	1.28	—	—

(1) Distributions to the General Partner include \$240 million of incentive distributions for the year ended December 31, 2022 (2021: \$206 million, 2020: \$183 million)

(2) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

(3) Historical per unit disclosures have been retroactively adjusted for the impact of the three-for-two split of our units, BIPC exchangeable shares, Exchange LP units and BIPC exchangeable LP units, and the special distribution. Refer to Note 28. Partnership Capital, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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For the period up until June 30, 2020, holders of the Series 1 Preferred Units, received a cumulative quarterly fixed distribution at an annual rate of 4.50% (C\$0.2813 per unit per quarter). On June 1, 2020, our partnership announced the fixed distribution rate reset on its Series 1 Preferred Units for the five years commencing July 1, 2020 and ending June 30, 2025 at 3.974% (C\$0.2484 per unit per quarter). Subsequent to year end, our partnership announced the fixed distribution rate reset on its Series 9 Preferred Units for the five years commencing April 1, 2023 and ending March 31, 2028. If declared, the fixed quarterly distributions on the Series 9 Preferred Units during the five years commencing April 1, 2023 will be paid at an annual rate of 6.642% (C\$0.415125 per unit per quarter).

NOTE 31. CONTINGENT ASSETS & LIABILITIES

Brookfield Infrastructure, including its associates, had bank and customs guarantees and letters of credit outstanding to third parties totaling \$462 million (2021: \$474 million). These guarantees are generally supported by cash on deposit with banks.

Our partnership and its subsidiaries are contingently liable with respect to litigation and claims that arise in the normal course of operations.

NOTE 32. CONTRACTUAL COMMITMENTS

In the normal course of business, our partnership will enter into contractual commitments which include commitments relating to contracted project costs for various growth initiatives, committed expenditures associated with gas and electricity sales contracts at our U.K. regulated distribution operation, service agreements for the purchase and transportation of core utilities at our Canadian diversified midstream operation and leases associated with our U.S. data center operation, Indian telecom towers operation, North American rail operation and Canadian diversified midstream operation. As at December 31, 2022, our partnership had \$5,313 million (2021: \$8,376 million) of commitments outstanding, of which 13% mature in less than one year, 35% between two and five years, and 52% after five years.

In addition, pursuant to the Master Service Agreement, on a quarterly basis, Brookfield Infrastructure pays a base management fee to the Service Providers equal to 0.3125% per quarter (1.25% annually) of the market value of our partnership. This fee is recorded on the Consolidated Statements of Operating Results in general and administrative expenses.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 33. RETIREMENT BENEFIT PLANS

Brookfield Infrastructure offers pension plans to certain employees of its subsidiaries. Brookfield Infrastructure’s obligations under its defined benefit pension plans are determined periodically through the preparation of actuarial valuations. The benefit plans’ expense for 2022 was \$26 million (2021: \$37 million, 2020: \$38 million). The discount rate used was 4.5% (2021: 2.3%, 2020: 1.72%) with a rate of compensation of 2.4% (2021: 2.6%, 2020: 2.3%).

<u>US\$ MILLIONS</u>	<u>2022</u>	<u>2021</u>
Plan assets	\$ 654	\$ 934
Less accrued benefit obligation	(679)	(1,126)
Accrued benefit liability⁽¹⁾	\$ (25)	\$ (192)

(1) Primarily presented within Other liabilities’ of the consolidated statements of financial position. Refer to Note 18, Accounts Payable and Other for further details.

NOTE 34. RELATED PARTY TRANSACTIONS

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

Throughout the year, the General Partner, in its capacity as our partnership’s general partner, incurs director fees, a portion of which are charged at cost to our partnership in accordance with our limited partnership agreement. Director fees of \$1 million were incurred during the year ended December 31, 2022 (2021: \$1 million, 2020: \$1 million).

Since inception, Brookfield Infrastructure has had a management agreement (the “Master Services Agreement”) with certain service providers (the “Service Providers”), 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 Providers equal to 0.3125% per quarter (1.25% annually) of the market value of our partnership. The Base Management Fee was \$421 million for the year ended December 31, 2022 (2021: \$394 million, 2020: \$302 million). As of December 31, 2022, \$91 million was outstanding as payable to the Service Providers (December 31, 2021: \$108 million).

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

As of December 31, 2022, Brookfield Infrastructure had a loan payable of \$25 million to subsidiaries of Brookfield (December 31, 2021: \$26 million). The loan is payable in full prior to the end of 2024 with an interest rate of 1.7%.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

Brookfield Infrastructure, from time to time, will place deposits with, or receive deposits from, Brookfield. As at December 31, 2022, our net deposit from Brookfield was \$nil (December 31, 2021: \$nil) and Brookfield Infrastructure incurred interest expense of less than \$4 million for the year ended December 31, 2022 (2021: \$3 million, 2020: \$1 million). Deposits bear interest at market rates.

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

As at December 31, 2022, Brookfield Infrastructure had approximately \$160 million of borrowings outstanding to subsidiaries and associates of Brookfield (December 31, 2021: \$51 million) and approximately \$0.7 billion of net payables to subsidiaries of Brookfield (December 31, 2021: \$0.6 billion).

Brookfield Infrastructure's subsidiaries provide heating, cooling, connection, port marine and natural gas services on market terms in the normal course of operations to subsidiaries and associates of Brookfield. For the year ended December 31, 2022, revenues of \$8 million were generated (2021: \$10 million, 2020: \$12 million).

Brookfield Infrastructure's subsidiaries purchase power, lease office space and obtain construction, consulting and engineering services in the normal course of operations on market terms from subsidiaries and associates of Brookfield. For the year ended December 31, 2022, expenses of \$144 million were incurred (2021: \$37 million, 2020: \$2 million).

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

During the fourth quarter of 2022, our partnership sold a portfolio of investments, which included partial interests in consolidated subsidiaries and financial assets, with an approximate fair value of \$310 million to an affiliate of Brookfield in exchange for securities of equal value. The portfolio of investments represented seed assets in a new product offering that Brookfield will be marketing and selling to third party investors which at that time will allow our partnership, subject to certain conditions, monetize the securities to generate liquidity. The securities are recorded as financial assets on the Consolidated Statement of Financial Position. The reduction in partial interests in consolidated subsidiaries is reflected as an increase in non-controlling interest of others in operating subsidiaries on the Consolidated Statement of Financial Position. Subsequent to year end, on February 28, 2023, our partnership exercised its redemption option associated with the securities and redeemed a portion of its units with a fair value of \$230 million.

NOTE 35. DERIVATIVE FINANCIAL INSTRUMENTS

Brookfield Infrastructure's activities expose it to a variety of financial risks, including market risk (i.e. currency risk, interest rate risk, commodity risk and other price risk), credit risk and liquidity risk. Brookfield Infrastructure and its subsidiaries selectively use derivative financial instruments principally to manage these risks.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The aggregate notional amount of Brookfield Infrastructure's derivative positions at December 31, 2022 and 2021 were as follows:

<u>US\$ MILLIONS</u>	<u>Note</u>	<u>2022</u>	<u>2021</u>
Foreign exchange contracts	(a)	\$ 2,912	\$ 4,383
Interest rates swaps and other	(b)	9,543	10,095
Commodity contracts		115	424
		<u>\$ 12,570</u>	<u>\$ 14,902</u>

The following table presents the change in fair values of Brookfield Infrastructure's derivative positions during the years ended December 31, 2022 and 2021:

<u>US\$ MILLIONS</u>	<u>Unrealized Gains During 2022</u>	<u>Unrealized Losses During 2022</u>	<u>Net Change During 2022</u>	<u>Net Change During 2021</u>
Foreign exchange derivatives	\$ 130	\$ (11)	\$ 119	\$ 100
Interest rate and other derivatives	643	(131)	512	298
Commodity derivatives	52	(16)	36	(43)
	<u>\$ 825</u>	<u>\$ (158)</u>	<u>\$ 667</u>	<u>\$ 355</u>

(a) Foreign Exchange

Brookfield Infrastructure held the following foreign exchange contracts with notional amounts at December 31, 2022 and 2021.

<u>US\$ MILLIONS</u>	<u>Notional Amount (U.S. Dollars)</u>		<u>Average Exchange Rate</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Foreign exchange contracts				
British pounds	\$ 868	\$1,871	\$ 1.30	\$ 1.35
Canadian dollars	553	679	0.79	0.75
Australian dollars	494	642	0.71	0.73
European Union euros	328	367	1.14	1.21
Indian rupees	25	216	0.012	0.013
Colombian pesos	15	27	0.0002	0.0002
Peruvian soles	9	9	0.26	0.26
Other ⁽¹⁾	620	572	—	—
	<u>\$2,912</u>	<u>\$4,383</u>		

(1) Includes foreign exchange contracts at our operating subsidiaries intended to offset the risk associated with non-recourse borrowings in currencies other than the functional currency of the underlying operation, primarily in USD.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

(b) Interest Rates

At December 31, 2022, Brookfield Infrastructure held interest rate and cross currency interest rate swap contracts having an aggregate notional amount of \$9,543 million (2021: \$10,095 million). Our partnership has an aggregate notional amount of \$4,064 million floating interest rate derivatives that are benchmarked against the LIBOR, \$738 million floating interest rates derivatives that are benchmarked against the bank bill swap rate, \$1,911 million floating interest rates derivatives that are benchmarked against the CDOR and \$734 million floating interest rates derivatives that are benchmarked against the SOFR.

It is currently expected that the Secured Overnight Financing Rate will replace US\$ LIBOR prior to June 30, 2023. As at December 31, 2022, this reform has resulted in no material economic impact on our partnership's floating rate borrowings.

Other Information Regarding Derivative Financial Instruments

The following table presents the notional amounts underlying Brookfield Infrastructure's derivative instruments by term to maturity as at December 31, 2022 and the comparative notional amounts at December 31, 2021, for both derivatives that are classified as fair value through profit or loss and derivatives that qualify for hedge accounting:

<u>US\$ MILLIONS</u>	2022			Total Notional Amount	2021
	< 1 year	1 to 5 years	> 5 years		Total Notional Amount
Fair value through profit or loss					
Foreign exchange derivatives	\$ 1,186	\$ 821	\$ —	\$ 2,007	\$ 2,103
Interest rate derivatives					
Interest rate swaps, cross currency interest rate swaps and other	81	639	—	720	686
Commodity contracts	106	9	—	115	424
	<u>\$ 1,373</u>	<u>\$ 1,469</u>	<u>\$ —</u>	<u>\$ 2,842</u>	<u>\$ 3,213</u>
Elected for hedge accounting					
Foreign exchange derivatives	\$ 114	\$ 318	\$ 473	\$ 905	\$ 2,280
Interest rate derivatives					
Interest rate and cross currency interest rate swaps	1,712	5,939	1,172	8,823	9,409
	<u>\$ 1,826</u>	<u>\$ 6,257</u>	<u>\$ 1,645</u>	<u>\$ 9,728</u>	<u>\$ 11,689</u>

The following table classifies derivatives elected for hedge accounting during the years ended December 31, 2022 and 2021 as either cash flow hedges or net investment hedges. Changes in the fair value of the effective portion of the hedges are recorded in either other comprehensive income or net income, depending on the hedge classification, whereas changes in the fair value of the ineffective portion of the hedge are recorded in net income:

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

AS AT AND FOR THE YEARS ENDED (MILLIONS)	2022			2021		
	Notional	Effective Portion	Ineffective Portion	Notional	Effective Portion	Ineffective Portion
Cash flow hedges	\$ 9,308	\$ 529	\$ 1	\$ 9,981	\$ 288	\$ 28
Net investment hedges	420	235	—	1,708	62	(14)
	<u>\$ 9,728</u>	<u>\$ 764</u>	<u>\$ 1</u>	<u>\$ 11,689</u>	<u>\$ 350</u>	<u>\$ 14</u>

Our partnership settles the difference between the contracted fixed and floating rates of its interest rate swaps on a net basis. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce our partnership's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the borrowings occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on borrowings affect profit or loss.

NOTE 36. FINANCIAL RISK MANAGEMENT

Brookfield Infrastructure is exposed to the following risks as a result of holding financial instruments: capital risk; liquidity risk; market risk (i.e. interest rate risk and foreign currency risk); and credit risk. The following is a description of these risks and how they are managed:

(a) Liquidity Risk Management

Brookfield Infrastructure manages its capital structure to be able to continue as a going concern while maximizing the return to stakeholders. Brookfield Infrastructure's overall capital strategy remains unchanged from 2021. Our non-recourse borrowings have increased due to recently completed acquisitions while maintaining our consolidated net debt to capitalization ratio consistent with the prior year.

The capital structure of Brookfield Infrastructure consists of debt, offset by cash and cash equivalents, and partnership capital comprised of issued capital and accumulated gains.

US\$ MILLIONS	2022	2021
Corporate borrowings	\$ 3,666	\$ 2,719
Non-recourse borrowings	26,567	26,534
Subsidiary and corporate borrowings	30,233	29,253
Preferred shares	20	20
Cash and cash equivalents ⁽¹⁾	(2,117)	(1,924)
Consolidated net debt	28,136	27,349
Total partnership capital	25,554	26,391
Total capital and consolidated net debt	\$ 53,690	\$ 53,740
Consolidated net debt to capitalization ratio	52 %	51 %

(1) Includes current marketable securities.

The Board, along with senior management of the Service Providers, reviews Brookfield Infrastructure's capital structure and as part of this review, considers the cost of capital and the risk associated with each class of capital.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

Brookfield Infrastructure manages its debt exposure by financing its operations on a non-recourse basis with prudent levels of debt, ensuring a diversity of funding sources as well as laddering its maturity profile to minimize refinance risk. Brookfield Infrastructure also borrows in the currency where the asset operates, where possible, in order to hedge its currency risk.

Generally, Brookfield Infrastructure's equity strategy is to issue equity in conjunction with acquisitions or outsized organic growth initiatives. The equity portion of capital expenditures and normal levels of acquisition of activity will be self-funded through operating cash flows retained in the business and proceeds from the sale of mature, de-risked businesses. However, Brookfield Infrastructure may also issue equity opportunistically to enhance its liquidity to pursue investment activity. Brookfield Infrastructure maintains active shelf registrations to enable it to issue securities in both the U.S. and Canadian markets.

Brookfield Infrastructure's financing plan is to fund its recurring growth capital expenditures with cash flow generated by its operations after maintenance capital expenditure, as well as debt financing that is sized to maintain its credit profile. To fund large scale development projects and acquisitions, Brookfield Infrastructure will evaluate a variety of capital sources including proceeds from selling mature assets, equity and debt financing. Our partnership will seek to raise additional equity if Brookfield Infrastructure believes it can earn returns on these investments in excess of the cost of the incremental partnership capital.

As disclosed within Note 20, *Borrowings*, Brookfield Infrastructure has various loan facilities in place. In certain cases, the facilities have financial covenants which are generally in the form of interest coverage ratios and leverage ratios. Brookfield Infrastructure does not have any market capitalization covenants attached to any of its borrowings, nor does it have any other externally imposed capital requirements.

Brookfield Infrastructure attempts to maintain sufficient financial liquidity at all times so that it is able to participate in attractive opportunities as they arise, better withstand sudden adverse changes in economic circumstances and maintain its distribution of FFO to unitholders. Brookfield Infrastructure's principal sources of liquidity are cash flows from its operations, undrawn credit facilities and access to public and private capital markets. Brookfield Infrastructure also structures the ownership of its assets to enhance its ability to monetize them to provide additional liquidity, if necessary.

Brookfield Infrastructure's corporate liquidity as at December 31 was as follows:

US\$ MILLIONS⁽¹⁾	2022	2021
Corporate cash and financial assets	\$ 891	\$ 683
Availability under committed credit facilities ⁽²⁾	3,100	3,475
Commercial paper	(464)	(431)
Draws on credit facility	(96)	—
Commitments under credit facility	(12)	(12)
Corporate liquidity	<u>\$ 3,419</u>	<u>\$ 3,715</u>

(1) Liquidity managed by Brookfield Infrastructure L.P. and affiliated corporate entities.

(2) Includes a \$2.1 billion (2021: \$2.0 billion) committed corporate credit facility and a \$1 billion (2021: \$500 million) credit facility with Brookfield. Prior year availability included a \$1 billion syndicated revolving credit facility, which matured on April 14, 2022. Refer to Note 20, *Borrowings*, for further details.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The following tables detail the contractual maturities for Brookfield Infrastructure’s financial liabilities. The tables reflect the undiscounted cash flows of financial liabilities based on the earliest date on which Brookfield Infrastructure can be required to pay. The tables include both interest and principal cash flows:

December 31, 2022 US\$ MILLIONS	Less than 1 year	1-2 years	2-5 years	5+ years	Total contractual cash flows
Accounts payable and other liabilities	\$ 3,413	\$ 49	\$ 12	\$ 160	\$ 3,634
Corporate borrowings	464	517	428	2,280	3,689
Non-recourse borrowings ⁽¹⁾	2,605	2,727	10,972	10,431	26,735
Financial liabilities	390	28	21	1,628	2,067
Lease liabilities	441	392	1,079	2,543	4,455
Interest Expense:					
Corporate borrowings ⁽²⁾	144	130	368	1,128	1,770
Non-recourse borrowings	1,244	1,093	2,475	2,940	7,752

(1) As of December 31, 2022, approximately \$31 million of debt was in breach of asset-level financial covenants. We anticipate being able to refinance or obtain waivers from our financial institutions and accordingly presented the debt in the contractually obligated year of maturity.

(2) Interest expense on Corporate borrowings include undiscounted interest obligations on \$250 million of subordinated notes maturing May 24, 2081, with a coupon of 5.0%

December 31, 2021 US\$ MILLIONS	Less than 1 year	1-2 years	2-5 years	5+ years	Total contractual cash flows
Accounts payable and other liabilities	\$ 2,980	\$ 46	\$ 47	\$ 319	\$ 3,392
Corporate borrowings	431	—	554	1,754	2,739
Non-recourse borrowings ⁽¹⁾	2,599	2,797	11,335	9,778	26,509
Financial liabilities	1,510	101	122	1,507	3,240
Lease liabilities	459	437	1,169	2,859	4,924
Interest Expense:					
Corporate borrowings ⁽²⁾	96	96	229	837	1,258
Non-recourse borrowings	1,046	968	2,199	2,951	7,164

(1) As of December 31, 2021, approximately \$145 million of debt was in breach of asset-level financial covenants. We anticipate being able to refinance or obtain waivers from our financial institutions and accordingly presented the debt in the contractually obligated year of maturity.

(2) Interest expense on Corporate borrowings include undiscounted interest obligations on \$250 million of subordinated notes maturing May 24, 2081, with a coupon of 5.0%

(b) Market Risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by Brookfield Infrastructure will fluctuate because of the change in market prices. Market risk includes the risk of changes in interest rates, foreign currency exchange rates and equity prices.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

Brookfield Infrastructure seeks to minimize the risks associated with foreign currency exchange rates and interest rates primarily through the use of derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by Brookfield Infrastructure's Treasury Policy. Brookfield Infrastructure does not enter into, or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Treasury Policy provides written principles on the use of financial derivatives. With respect to its treasury policy, the Service Providers performs the monitoring, review and approval role and report to the Board on a regular basis.

Financial instruments held by Brookfield Infrastructure that are subject to market risk include other financial assets, borrowings, derivative instruments, such as interest rate and foreign currency contracts, and marketable securities. Our partnership is exposed to equity price risks arising from marketable securities. As at December 31, 2022, the balance of the portfolio was \$1,007 million (2021: \$588 million), a 10% change in the value of the portfolio would impact our equity by \$101 million and result in an impact on our comprehensive income of \$101 million.

Interest Rate Risk Management

Brookfield Infrastructure's primary objectives with respect to interest rate risk management are to ensure that:

- Brookfield Infrastructure is not exposed to interest rate movements that could adversely impact its ability to meet financial obligations;
- Earnings and distributions are not adversely affected;
- Volatility of debt servicing costs is managed within acceptable parameters; and
- All borrowing covenants under various borrowing facilities, including interest coverage ratios, are complied with.

To achieve these objectives, in general terms, Brookfield Infrastructure's funding mix comprises both fixed and floating rate debt. Fixed rate debt is achieved either through fixed rate debt funding or through the use of financial derivative instruments. In addition, where possible, interest rate risk is minimized by matching the terms of interest rate swap contracts in regulated businesses to the term of the rate period, thus providing natural hedges.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The sensitivity analyses below reflect Brookfield Infrastructure’s exposure to interest rates for both derivative and non-derivative instruments at the reporting date, assuming that a 50 basis point increase or decrease in rates takes place at the beginning of the financial year and is held constant throughout the reporting period. The sensitivity analyses assume a 50 basis point change to reflect the current methodology employed by Brookfield Infrastructure in assessing interest rate risk. Such parallel shift in the yield curve by 50 basis points would have had the following impact, assuming all other variables were held constant:

<u>US\$ MILLIONS</u>	<u>2022</u>	
	<u>50 bp decrease</u>	<u>50 bp increase</u>
Net income (loss) to the partnership ⁽¹⁾	\$ 8	\$ (8)
Other comprehensive income (loss) to the partnership ⁽¹⁾	2	(2)

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

Foreign Currency Risk Management

Brookfield Infrastructure has exposure to foreign currency risk in respect of currency transactions, the value of Brookfield Infrastructure’s net investment, cash flows and capital expenditures that are denominated outside of the U.S. Brookfield Infrastructure’s approach to foreign currency risk management is:

- Brookfield Infrastructure leverages any natural hedges that may exist within its operations, including local inflation indexation;
- Brookfield Infrastructure utilizes local currency debt financing to the extent possible; and
- Brookfield Infrastructure may utilize derivative contracts to the extent that natural hedges are insufficient.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The tables below set out Brookfield Infrastructure's currency exposure at December 31, 2022 and 2021:

2022

<u>US\$ MILLIONS</u>	<u>USD</u>	<u>AUD</u>	<u>GBP</u>	<u>BRL</u>	<u>CAD</u>	<u>EUR</u>	<u>COP</u>	<u>PEN</u>	<u>INR</u>	<u>NZD & Other</u>	<u>Total</u>
Assets:											
Current assets	\$ 2,365	\$ 335	\$ 653	\$ 737	\$ 962	\$ 72	\$ 200	\$ 127	\$ 1,150	\$ 85	\$ 6,686
Non-current assets	14,133	4,299	8,092	4,489	21,977	1,190	989	1,202	9,288	624	66,283
	<u>\$16,498</u>	<u>\$ 4,634</u>	<u>\$ 8,745</u>	<u>\$ 5,226</u>	<u>\$22,939</u>	<u>\$ 1,262</u>	<u>\$ 1,189</u>	<u>\$ 1,329</u>	<u>\$10,438</u>	<u>\$ 709</u>	<u>\$72,969</u>
Liabilities:											
Current liabilities	\$ 2,715	\$ 320	\$ 1,169	\$ 494	\$ 2,063	\$ 40	\$ 151	\$ 10	\$ 1,325	\$ 90	\$ 8,377
Non-current liabilities	10,230	1,701	4,663	3,026	11,765	142	535	616	6,226	134	39,038
	<u>12,945</u>	<u>2,021</u>	<u>5,832</u>	<u>3,520</u>	<u>13,828</u>	<u>182</u>	<u>686</u>	<u>626</u>	<u>7,551</u>	<u>224</u>	<u>47,415</u>
Non-controlling interest— Redeemable Partnership Units held by Brookfield	(668)	525	536	313	846	239	15	30	305	122	2,263
Non-controlling interest—BIPC exchangeable shares	(380)	299	305	178	482	136	9	17	174	69	1,289
Non-controlling interest— Exchangeable units ⁽¹⁾	(22)	17	17	10	27	8	—	1	10	4	72
Non-controlling interest—Other ⁽²⁾	6,217	518	776	460	5,737	128	442	584	1,669	—	16,531
Net investment attributable to limited partners and general partner	<u>\$(1,594)</u>	<u>\$ 1,254</u>	<u>\$ 1,279</u>	<u>\$ 745</u>	<u>\$ 2,019</u>	<u>\$ 569</u>	<u>\$ 37</u>	<u>\$ 71</u>	<u>\$ 729</u>	<u>\$ 290</u>	<u>\$ 5,399</u>

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

2021

US\$ MILLIONS	USD	AUD	GBP	BRL	CAD	EUR	COP	PEN	INR	NZD & Other	Total
Assets:											
Current assets	\$ 1,446	\$ 394	\$ 582	\$ 772	\$ 775	\$ 67	\$ 216	\$ 98	\$ 463	\$ 83	\$ 4,896
Non-current assets	13,142	3,688	8,831	5,848	22,576	1,272	1,061	1,132	10,836	679	69,065
	<u>\$14,588</u>	<u>\$ 4,082</u>	<u>\$ 9,413</u>	<u>\$ 6,620</u>	<u>\$23,351</u>	<u>\$ 1,339</u>	<u>\$ 1,277</u>	<u>\$ 1,230</u>	<u>\$11,299</u>	<u>\$ 762</u>	<u>\$73,961</u>
Liabilities:											
Current liabilities	\$ 2,174	\$ 462	\$ 792	\$ 1,307	\$ 2,743	\$ 40	\$ 161	\$ 17	\$ 857	\$ 108	\$ 8,661
Non-current liabilities	9,292	1,656	5,228	2,931	11,531	154	522	561	6,876	158	38,909
	11,466	2,118	6,020	4,238	14,274	194	683	578	7,733	266	47,570
Non-controlling interest —Redeemable Partnership Units held by Brookfield	(463)	363	664	391	703	254	21	28	323	124	2,408
Non-controlling interest —BIPC exchangeable shares	(264)	206	377	222	400	145	12	16	184	71	1,369
Non-controlling interest —Exchangeable units ⁽¹⁾	(16)	13	23	14	25	9	1	1	11	4	85
Non-controlling interest —Other ⁽²⁾	4,967	518	749	825	6,275	132	512	541	2,277	—	16,796
Net investment attributable to limited partners and general partner	<u>\$(1,102)</u>	<u>\$ 864</u>	<u>\$ 1,580</u>	<u>\$ 930</u>	<u>\$ 1,674</u>	<u>\$ 605</u>	<u>\$ 48</u>	<u>\$ 66</u>	<u>\$ 771</u>	<u>\$ 297</u>	<u>\$ 5,733</u>

(1) Includes non-controlling interest attributable to Exchange LP Units and BIPC Exchangeable LP Units. Refer to Note 1, Organization and Description of the Business, for further details.

(2) Includes non-controlling interest attributable others in operating subsidiaries, preferred unitholders and perpetual subordinated notes.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The following tables detail Brookfield Infrastructure's sensitivity to a 10% increase and decrease in the U.S. dollar against the relevant foreign currencies, with all other variables held constant as at reporting date. 10% is the sensitivity rate used when reporting foreign currency risk internally. The sensitivity analysis is performed as follows:

- Outstanding foreign currency denominated monetary items (excluding foreign exchange derivative contracts) are adjusted at period end for a 10% change in foreign currency rates from the rate at which they are translated;
- Foreign currency derivative contracts are measured as the change in fair value of the derivative as a result of a 10% change in the spot currency rate; and
- The impact on net income results from performing a sensitivity of a 10% change in foreign exchange rates applied to the profit or loss contribution from foreign operations (after considering the impact of foreign exchange derivative contracts).

US\$ MILLIONS	Impact on Net Income to the Partnership ⁽¹⁾					
	2022		2021		2020	
	-10%	10%	-10%	10%	-10%	10%
USD/AUD	\$ 7	\$ (7)	\$ 9	\$ (9)	\$ 4	\$ (4)
USD/EUR	(1)	1	1	(1)	2	(2)
USD/GBP	8	(8)	11	(11)	5	(5)
USD/CLP	—	—	(1)	1	(1)	1
USD/COP	1	(1)	1	(1)	1	(1)
USD/BRL	17	(17)	18	(18)	15	(15)
USD/CAD	21	(21)	13	(13)	4	(4)
USD/INR	—	—	—	—	(3)	3
USD/NZD	2	(2)	—	—	(1)	1

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

US\$ MILLIONS	Impact on Partnership Capital			
	2022		2021	
	-10%	10%	-10%	10%
USD/AUD	\$ 106	\$ (106)	\$ 32	\$ (32)
USD/GBP	79	(79)	27	(27)
USD/COP	—	—	6	(6)
USD/BRL	125	(125)	154	(154)
USD/CAD	37	(37)	69	(69)
USD/PEN	11	(11)	10	(10)
USD/INR	34	(34)	49	(49)

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

(c) Credit Risk Management

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfill its contractual obligations.

From a treasury perspective, counterparty credit risk is managed through the establishment of authorized counterparty credit limits which are designed to ensure that Brookfield Infrastructure only deals with creditworthy counterparties and that counterparty concentration is addressed and the risk of loss is mitigated. Credit limits are sufficiently low to restrict Brookfield Infrastructure from having credit exposures concentrated with a single counterparty but rather encourages spreading such risks among several parties. The limits are set at levels that reflect Brookfield Infrastructure’s scale of activity and allow it to manage its treasury business competitively.

Brookfield Infrastructure does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. Exposure to credit risk is limited to the carrying amount of the assets on the Consolidated Statements of Financial Position.

NOTE 37. CAPITAL MANAGEMENT

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

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

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

<u>US\$ MILLIONS</u>	<u>2022</u>	<u>2021</u>
Partnership Capital	\$25,554	\$26,391
Remove impact of the following items since inception:		
Non-controlling interest - in operating subsidiaries	(15,320)	(15,658)
Deficit	3,422	2,520
Accumulated other comprehensive income	(817)	(543)
Ownership changes	(558)	(515)
Invested Capital	<u>\$12,281</u>	<u>\$12,195</u>

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

The following table presents the change in Invested Capital during year ended December 31, 2022 and 2021:

<u>US\$ MILLIONS</u>	For the year ended December 31,	
	2022	2021
Opening balance	\$ 12,195	\$ 9,213
Net (redemption) issuance of preferred units	(220)	8
Issuance of perpetual subordinated notes	293	—
Issuance of limited partnership and redeemable partnership units, net of redemptions	13	945
Issuance of BIPC exchangeable shares	—	1,770
Issuance of BIPC exchangeable LP Units	—	259
Ending balance	\$ 12,281	\$ 12,195
Weighted Average Invested Capital ⁽¹⁾	\$ 12,270	\$ 10,076

(1) For the purposes of calculating Weighted Average Invested Capital for the year ended December 31, 2022, redemption of preferred units and issuance of perpetual subordinated notes of \$220 million and \$293 million, respectively, were assumed to have been completed concurrently in January of 2022.

NOTE 38. SUPPLEMENTAL CASH FLOW INFORMATION

<u>US\$ MILLIONS</u>	For the year ended December 31,		
	2022	2021	2020
Interest paid	\$1,638	\$1,074	\$ 985
Income taxes paid	\$ 364	\$ 262	\$ 172

Amounts paid and received for interest were reflected as operating cash flows in the Consolidated Statements of Cash Flows. Interest paid is net of debt related hedges.

Amounts paid for income taxes were reflected as either operating cash flows or investing cash flows in the Consolidated Statements of Cash Flows depending upon the nature of the underlying transaction.

Details of “Changes in non-cash working capital, net” on the Consolidated Statements of Cash Flows are as follows:

<u>US\$ MILLIONS</u>	For the year ended December 31,		
	2022	2021	2020
Accounts receivable	\$ (445)	\$ (190)	\$ 284
Prepayments	(117)	(11)	(415)
Accounts payable and other	(342)	(323)	(89)
Changes in non-cash working capital, net ⁽¹⁾	\$ (904)	\$ (524)	\$ (220)

(1) During the year ended December 31, 2022, changes in non-cash working capital include a \$0.3 billion (2021: \$0.3 billion, 2020: \$0.3 billion) reduction to cash related to the impact of finance lease receivables signed at our North American residential energy infrastructure operation. The operation presents an outflow for the cost of inventory within the operating cash flows, and given the business has been securitized since 2019, the corresponding cash outflows are more than offset by increases in non-recourse borrowings under financing activities on the Consolidated Statements of Cash Flows.

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020

NOTE 39. SUBSEQUENT EVENTS

On January 4, 2023, Brookfield Infrastructure, alongside institutional partners (the “HomeServe consortium”), completed the acquisition of HomeServe PLC (“HomeServe”), a residential infrastructure business operating in North America and Europe, and acquired all the issued and outstanding shares of HomeServe for £12 per share or approximately \$1.2 billion (HomeServe consortium total of approximately \$4.9 billion). The partnership has an effective 26% and 25% interest in HomeServe’s North American and European businesses, respectively.

Due to the recent closing of the acquisition, the complete valuation and initial purchase price accounting for the business combination is not available as at the date of release of these financial statements. As a result, the partnership has not provided amounts recognized as at the acquisition date for certain major classes of assets acquired and liabilities assumed.