

## **Brookfield Infrastructure Partners L.P.**

Interim Report Q3 2015

### **UNAUDITED INTERIM CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS**

*AS OF SEPTEMBER 30, 2015 AND DECEMBER 31, 2014 AND*

*FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2014*

#### **INDEX**

	<b>Page</b>
<u>Unaudited Interim Condensed and Consolidated Statements of Financial Position of Brookfield Infrastructure Partners L.P.</u>	2
<u>Unaudited Interim Condensed and Consolidated Statements of Operating Results of Brookfield Infrastructure Partners L.P.</u>	3
<u>Unaudited Interim Condensed and Consolidated Statements of Comprehensive Loss of Brookfield Infrastructure Partners L.P.</u>	4
<u>Unaudited Interim Condensed and Consolidated Statements of Partnership Capital of Brookfield Infrastructure Partners L.P.</u>	5
<u>Unaudited Interim Condensed and Consolidated Statements of Cash Flows of Brookfield Infrastructure Partners L.P.</u>	7
<u>Notes to the Unaudited Interim Condensed and Consolidated Financial Statements of Brookfield Infrastructure Partners L.P.</u>	8
<u>Management's Discussion &amp; Analysis</u>	29

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

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

**BROOKFIELD INFRASTRUCTURE PARTNERS L.P.**

**UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<b>US\$ MILLIONS, UNAUDITED</b>	<b>Notes</b>	<b>As of</b>	
		<b>September 30, 2015</b>	<b>December 31, 2014</b>
<b>Assets</b>			
Cash and cash equivalents	6	\$ 577	\$ 189
Financial assets	6	508	484
Accounts receivable and other	6	357	299
Inventory		16	21
Assets classified as held for sale	3,4	311	567
Current assets		1,769	1,560
Property, plant and equipment	7	7,453	8,084
Intangible assets	8	3,261	3,575
Investment in associates	9	2,401	2,412
Investment properties		157	162
Goodwill		80	84
Financial assets (non-current)	6	714	430
Other assets (non-current)		70	89
Deferred income tax assets		87	99
Total assets		<u>\$ 15,992</u>	<u>\$ 16,495</u>
<b>Liabilities and Partnership Capital</b>			
<b>Liabilities</b>			
Accounts payable and other	6	\$ 568	\$ 532
Non-recourse borrowings	6,10	296	41
Financial liabilities	6	188	49
Liabilities directly associated with assets classified as held for sale	3,4	—	199
Current liabilities		1,052	821
Corporate borrowings	6	634	588
Non-recourse borrowings (non-current)	6,10	5,699	6,180
Financial liabilities (non-current)	6	476	554
Other liabilities (non-current)		493	569
Deferred income tax liabilities		1,313	1,441
Preferred shares	6,10	20	20
Total liabilities		<u>9,687</u>	<u>10,173</u>
<b>Partnership capital:</b>			
Limited partners	13	3,550	3,533
General partner	13	20	24
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield	13	1,401	1,321
Interest of others in operating subsidiaries	13	1,238	1,444
Preferred unitholders	13	96	—
Total partnership capital		<u>6,305</u>	<u>6,322</u>
Total liabilities and partnership capital		<u>\$ 15,992</u>	<u>\$ 16,495</u>

*The accompanying notes are an integral part of these financial statements.*

**BROOKFIELD INFRASTRUCTURE PARTNERS L.P.**

**UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF OPERATING RESULTS**

<b>US\$ MILLIONS, UNAUDITED</b>	<b>Notes</b>	<b>For the three-month period ended September 30</b>		<b>For the nine-month period ended September 30</b>	
		<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Revenues		\$ 468	\$ 491	\$ 1,400	\$ 1,459
Direct operating costs		(199)	(216)	(599)	(643)
General and administrative expenses		(30)	(28)	(99)	(84)
Depreciation and amortization expense	7,8	(97)	(97)	(293)	(282)
		142	150	409	450
Interest expense		(90)	(90)	(273)	(267)
Share of earnings from investments in associates	9	18	30	55	48
Mark-to-market on hedging items		51	47	109	9
Other income (expense)	3,5	73	(13)	82	11
Income before income tax		194	124	382	251
Income tax expense					
Current		(8)	(9)	(21)	(23)
Deferred		(3)	(33)	(4)	(55)
Net income from continuing operations		183	82	357	173
Loss from discontinued operations, net of income tax	3	—	(2)	—	(7)
Net income		\$ 183	\$ 80	\$ 357	\$ 166
<b>Attributable to:</b>					
Limited partners		\$ 75	\$ 44	\$ 160	\$ 60
General partner		17	11	49	33
Non-controlling interest attributable to:					
Redeemable Partnership Units held by Brookfield		31	17	64	24
Interest of others in operating subsidiaries		59	8	82	49
Preferred unitholders		1	—	2	—
Basic and diluted earnings per limited partner unit		\$ 0.46	\$ 0.29	\$ 1.01	\$ 0.39

*The accompanying notes are an integral part of these financial statements.*

**BROOKFIELD INFRASTRUCTURE PARTNERS L.P.**

**UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

<u>US\$ MILLIONS, UNAUDITED</u>	<u>Notes</u>	<u>For the three-month period ended September 30</u>		<u>For the nine-month period ended September 30</u>	
		2015	2014	2015	2014
Net income		\$ 183	\$ 80	\$ 357	\$ 166
Other comprehensive loss:					
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
Unrealized actuarial losses		—	—	—	(1)
Equity accounted investments	9	—	(77)	—	(80)
Taxes on the above items		—	10	—	10
		<u>—</u>	<u>(67)</u>	<u>—</u>	<u>(71)</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Foreign currency translation		(552)	(431)	(916)	(323)
Cash flow hedges	6	(14)	(27)	(9)	(22)
Net investment hedges	6	92	134	79	44
Available-for-sale securities		(29)	(9)	(27)	17
Taxes on the above items		(5)	—	(10)	(3)
Equity accounted investments	9	13	(2)	13	(4)
		<u>(495)</u>	<u>(335)</u>	<u>(870)</u>	<u>(291)</u>
Total other comprehensive loss		<u>(495)</u>	<u>(402)</u>	<u>(870)</u>	<u>(362)</u>
Comprehensive loss		<u>\$ (312)</u>	<u>\$ (322)</u>	<u>(513)</u>	<u>(196)</u>
<b>Attributable to:</b>					
Limited partners		\$ (178)	\$ (177)	\$ (297)	\$ (142)
General partner		15	9	46	31
Non-controlling interest attributable to:					
Redeemable Partnership Units held by Brookfield		(73)	(69)	(119)	(55)
Interest of others in operating subsidiaries		(77)	(85)	(145)	(30)
Preferred unitholders		<u>1</u>	<u>—</u>	<u>2</u>	<u>—</u>

*The accompanying notes are an integral part of these financial statements.*

**BROOKFIELD INFRASTRUCTURE PARTNERS L.P.**

**UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL**

THREE MONTH PERIOD ENDED SEPTEMBER 30, 2015 US\$ MILLIONS, UNAUDITED	Limited Partners				General Partner				Non-Controlling Interest - Redeemable Partnership Units held by Brookfield				Non-controlling Interest— Redeemable Partnership Units held by Brookfield		Non-controlling Interest—in operating subsidiaries	Preferred Unit Capital	Total partnership capital	
	Limited partners' capital	Deficit	Ownership changes	Accumulated other comprehensive income <sup>(2)</sup>	Limited partners	General partner capital	Deficit	Accumulated other comprehensive income <sup>(2)</sup>	General partner	Redeemable Partnership Units held by Brookfield	Deficit	Ownership changes	Accumulated other comprehensive income <sup>(2)</sup>	Redeemable Partnership Units held by Brookfield				Non-controlling Interest—in operating subsidiaries
Balance as at June 30, 2015	\$ 3,777	\$ (475)	\$ 116	\$ 446	\$ 3,864	\$ 19	\$ (1)	\$ 4	\$ 22	\$ 1,528	\$ (209)	\$ (9)	\$ 209	\$ 1,519	\$ 1,410	\$ 96	\$ 6,911	
Net income	—	75	—	—	75	—	17	—	17	—	31	—	—	31	59	1	183	
Other comprehensive loss	—	—	—	(253)	(253)	—	—	(2)	(2)	—	—	—	(104)	(104)	(136)	—	(495)	
Comprehensive income (loss)	—	75	—	(253)	(178)	—	17	(2)	15	—	31	—	(104)	(73)	(77)	1	(312)	
Unit issuance	3	—	—	—	3	—	—	—	—	—	—	—	—	—	—	—	3	
Unit repurchases <sup>3</sup>	(61)	—	—	—	(61)	—	—	—	—	—	—	—	—	—	—	—	(61)	
Partnership distributions <sup>1</sup>	—	(87)	—	—	(87)	—	(17)	—	(17)	—	(35)	—	—	(35)	—	(1)	(140)	
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(34)	—	(34)	
Acquisition of interest <sup>4</sup>	—	8	—	(9)	(1)	—	—	—	—	3	—	(3)	—	—	36	—	36	
Disposition of interest <sup>5</sup>	—	1	—	(1)	10	—	—	—	—	—	(1)	—	(3)	—	(97)	—	(98)	
Other items <sup>3</sup>	—	—	10	(1)	—	—	—	—	—	—	(10)	—	1	(10)	—	—	—	
Balance as at September 30, 2015	\$ 3,719	\$ (478)	\$ 126	\$ 183	\$ 3,550	\$ 19	\$ (1)	\$ 2	\$ 20	\$ 1,528	\$ (211)	\$ (19)	\$ 103	\$ 1,401	\$ 1,238	\$ 96	\$ 6,305	

1. Refer to Note 14 Distributions.
2. Refer to Note 15 Accumulated Other Comprehensive Income.
3. Refer to Note 13 Partnership Capital.
4. Refer to Note 5, Acquisition of Businesses.
5. Refer to Note 4, Disposition of New England Electricity Transmission Operations.

THREE MONTH PERIOD ENDED SEPTEMBER 30, 2014 US\$ MILLIONS, UNAUDITED	Limited Partners				General Partner				Non-Controlling Interest - Redeemable Partnership Units held by Brookfield				Non-controlling Interest— Redeemable Partnership Units held by Brookfield		Non-controlling Interest—in operating subsidiaries	Total partnership capital	
	Limited partners' capital	Deficit	Ownership changes	Accumulated other comprehensive income <sup>(2)</sup>	Limited partners	General partner capital	Retained earnings	Accumulated other comprehensive income <sup>(2)</sup>	General partner	Redeemable Partnership Units held by Brookfield	Deficit	Ownership changes	Accumulated other comprehensive income <sup>(2)</sup>	Redeemable Partnership Units held by Brookfield			Non-controlling Interest—in operating subsidiaries
Balance as at June 30, 2014	\$ 3,201	\$ (341)	\$ 77	\$ 707	\$ 3,644	\$ 19	\$ 1	\$ 6	\$ 26	\$ 1,178	\$ (145)	\$ 30	\$ 302	\$ 1,365	\$ 1,634	\$ 6,669	
Net income	—	44	—	—	44	—	11	—	11	—	17	—	—	17	8	80	
Other comprehensive loss	—	—	—	(221)	(221)	—	—	(2)	(2)	—	—	—	(86)	(86)	(93)	(402)	
Comprehensive income (loss)	—	44	—	(221)	(177)	—	11	(2)	9	—	17	—	(86)	(69)	(85)	(322)	
Partnership distributions <sup>1</sup>	—	(72)	—	—	(72)	—	(12)	—	(12)	—	(28)	—	—	(28)	—	(112)	
Subsidiary distribution to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(107)	(107)	
Acquisition of interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	60	60	
Balance as at September 30, 2014	\$ 3,201	\$ (369)	\$ 77	\$ 486	\$ 3,395	\$ 19	\$ —	\$ 4	\$ 23	\$ 1,178	\$ (156)	\$ 30	\$ 216	\$ 1,268	\$ 1,502	\$ 6,188	

1. Refer to Note 14 Distributions.
2. Refer to Note 15 Accumulated Other Comprehensive Income.
3. Refer to Note 13 Partnership Capital.

**BROOKFIELD INFRASTRUCTURE PARTNERS L.P.**

**UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL**

NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015 US\$ MILLIONS, UNAUDITED	Limited Partners			General Partner				Non-Controlling Interest—Redeemable Partnership Units held by Brookfield					Non-controlling Interest— operating subsidiaries	Preferred Unit Capital	Total partnership capital		
	Limited partners' capital	Deficit	Ownership changes	Accumulated other comprehensive income <sup>(2)</sup>	Limited partners	General partner capital	Retained earnings/ (deficit)	Accumulated other comprehensive income <sup>(2)</sup>	General partner	Redeemable Partnership Units held by Brookfield	Deficit	Ownership changes				Accumulated other comprehensive income <sup>(2)</sup>	Non-controlling Partnership Units held by Brookfield
Balance as at January 1, 2015	\$ 3,201	\$ (400)	\$ 77	\$ 655	\$ 3,533	\$ 19	\$ —	\$ 5	\$ 24	\$ 1,178	\$ (170)	\$ 30	\$ 283	\$ 1,321	\$ 1,444	\$ —	\$ 6,322
Net income	—	160	—	—	160	—	49	—	49	—	64	—	—	64	82	2	357
Other comprehensive loss	—	—	—	(457)	(457)	—	—	(3)	(3)	—	—	—	(183)	(183)	(227)	—	(870)
Comprehensive income (loss)	—	160	—	(457)	(297)	—	49	(3)	46	—	64	—	(183)	(119)	(145)	2	(513)
Unit issuance	579	—	—	—	579	—	—	—	—	350	—	—	—	350	—	—	929
Unit repurchase <sup>3</sup>	(61)	—	—	—	(61)	—	—	—	—	—	—	—	—	—	—	—	(61)
Partnership distributions <sup>1</sup>	—	(252)	—	—	(252)	—	(50)	—	(50)	—	(102)	—	—	(102)	—	(2)	(406)
Subsidiary distributions to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(71)
Acquisition of interest <sup>4</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	107	—	107
Disposition of interest <sup>5</sup>	—	8	—	(9)	(1)	—	—	—	—	—	3	—	(3)	—	(97)	—	(98)
Preferred units issued <sup>3</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	96	96
Other items <sup>3</sup>	—	6	49	(6)	49	—	—	—	—	(6)	(49)	6	(49)	—	—	—	—
Balance as at September 30, 2015	\$ 3,719	\$ (478)	\$ 126	\$ 183	\$ 3,550	\$ 19	\$ (1)	\$ 2	\$ 20	\$ 1,528	\$ (211)	\$ (19)	\$ 103	\$ 1,401	\$ 1,238	\$ 96	\$ 6,305

1. Refer to Note 14 Distributions.
2. Refer to Note 15 Accumulated Other Comprehensive Income.
3. Refer to Note 13 Partnership Capital.
4. Refer to Note 5, Acquisition of Businesses.
5. Refer to Note 4, Disposition of New England Electricity Transmission Operations.

NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 US\$ MILLIONS, UNAUDITED	Limited Partners			General Partner				Non-Controlling Interest—Redeemable Partnership Units held by Brookfield					Non-controlling Interest— operating subsidiaries	Total partnership capital			
	Limited partners' capital	Deficit	Ownership changes	Accumulated other comprehensive income <sup>2</sup>	Limited partners	General partner capital	Retained earnings	Accumulated other comprehensive income <sup>2</sup>	General partner	Redeemable Partnership Units held by Brookfield	Deficit	Ownership changes			Accumulated other comprehensive income <sup>2</sup>	Non-controlling Partnership Units held by Brookfield	
Balance as at January 1, 2014	\$ 3,199	\$ (213)	\$ 77	\$ 688	\$ 3,751	\$ 19	\$ 2	\$ 6	\$ 27	\$ 1,178	\$ (95)	\$ 30	\$ 295	\$ 1,408	\$ 1,419	\$ —	\$ 6,605
Net income	—	60	—	—	60	—	33	—	33	—	24	—	—	24	49	—	166
Other comprehensive loss income	—	—	—	(202)	(202)	—	—	(2)	(2)	—	—	—	(79)	(79)	(79)	—	(362)
Comprehensive income (loss)	—	60	—	(202)	(142)	—	33	(2)	31	—	24	—	(79)	(55)	(30)	—	(196)
Unit issuance	2	—	—	—	2	—	—	—	—	—	—	—	—	—	—	—	2
Partnership distributions <sup>1</sup>	—	(216)	—	—	(216)	—	(35)	—	(35)	—	(85)	—	—	(85)	—	—	(336)
Subsidiary distribution to non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(171)	(171)
Acquisition of interest <sup>3</sup>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	284	—	284
Balance as at September 30, 2014	\$ 3,201	\$ (369)	\$ 77	\$ 486	\$ 3,395	\$ 19	\$ —	\$ 4	\$ 23	\$ 1,178	\$ (156)	\$ 30	\$ 216	\$ 1,268	\$ 1,502	\$ —	\$ 6,188

1. Refer to Note 14 Distributions.
2. Refer to Note 15 Accumulated Other Comprehensive Income.
3. Refer to Note 13 Partnership Capital.

**BROOKFIELD INFRASTRUCTURE PARTNERS L.P.**

**UNAUDITED INTERIM CONDENSED AND CONSOLIDATED STATEMENTS OF CASH FLOWS**

US\$ MILLIONS, UNAUDITED	Notes	For the three-month period ended September 30		For the nine-month period ended September 30	
		2015	2014	2015	2014
<b>Operating activities</b>					
Net income		\$ 183	\$ 80	\$ 357	\$ 166
Adjusted for the following items:					
Earnings from investments in associates, net of distributions received	9	4	(21)	13	(17)
Depreciation and amortization expense	7,8	97	97	293	282
Mark-to-market on hedging items	6	(51)	(47)	(109)	(9)
Provisions and other items		(57)	13	8	13
Deferred tax expense		3	33	4	55
Changes in non-cash working capital, net		2	80	(26)	41
Cash from operating activities		<u>181</u>	<u>235</u>	<u>540</u>	<u>531</u>
<b>Investing Activities</b>					
Acquisition of subsidiaries, net of cash acquired	5	(14)	(38)	(18)	(38)
Disposition of subsidiaries, net of cash disposed	4	28	—	28	—
Investments in associates	9	—	(373)	(550)	(412)
Disposition of associates		—	30	—	30
Purchase of long lived assets	7,8	(160)	(117)	(382)	(342)
Sale of long lived assets	7,8	7	2	9	7
Purchase of financial assets		(5)	(65)	(201)	(115)
Sale of financial assets		5	—	159	25
Net settlement of foreign exchange hedging items		(4)	(3)	193	(26)
Cash used by investing activities		<u>(143)</u>	<u>(564)</u>	<u>(762)</u>	<u>(871)</u>
<b>Financing Activities</b>					
Distributions to general partner	14	(17)	(12)	(50)	(35)
Distributions to other unitholders	14	(123)	(100)	(356)	(301)
Subsidiary distributions to non-controlling interest		(34)	(54)	(71)	(118)
Capital provided by non-controlling interest	4	22	—	93	—
Proceeds from corporate borrowings		—	—	360	—
Proceeds from corporate credit facility		—	286	417	286
Repayment of corporate credit facility		—	(24)	(662)	(24)
Proceeds from subsidiary borrowings	10	211	897	245	1,147
Repayment of subsidiary borrowings	10	(97)	(805)	(265)	(925)
Repayments of other financing activities		—	—	(38)	—
Preferred units issued	13	—	—	96	—
Partnership units issued, net of issuance costs	13	3	—	929	2
Partnership units repurchased		(61)	—	(61)	—
Cash (used by) from financing activities		<u>(96)</u>	<u>188</u>	<u>637</u>	<u>32</u>
<b>Cash and cash equivalents</b>					
Change during the period		(58)	(141)	415	(308)
Impact of foreign exchange on cash		(17)	(5)	(27)	4
Balance, beginning of period		652	380	189	538
<b>Balance, end of period</b>		<u>\$ 577</u>	<u>\$ 234</u>	<u>\$ 577</u>	<u>\$ 234</u>

*The accompanying notes are an integral part of these financial statements.*

**NOTES TO THE UNAUDITED INTERIM CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS**  
*AS OF SEPTEMBER 30, 2015 AND DECEMBER 31, 2014 AND*  
*FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2014*

**1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS**

Brookfield Infrastructure Partners L.P. (the “partnership”) owns and operates utility, transport, energy and communications infrastructure businesses in North and South America, Australia and Europe. The 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. The partnership is a subsidiary of Brookfield Asset Management Inc. (“Brookfield”). The partnership’s limited partnership units are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbols “BIP” and “BIP.UN”, respectively. The partnership’s preferred units are listed on the Toronto Stock Exchange under the symbol “BIP.PR.A”. The registered office is 73 Front Street, Hamilton, HM12, Bermuda.

**2. SUMMARY OF ACCOUNTING POLICIES**

*a) Statement of Compliance*

These interim condensed and consolidated financial statements of the partnership and its subsidiaries (together “Brookfield Infrastructure”) have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies Brookfield Infrastructure applied in its consolidated financial statements as of and for the year ended December 31, 2014. The accounting policies the partnership applied in its annual consolidated financial statements as of and for the year ended December 31, 2014 are disclosed in Note 3 of such financial statements, with which reference should be made in reading these interim condensed and consolidated financial statements.

These interim condensed and consolidated financial statements were authorized for issuance by the Board of Directors of the partnership on November 12, 2015.

*b) Standards issued not yet adopted*

***IAS 16 Property, Plant, and Equipment (“IAS 16”) and IAS 38 Intangible Assets (“IAS 38”)***

IAS 16, *Property, Plant, and Equipment* (“IAS 16”) and IAS 38, *Intangible Assets* (“IAS 38”) were both amended by the International Accounting Standards Board (“IASB”) as a result of clarifying the appropriate amortization method for intangible assets of service concession arrangements under IFRIC 12, *Service Concession Arrangements* (“SCAs”). The IASB determined that the issue does not only relate to SCAs but all tangible and intangible assets that have finite useful lives. Amendments to IAS 16 prohibit entities from using a revenue based depreciation method for items of property, plant, and equipment. Similarly, the amendment to IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset, with only limited circumstances where the presumption can be rebutted. Guidance is also introduced to explain that expected future reductions in selling prices could be indicative of a reduction of the future economic benefits embodied in an asset. The amendments apply prospectively and are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted. Brookfield Infrastructure is currently evaluating the impact of the amendments to IAS 16 and IAS 38 on its consolidated financial statements.

***IFRS 15 Revenue from Contracts with Customers (“IFRS 15”)***

IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”) specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. The Standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts* and a number of revenue-related interpretations. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied for periods beginning on or after January 1, 2018 with early application permitted. Brookfield Infrastructure is currently evaluating the impact of IFRS 15 on its consolidated financial statements.

### ***IFRS 9 Financial Instruments (“IFRS 9”)***

In July 2014, the IASB issued the final publication of the IFRS 9 standard, superseding the current IAS 39, *Financial Instruments: Recognition and Measurement* standard. This standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with an entity’s risk management activities. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The standard has a mandatory effective date for annual periods beginning on or after January 1, 2018, with early adoption permitted. Brookfield Infrastructure is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

### **3. ASSETS CLASSIFIED AS HELD FOR SALE & DISCONTINUED OPERATIONS**

In the fourth quarter of 2014, Brookfield Infrastructure initiated a plan to dispose of its interest in its North American natural gas transmission business. Management is actively seeking a buyer and expects to complete the sale within the initial contemplated timeline. The North American natural gas transmission business was reported as an investment in associate on the Consolidated Statement of Financial Position until the fourth quarter of 2014 and has since been classified as held for sale. The balance on September 30, 2015 was \$311 million.

The North American natural gas transmission business was reported as part of continuing operations until the fourth quarter of 2014 and has since been classified as discontinued operations for both the current and comparative periods. During the three and nine months ended September 30, 2015 and 2014, nil and nil and a loss of \$2 million and a loss of \$7 million, respectively, were recorded in both the Statement of Operating Results and the Statement of Comprehensive Loss relating to Brookfield Infrastructure’s discontinued operations.

### **4. DISPOSITION OF NEW ENGLAND ELECTRICITY TRANSMISSION OPERATION**

In the third quarter of 2015, Brookfield Infrastructure sold its 23% interest in its New England electricity transmission operation, previously included in the utilities operating segment to a third party for proceeds of \$281 million, resulting in a gain on disposition of \$63 million recognized in the Consolidated Statement of Operating Results within Other income (expense). After settling debt and transaction costs, Brookfield Infrastructure received net proceeds of \$28 million based on its 23% interest in the business. The New England electricity transmission operation was previously reported as held for sale until the date of disposition. As a result of the disposition, accumulated revaluation surplus of \$48 million post-tax was reclassified from accumulated other comprehensive income directly to retained earnings and recorded within Other items on the Consolidated Statements of Partnership Capital.

### **5. ACQUISITION OF BUSINESSES**

#### **a) Acquisition of Macquarie District Energy**

On August 21, 2014, Brookfield Infrastructure expanded its U.S. district energy platform to the mid-west U.S. as it acquired a 40% interest in Macquarie District Energy, for consideration of \$38 million through a Brookfield sponsored infrastructure fund. Brookfield Infrastructure has entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to elect the majority of the Board of Directors of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective August 21, 2014. Acquisition costs of less than \$1 million were expensed at the acquisition date and recorded as other expenses on the Consolidated Statement of Operating Results in the third quarter of 2014.

The following summarizes the consideration transferred and the assets acquired and liabilities assumed at the acquisition date:

*Consideration transferred*

<u>US\$ MILLIONS</u>	
Cash	\$ 38
<b>Total consideration</b>	<b>\$ 38</b>

*Fair value of assets and liabilities acquired as at August 21, 2014*

<u>US\$ MILLIONS</u>	
Accounts receivable and other	\$ 28
Property, plant and equipment	347
Goodwill	40
Accounts payable and other	(10)
Non-recourse borrowings	(175)
Deferred income tax liability	(132)
Net assets acquired before non-controlling interest	98
Non-controlling interest <sup>(1)</sup>	(60)
Net assets acquired	<u>\$ 38</u>

1. Non-controlling interest represents the interest not acquired by Brookfield Infrastructure and was measured at fair value at the acquisition date.

Upon acquisition of Macquarie District Energy by Brookfield Infrastructure, a deferred tax liability of \$132 million was recorded. The deferred income tax liability arose because tax bases of the net assets to Brookfield Infrastructure were significantly lower than their fair values. The inclusion of this liability in the net book value of the acquired business gave rise to goodwill of \$40 million, which is viewed to be recoverable so long as the tax circumstances that gave rise to the goodwill do not change. To date, no such changes have occurred. None of the goodwill recognized is expected to be deductible for income tax purposes.

## b) Acquisition of Seattle Steam

On November 21, 2014, Brookfield Infrastructure expanded its U.S. district energy platform to the Pacific U.S. as it acquired a 40% interest in Seattle Steam, for consideration of \$9 million through a Brookfield sponsored infrastructure fund. Brookfield Infrastructure has entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to elect the majority of the Board of Directors of the entity thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective November 21, 2014. Acquisition costs of less than \$1 million were expensed at the acquisition date and recorded as other expenses on the Consolidated Statement of Operating Results in the fourth quarter of 2014.

The following summarizes the consideration transferred and the assets acquired and liabilities assumed at the acquisition date:

### *Consideration transferred*

<u>US\$ MILLIONS</u>	
Cash	\$ 9
<b>Total consideration</b>	<b>\$ 9</b>

### *Fair value of assets and liabilities acquired as at November 21, 2014*

<u>US\$ MILLIONS</u>	
Accounts receivable and other	\$ 17
Property, plant and equipment	45
Non-recourse borrowings	(37)
Net assets acquired before non-controlling interest	25
Non-controlling interest <sup>(1)</sup>	(16)
Net assets acquired	\$ 9

1. Non-controlling interest represents the interest not acquired by Brookfield Infrastructure and was measured at fair value at the acquisition date.

No goodwill arose on acquisition as the consideration transferred by Brookfield Infrastructure equaled its share of the fair value of the net assets of Seattle Steam.

## c) Acquisition of Lodi Gas Storage

On December 31, 2014, Brookfield Infrastructure expanded its North American gas storage operation to the U.S. West Coast as it acquired a 40% interest in Lodi Gas Storage, for consideration of \$42 million, through a Brookfield sponsored infrastructure fund. Brookfield Infrastructure has entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to elect the majority of the Board of Directors of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity, effective December 31, 2014. Acquisition costs of less than \$1 million were expensed at the acquisition date and recorded as other expenses on the Consolidated Statement of Operating Results in the fourth quarter of 2014.

The following summarizes the consideration transferred and the assets acquired and liabilities assumed at the acquisition date:

*Consideration transferred*

<u>US\$ MILLIONS</u>	
Cash	\$ 42
<b>Total consideration</b>	<b>\$ 42</b>

*Fair value of assets and liabilities acquired as at December 31, 2014*

<u>US\$ MILLIONS</u>	
Accounts receivable and other	\$ 4
Property, plant and equipment	130
Accounts payable and other	(30)
Net assets acquired before non-controlling interest	104
Non-controlling interest <sup>(1)</sup>	(62)
Net assets acquired	<u>\$ 42</u>

1. Non-controlling interest represents the interest not acquired by Brookfield Infrastructure and was measured at fair value at the acquisition date.

No goodwill arose on acquisition as the consideration transferred by Brookfield Infrastructure equaled its share of the fair value of the net assets of Lodi Gas Storage.

**d) Acquisition of Niska Gas Storage Partners LLC**

During the second quarter of 2015, Brookfield along with institutional partners signed definitive agreements for a 100% interest in Niska Gas Storage Partners LLC. Brookfield Infrastructure will acquire a 40% interest through a Brookfield sponsored infrastructure fund for \$70 million. Concurrently, Brookfield Infrastructure will enter into a voting arrangement with an affiliate of Brookfield, providing Brookfield Infrastructure with the right to elect the Board of Directors of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure will consolidate this entity. The transaction is expected to close in the first half of 2016, subject to regulatory approvals and other customary closing conditions.

**e) Acquisition of Chilean Toll Roads**

On July 8, 2015, Brookfield Infrastructure acquired an additional 26% interest in Tunel San Cristobal (“TSC”), a Chilean toll road, through a Brookfield sponsored partnership, for \$14 million, bringing Brookfield Infrastructure’s total ownership interest to 51%. Concurrent with the acquisition of the initial interest, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to elect the majority of the Board of Directors of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidates the entity. At the date of the acquisition, Brookfield Infrastructure recognized \$137 million of total assets, of which an intangible asset of \$156 million was recorded, and \$100 million of total liabilities, acquisition costs of \$1 million were expensed at the acquisition date and recorded as Other expenses on the Condensed and Consolidated Statements of Operating Results. A remeasurement gain of \$14 million, resulting from the remeasurement of the Partnership’s pre-existing 25% interest, was included in Other income on the Condensed and Consolidated Statement of Operating Results on the date of acquisition.

## **f) Acquisition of Asciano**

On August 17, 2015, Brookfield, along with institutional partners (the “Brookfield Consortium”), announced a binding agreement to acquire the entire issued capital of Asciano Limited (“Asciano”) whereby Asciano security holders will receive A\$6.9439 in cash and 0.0387 Partnership units per Asciano unit held by its shareholders. Brookfield Infrastructure expects to hold an ownership position of 55% of Asciano upon completion of the acquisition. Brookfield Infrastructure’s portion of the investment will be funded through a combination of 37.9 million Brookfield Infrastructure Partners units issued to Asciano shareholders, funds raised under a \$250 million private placement of redeemable partnership units to Brookfield, cash on hand and draws on Brookfield Infrastructure’s revolving credit facilities. Concurrent with the acquisition of Asciano, Brookfield Infrastructure will enter into a voting arrangement with an affiliate of Brookfield, providing Brookfield Infrastructure with the right to elect the Board of Directors of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure will consolidate on acquisition of this entity. The transaction is expected to close in the first quarter of 2016, subject to Asciano shareholder approval, regulatory approvals and other customary closing conditions.

On November 5, 2015 the Brookfield Consortium acquired 188 million shares in Asciano representing a 14.9% interest. Concurrently, the Brookfield Consortium entered into arrangements acquiring an indirect economic interest of an additional 4.3%. Total consideration paid for the interest in Asciano is \$1.2 billion.

## **g) Acquisition of Gammon infrastructure portfolio**

On August 27, 2015, Brookfield along with institutional partners signed definitive agreements to acquire a 93% interest in a portfolio of toll road assets from Gammon Infrastructure Projects Limited. Brookfield Infrastructure will acquire a 40% interest through a Brookfield sponsored infrastructure fund with an initial investment of approximately \$60 million and subsequent future investments. Concurrently, Brookfield Infrastructure will enter into a voting arrangement with an affiliate of Brookfield, providing Brookfield Infrastructure with the right to elect the Board of Directors of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure will consolidate this entity. The transaction is expected to close in the fourth quarter of 2015, subject to regulatory approvals and other customary closing conditions.

## **6. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are determined by reference to quoted bid or ask prices, when available. 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 (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 analysis, 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 hedging items 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 available-for-sale securities are recognized in other comprehensive income.

## Carrying Value and Fair Value of Financial Instruments

The following table provides the allocation of financial instruments and their associated financial instrument classifications as at September 30, 2015:

US\$ MILLIONS Financial Instrument Classification	FVTPL (Fair Value)	Available-for-sale Securities (Fair Value through OCI)	Loans & Receivables/ Other Liabilities (Amortized Cost)	Total
<b>MEASUREMENT BASIS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	\$ —	\$ —	\$ 577	\$ 577
Accounts receivable and other	—	—	357	357
Financial assets (current and non-current) <sup>(1)</sup>	905	—	3	908
Marketable securities	—	314	—	314
<b>Total</b>	<b>\$ 905</b>	<b>\$ 314</b>	<b>\$ 937</b>	<b>\$ 2,156</b>
<b>Financial liabilities</b>				
Corporate borrowings	\$ —	\$ —	\$ 634	\$ 634
Non-recourse borrowings (current and non-current)	—	—	5,995	5,995
Accounts payable and other	—	—	568	568
Preferred shares	—	—	20	20
Financial liabilities (current and non-current) <sup>(1)</sup>	626	—	38	664
<b>Total</b>	<b>\$ 626</b>	<b>\$ —</b>	<b>\$ 7,255</b>	<b>\$ 7,881</b>

1. Derivative instruments which are elected for hedge accounting totaling \$767 million are included in financial assets and \$293 million of derivative instruments are included in financial liabilities.

The following table provides the allocation of financial instruments and their associated financial instrument classifications as at December 31, 2014:

US\$ MILLIONS Financial Instrument Classification	FVTPL (Fair Value)	Available-for-sale Securities (Fair Value through OCI)	Loans & Receivables/ Other Liabilities (Amortized Cost)	Total
<b>MEASUREMENT BASIS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	\$ —	\$ —	\$ 189	\$ 189
Accounts receivable and other	—	—	299	299
Financial assets (current and non-current) <sup>(1)</sup>	607	—	2	609
Marketable securities	—	305	—	305
<b>Total</b>	<b>\$ 607</b>	<b>\$ 305</b>	<b>\$ 490</b>	<b>\$ 1,402</b>
<b>Financial liabilities</b>				
Corporate borrowings	\$ —	\$ —	\$ 588	\$ 588
Non-recourse borrowings (current and non-current)	—	—	6,221	6,221
Accounts payable and other	—	—	532	532
Preferred shares	—	—	20	20
Financial liabilities (current and non-current) <sup>(1)</sup>	528	—	75	603
<b>Total</b>	<b>\$ 528</b>	<b>\$ —</b>	<b>\$ 7,436</b>	<b>\$ 7,964</b>

1. Derivative instruments which are elected for hedge accounting totaling \$560 million are included in financial assets and \$164 million of derivative instruments are included in financial liabilities.

The following table provides the carrying values and fair values of financial instruments as at September 30, 2015 and December 31, 2014:

US\$ MILLIONS	September 30, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>				
Cash and cash equivalents	\$ 577	\$ 577	\$ 189	\$ 189
Accounts receivable and other	357	357	299	299
Financial assets (current and non-current)	908	908	609	609
Marketable securities	314	314	305	305
Total	<u>\$ 2,156</u>	<u>\$ 2,156</u>	<u>\$ 1,402</u>	<u>\$ 1,402</u>
<b>Financial liabilities</b>				
Corporate borrowings <sup>(1)</sup>	\$ 634	\$ 642	\$ 588	\$ 600
Non-recourse borrowings <sup>(2)</sup>	5,995	6,070	6,221	6,544
Accounts payable and other financial liabilities	568	568	532	532
Preferred shares	20	20	20	20
Financial liabilities (current and non-current)	664	664	603	603
Total	<u>\$ 7,881</u>	<u>\$ 7,964</u>	<u>\$ 7,964</u>	<u>\$ 8,299</u>

1. Corporate borrowings are classified under level 1 of the fair value hierarchy; as 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 borrowings at the UK port operation which are classified under level 1 as quoted prices in an active market are available. For level 2 fair values, future cash flows are estimated based on observable forward interest rates at the end of the reporting period.

## 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 highly effective 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 derivative is not highly effective as a hedge, 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 forecast issuances of debt. The settlement dates typically coincide with the dates on which the interest is payable on the underlying debt, and the amount accumulated in equity is reclassified to income or loss over the period that the floating rate interest payments on debt affect income or loss. For the three and nine months ended September 30, 2015, pre-tax net unrealized losses of \$14 million and \$9 million respectively (2014: losses of \$27 million and \$22 million respectively) were recorded in other comprehensive loss for the effective portion of the cash flow hedges. As at September 30, 2015, there was a net derivative asset balance of \$469 million relating to hedging items designated as cash flow hedges (December 31, 2014: \$269 million asset).

## Net Investment Hedges

Brookfield Infrastructure uses foreign exchange hedging items and foreign currency denominated debt instruments to manage its foreign currency exposures arising from net investments in foreign operations having a functional currency other than the U.S. dollar. For the three and nine months ended September 30, 2015 unrealized \$88 million gains and \$122 million losses respectively (2014: gains of \$137 million and \$70 million, respectively) were recorded in other comprehensive (loss) income for the effective portion of hedges of net investments in foreign operations. Further, Brookfield Infrastructure recognized a \$4 million gain and \$201 million gain, respectively (2014: \$3 million loss and \$26 million loss, respectively) in other comprehensive (loss) income related to the net settlement of foreign exchange hedging items in the three and nine month periods ended September 30, 2015. As at September 30, 2015, there was a net derivative asset balance of \$5 million relating to hedging items designated as net investment hedges (December 31, 2014: \$127 million asset).

## Fair Value Hierarchical Levels

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 hedging items, other financial assets carried at fair value in an inactive market.
- Level 3 – Inputs reflect management's best estimate of unobservable inputs that 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 value of the partnership's financial assets and financial liabilities are measured at fair value on a recurring basis. The following table summarizes the valuation techniques and significant inputs for Brookfield Infrastructure's financial assets and financial liabilities:

US\$ MILLIONS	Fair Value Hierarchy	September 30, 2015	December 31, 2014
<b>Marketable securities</b>	Level 1 <sup>(1)</sup>	\$ 314	\$ 305
<b>Foreign currency forward contracts</b>	Level 2 <sup>(2)</sup>		
Financial asset		205	188
Financial liability		106	6
<b>Interest rate swaps &amp; other</b>	Level 2 <sup>(2)</sup>		
Financial asset		700	419
Financial liability		520	522

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

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

Assets and liabilities measured at fair value on a recurring basis include \$1,219 million (2014: \$912 million) of financial assets and \$626 million (2014: \$528 million) of financial liabilities which are measured at fair value using valuation inputs based on management's best estimates. During the three and nine months ended September 30, 2015 and 2014, no transfers were made between level 1 and 2 or level 2 and 3. The following table categorizes financial assets and liabilities, which are carried at fair value, based upon the level of input.

US\$ MILLIONS	September 30, 2015			December 31, 2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Marketable securities	\$ 314	\$ —	\$ —	\$ 305	\$ —	\$ —
Financial assets (current and non-current) <sup>(1)</sup>	—	905	—	—	607	—
<b>Financial liabilities</b>						
Financial liabilities (current and non-current) <sup>(1)</sup>	\$ —	\$ 626	\$ —	\$ —	\$ 528	\$ —

1. Level 1 financial assets relate to marketable securities. Level 2 financial assets and liabilities primarily relate to derivative instruments.

## 7. PROPERTY, PLANT AND EQUIPMENT

<u>US\$ MILLIONS</u>	<u>Utilities</u>	<u>Transport</u>	<u>Energy</u>	<u>Total</u>
<b>Gross carrying amount</b>				
<b>Balance at January 1, 2014</b>	\$ 3,646	\$ 2,985	\$ 1,233	\$ 7,864
Additions	214	128	61	403
Acquisitions through business combinations	—	—	522	522
Fair value adjustments	321	—	43	364
Reclassified as held for sale assets	(233)	—	—	(233)
Net foreign currency exchange differences	(311)	(295)	(74)	(680)
<b>Balance at December 31, 2014</b>	<b>\$ 3,637</b>	<b>\$ 2,818</b>	<b>\$ 1,785</b>	<b>\$ 8,240</b>
Acquisition through business combination	—	6	—	6
Additions, net of disposals	193	92	63	348
Net foreign currency exchange differences	(299)	(385)	(135)	(819)
<b>Balance at September 30, 2015</b>	<b>\$ 3,531</b>	<b>\$ 2,531</b>	<b>\$ 1,713</b>	<b>\$ 7,775</b>
<b>Accumulated depreciation:</b>				
<b>Balance at January 1, 2014</b>	\$ (24)	\$ (44)	\$ (33)	\$ (101)
Depreciation expense	(130)	(129)	(58)	(317)
Fair value adjustment	128	8	47	183
Reclassified as held for sale assets	15	—	—	15
Net foreign currency exchange differences	11	49	4	64
<b>Balance at December 31, 2014</b>	<b>\$ —</b>	<b>\$ (116)</b>	<b>\$ (40)</b>	<b>\$ (156)</b>
Depreciation expense	(95)	(85)	(74)	(254)
Net foreign exchange differences	31	45	12	88
<b>Balance at September 30, 2015</b>	<b>\$ (64)</b>	<b>\$ (156)</b>	<b>\$ (102)</b>	<b>\$ (322)</b>
<b>Net book value</b>				
<b>September 30, 2015</b>	<b>\$ 3,467</b>	<b>\$ 2,375</b>	<b>\$ 1,611</b>	<b>\$ 7,453</b>
December 31, 2014	\$ 3,637	\$ 2,702	\$ 1,745	\$ 8,084

## 8. INTANGIBLE ASSETS

<u>US\$ MILLIONS</u>	<u>As of</u>	
	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Cost	\$ 3,429	\$ 3,729
Accumulated amortization	(168)	(154)
<b>Total</b>	<b>\$ 3,261</b>	<b>\$ 3,575</b>

Intangible assets are allocated to the following cash generating units:

<u>US\$ MILLIONS</u>	<u>As of</u>	
	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Regulated terminal	\$ 1,766	\$ 2,048
Chilean toll roads	1,068	1,093
UK port operations	325	334
Other <sup>(1)</sup>	102	100
<b>Total</b>	<b>\$ 3,261</b>	<b>\$ 3,575</b>

1. Other intangibles are comprised primarily of customer order backlogs.

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

<u>US\$ MILLIONS</u>	<u>As of</u> <u>September 30, 2015</u>
Cost at beginning of the period	\$ 3,729
Acquisitions through business combination <sup>1</sup>	137
Additions, net of disposals	34
Foreign currency translation	(471)
<b>Balance at September 30, 2015</b>	<b>\$ 3,429</b>

1. Refer to Note 5, Acquisition of Businesses.

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

<u>US\$ MILLIONS</u>	<u>As of</u> <u>September 30, 2015</u>
Accumulated amortization at beginning of period	\$ (154)
Amortization	(39)
Foreign currency translation	25
<b>Balance at September 30, 2015</b>	<b>\$ (168)</b>

## 9. INVESTMENTS IN ASSOCIATES

The following table presents the change in the balance of investments in associates:

<u>US\$ MILLIONS</u>	<u>For the nine months</u> <u>ended September 30, 2015</u>	<u>For the 12 months</u> <u>ended December 31, 2014</u>
Balance at beginning of period	\$ 2,412	\$ 2,039
Share of earnings for the period - continuing operations	55	58
Share of losses - discontinued operations	—	(8)
Foreign currency translation	(561)	(307)
Share of other reserves for the period - OCI	13	123
Distributions	(68)	(38)
Acquisitions, net of disposals <sup>(1)</sup>	550	856
Reclassification to asset held for sale <sup>(2)</sup>	—	(311)
<b>Ending balance</b>	<b>\$ 2,401</b>	<b>\$ 2,412</b>

1. On March 31, 2015, Brookfield Infrastructure, through a Brookfield sponsored fund, acquired a 21% interest in a European telecommunications infrastructure operations for \$415 million. Brookfield Infrastructure has significant influence through its position in the business. Accordingly, Brookfield Infrastructure equity accounts for the entity.
2. In the fourth quarter of 2014, Brookfield Infrastructure initiated a plan to dispose of its interest in its North American natural gas transmission business—see note 3 for additional information.

The following table presents the carrying value of the partnership's investments in associates:

US\$ MILLIONS	As of	
	September 30, 2015	December 31, 2014
Brazilian toll road operation	\$ 765	\$ 985
South American transmission operation	604	724
European telecommunications infrastructure operation	418	—
Brazilian rail operation	224	320
Other associates <sup>(1)</sup>	390	383
<b>Ending balance</b>	<b>\$ 2,401</b>	<b>\$ 2,412</b>

1. Other includes the partnership's European port operation, Texas electricity transmission project, North American west coast container terminal and U.S. gas storage operation.

The following table summarizes the aggregate balances of investments in associates on a 100% basis:

US\$ MILLIONS	As of	
	September 30, 2015	December 31, 2014
Financial position:		
Total assets	\$ 22,498	\$ 20,135
Total liabilities	(12,110)	(8,760)
Net assets	\$ 10,388	\$ 11,375

US\$ MILLIONS	For the three-month period ended September 30		For the nine-month period ended September 30	
	2015	2014	2015	2014
Financial performance:				
Total revenue	\$ 996	\$ 924	\$ 2,935	\$ 2,379
Total income for the period	76	104	238	155
Brookfield Infrastructure's share of net income	\$ 18	\$ 30	\$ 55	\$ 48

## 10. NON-RECOURSE BORROWINGS

US\$ MILLIONS	As of	
	September 30, 2015	December 31, 2014
Current	\$ 296	\$ 41
Non-current	5,699	6,180
Total	\$ 5,995	\$ 6,221

During the nine month period ended September 30, 2015 subsidiary repayments, net of borrowings, were \$20 million.

Our follow on investment in a tunnel connected to our Chilean toll road led to the consolidation of an additional \$80 million of non-recourse borrowings. Foreign currency translation impacted non-recourse borrowings by \$286 million due to the depreciation of Australian dollar, Canadian dollar and Chilean peso denominated borrowings.

## 11. SEGMENTED INFORMATION

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

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 US\$ MILLIONS	Brookfield Infrastructure's Share						Contribution from investment in associates	Attributable to non- controlling interest	Discontinued Operation	As per IFRS financials <sup>1</sup>
	Utilities	Transport	Energy	Communications Infrastructure	Corporate & Other	Brookfield Infrastructure				
Revenues	\$ 180	\$ 286	\$ 81	\$ 40	\$ —	\$ 587	\$ (234)	\$ 149	\$ (34)	\$ 468
Costs attributed to revenues	(47)	(144)	(43)	(18)	—	(252)	126	(85)	12	(199)
General & administrative expenses	—	—	—	—	(30)	(30)	—	—	—	(30)
<b>Adjusted EBITDA</b>	<b>133</b>	<b>142</b>	<b>38</b>	<b>22</b>	<b>(30)</b>	<b>305</b>	<b>(108)</b>	<b>64</b>	<b>(22)</b>	
Other income (expense)	1	(4)	1	—	6	4	3	(5)	—	2
Interest expense	(35)	(35)	(20)	(2)	(7)	(99)	21	(27)	15	(90)
<b>FFO</b>	<b>99</b>	<b>103</b>	<b>19</b>	<b>20</b>	<b>(31)</b>	<b>210</b>	<b>(84)</b>	<b>32</b>	<b>(7)</b>	
Depreciation and amortization	(38)	(55)	(11)	(15)	—	(119)	52	(30)	—	(97)
Deferred taxes	(5)	4	3	4	5	11	(10)	(1)	(3)	(3)
Mark-to-market on hedging items	6	(2)	(2)	—	40	42	—	9	—	51
Valuation gains (losses) and other	8	(15)	(11)	(7)	4	(21)	24	49	10	62
Share of earnings from associates	—	—	—	—	—	—	18	—	—	18
Loss from discontinued operations, net of tax	—	—	—	—	—	—	—	—	—	—
Net income attributable to non-controlling interest	—	—	—	—	—	—	—	(59)	—	(59)
Net income (loss) attributable to partnership <sup>(2)</sup>	<u>\$ 70</u>	<u>\$ 35</u>	<u>\$ (2)</u>	<u>\$ 2</u>	<u>\$ 18</u>	<u>\$ 123</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 123</u>

- The above table provides each segment's results in the format that management organizes its segments to make operating decisions and assess performance. Each segment is presented on a proportionate basis, taking into account Brookfield Infrastructure's ownership in operations accounted for using the consolidation and equity methods under IFRS. The above table reconciles Brookfield Infrastructure's proportionate results to the partnership's condensed and consolidated statements of operating results on a line by line basis by aggregating the components comprising the earnings from the partnership's investments in associates and reflecting the portion of each line item attributable to non-controlling interests.
- Includes net income (loss) attributable to non-controlling interest – Redeemable Partnership Units held by Brookfield, general partner and limited partners.

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014 US\$ MILLIONS	Brookfield Infrastructure's Share						Contribution from investment in associates	Attributable to non- controlling interest	Discontinued Operation	As per IFRS financials <sup>1</sup>
	Utilities	Transport	Energy	Corporate & Other	Brookfield Infrastructure					
Revenues	\$ 191	\$ 328	\$ 68	\$ —	\$ 587	\$ (220)	\$ 154	\$ (30)	\$ 491	
Costs attributed to revenues	(59)	(169)	(40)	—	(268)	117	(77)	12	(216)	
General & administrative expenses	—	—	—	(28)	(28)	—	—	—	(28)	
<b>Adjusted EBITDA</b>	<b>132</b>	<b>159</b>	<b>28</b>	<b>(28)</b>	<b>291</b>	<b>(103)</b>	<b>77</b>	<b>(18)</b>		
Other income (expense)	2	(12)	—	5	(5)	10	(5)	—	—	
Interest expense	(41)	(45)	(18)	(4)	(108)	27	(24)	15	(90)	
<b>FFO</b>	<b>93</b>	<b>102</b>	<b>10</b>	<b>(27)</b>	<b>178</b>	<b>(66)</b>	<b>48</b>	<b>(3)</b>		
Depreciation and amortization	(39)	(66)	(21)	—	(126)	44	(28)	13	(97)	
Deferred taxes	3	(7)	3	(3)	(4)	(17)	(10)	(2)	(33)	
Mark-to-market on hedging items	3	2	(1)	41	45	—	2	—	47	
Valuation (losses) gains and other	(5)	(6)	4	(14)	(21)	9	(4)	(6)	(22)	
Share of earnings from associates	—	—	—	—	—	30	—	—	30	
Loss from discontinued operations, net of tax	—	—	—	—	—	—	—	(2)	(2)	
Net income attributable to non-controlling interest	—	—	—	—	—	—	(8)	—	(8)	
Net income (loss) attributable to partnership <sup>(2)</sup>	<u>\$ 55</u>	<u>\$ 25</u>	<u>\$ (5)</u>	<u>\$ (3)</u>	<u>\$ 72</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 72</u>	

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 US\$ MILLIONS	Brookfield Infrastructure's Share						Contribution from investment in associates	Attributable to non- controlling interest	Discontinued Operation	As per IFRS financials <sup>1</sup>
	Utilities	Transport	Energy	Communications Infrastructure	Corporate & Other	Brookfield Infrastructure				
Revenues	\$ 520	\$ 871	\$ 259	\$ 82	\$ —	\$ 1,732	\$ (675)	\$ 446	\$ (103)	\$ 1,400
Costs attributed to revenues	(129)	(447)	(135)	(38)	—	(749)	369	(257)	38	(599)
General & administrative expenses	—	—	—	—	(99)	(99)	—	—	—	(99)
<b>Adjusted EBITDA</b>	<b>391</b>	<b>424</b>	<b>124</b>	<b>44</b>	<b>(99)</b>	<b>884</b>	<b>(306)</b>	<b>189</b>	<b>(65)</b>	
Other income (expense)	3	(11)	2	—	21	15	8	(7)	—	16
Interest expense	(107)	(110)	(56)	(4)	(18)	(295)	63	(85)	44	(273)
<b>FFO</b>	<b>287</b>	<b>303</b>	<b>70</b>	<b>40</b>	<b>(96)</b>	<b>604</b>	<b>(235)</b>	<b>97</b>	<b>(21)</b>	
Depreciation and amortization	(115)	(165)	(33)	(31)	—	(344)	144	(93)	—	(293)
Deferred taxes	(21)	7	3	5	9	3	(15)	7	1	(4)
Mark-to-market on hedging items	4	(3)	(3)	—	84	82	—	27	—	109
Valuation (losses) gains and other	(5)	(37)	(20)	(7)	(3)	(72)	51	44	20	43
Share of earnings from associates	—	—	—	—	—	—	55	—	—	55
Loss from discontinued operations, net of tax	—	—	—	—	—	—	—	—	—	—
Net income attributable to non-controlling interest	—	—	—	—	—	—	—	(82)	—	(82)
Net income (loss) attributable to partnership <sup>(2)</sup>	<u>\$ 150</u>	<u>\$ 105</u>	<u>\$ 17</u>	<u>\$ 7</u>	<u>\$ (6)</u>	<u>\$ 273</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 273</u>

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 US\$ MILLIONS	Brookfield Infrastructure's Share						Contribution from investment in associates	Attributable to non- controlling interest	Discontinued Operation	As per IFRS financials <sup>1</sup>
	Utilities	Transport	Energy	Corporate & Other	Brookfield Infrastructure					
Revenues	\$ 554	\$ 923	\$ 231	\$ —	\$ 1,708	\$ (600)	\$ 452	\$ (101)	\$ 1,459	
Costs attributed to revenues	(166)	(472)	(126)	—	(764)	315	(230)	36	(643)	
General & administrative expenses	—	—	—	(84)	(84)	—	—	—	(84)	
<b>Adjusted EBITDA</b>	<b>388</b>	<b>451</b>	<b>105</b>	<b>(84)</b>	<b>860</b>	<b>(285)</b>	<b>222</b>	<b>(65)</b>		
Other income (expense)	6	(28)	—	21	(1)	18	(8)	—	9	
Interest expense	(120)	(132)	(53)	(10)	(315)	79	(75)	44	(267)	
<b>FFO</b>	<b>274</b>	<b>291</b>	<b>52</b>	<b>(73)</b>	<b>544</b>	<b>(188)</b>	<b>139</b>	<b>(21)</b>		
Depreciation and amortization	(118)	(186)	(55)	—	(359)	124	(80)	33	(282)	
Deferred taxes	(12)	3	2	2	(5)	(32)	(17)	(1)	(55)	
Mark-to-market on hedging items	7	5	(1)	(1)	10	(3)	2	—	9	
Valuation (losses) gains and other	(24)	(38)	7	(18)	(73)	51	5	(4)	(21)	
Share of earnings from associates	—	—	—	—	—	48	—	—	48	
Loss from discontinued operations, net of tax	—	—	—	—	—	—	—	(7)	(7)	
Net income attributable to non- controlling interest	—	—	—	—	—	—	(49)	—	(49)	
Net income (loss) attributable to partnership <sup>(2)</sup>	<u>\$ 127</u>	<u>\$ 75</u>	<u>\$ 5</u>	<u>\$ (90)</u>	<u>\$ 117</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 117</u>	

## Segment assets

For the purpose of monitoring segment performance and allocating resources between segments, Brookfield Infrastructure's Executive Management and Board of Directors monitor 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 operating segment for the periods under review:

Total attributable to Brookfield Infrastructure										
AS AT SEPTEMBER 30, 2015 US\$ MILLIONS	Utilities	Transport	Energy	Communications Infrastructure	Corporate & Other	Brookfield Infrastructure	Contribution from investment in associates	Attributable to non- controlling interest	Working capital adjustment	As per IFRS financials <sup>1</sup>
<b>Total assets</b>	<b>\$4,338</b>	<b>\$ 4,247</b>	<b>\$1,803</b>	<b>\$ 820</b>	<b>\$ (179)</b>	<b>\$ 11,029</b>	<b>\$ (3,038)</b>	<b>\$ 3,775</b>	<b>\$ 4,226</b>	<b>\$15,992</b>

  

Total attributable to Brookfield Infrastructure										
AS AT DECEMBER 31, 2014 US\$ MILLIONS	Utilities	Transport	Energy	Communications Infrastructure	Corporate & Other	Brookfield Infrastructure	Contribution from investment in associates	Attributable to non- controlling interest	Working capital adjustment	As per IFRS financials <sup>1</sup>
<b>Total assets</b>	<b>\$4,805</b>	<b>\$ 4,970</b>	<b>\$1,816</b>	<b>\$ —</b>	<b>\$ (56)</b>	<b>\$ 11,535</b>	<b>\$ (1,944)</b>	<b>\$ 4,284</b>	<b>\$ 2,620</b>	<b>\$16,495</b>

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

## 12. SUBSIDIARY PUBLIC ISSUERS

In December 2014, wholly-owned subsidiaries of Brookfield Infrastructure, Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Pty Ltd and Brookfield Infrastructure Finance Limited (collectively, the "Debt Issuers") and Brookfield Infrastructure Preferred Equity Inc. (collectively with the Debt Issuers, the "Issuers"), filed a base shelf prospectus qualifying the distribution of debt securities and Class A preference shares in Canada. The Issuers may offer and sell these instruments in one or more issuances in the aggregate, of up to C\$1 billion (or the equivalent in other currencies).

On October 10, 2012, wholly-owned subsidiaries of Brookfield Infrastructure executed a C\$400 million, five year medium term note offering in the Canadian bond market with a coupon of 3.5%, which was swapped into U.S. dollars on a matched maturity basis at an all in rate of 2.7%.

On March 11, 2015 Brookfield Infrastructure issued C\$450 million of medium-term notes maturing March 11, 2022 with a coupon of 3.5%, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 3.9%.

These notes are unconditionally guaranteed by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., and wholly-owned subsidiaries, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation, Brookfield Infrastructure LLC and BIP Bermuda Holdings I Limited.

The following tables set forth consolidated summary financial information for Brookfield Infrastructure and the Issuers:

	Brookfield Infrastructure <sup>(2)</sup>	The Issuers	Subsidiaries of the partnership other than the Issuers <sup>(3)</sup>	Consolidating adjustments <sup>(4)</sup>	Brookfield Infrastructure consolidated
<b>FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015</b>					
Revenues	\$ —	\$ —	\$ 468	\$ —	\$ 468
Net income (loss) attributable to partnership <sup>(1)</sup>	75	—	(358)	406	123
<b>FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014</b>					
Revenues	\$ —	\$ —	\$ 491	\$ —	\$ 491
Net income (loss) from continuing operations attributable to partnership	46	—	(65)	94	75
Net income (loss) attributable to partnership <sup>(1)</sup>	44	—	(68)	96	72
<b>FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015</b>					
Revenues	\$ —	\$ —	\$ 1,400	\$ —	\$ 1,400
Net income (loss) attributable to partnership <sup>(1)</sup>	160	—	419	(306)	273
<b>FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014</b>					
Revenues	\$ —	\$ —	\$ 1,459	\$ —	\$ 1,459
Net income (loss) from continuing operations attributable to partnership	66	—	183	(125)	124
Net income (loss) attributable to partnership <sup>(1)</sup>	60	—	176	(119)	117
<b>AS AT SEPTEMBER 30, 2015</b>					
Current assets	\$ —	\$ 5	\$ 1,769	\$ (5)	\$ 1,769
Non-current assets	3,504	304	14,223	(3,808)	14,223
Current liabilities	—	7	1,052	(7)	1,052
Non-current liabilities	—	641	10,496	(2,502)	8,635
Non-controlling interests – Redeemable Partnership units held by Brookfield	—	—	1,401	—	1,401
Non-controlling interests – in operating subsidiaries	—	—	1,238	—	1,238
<b>AS AT DECEMBER 31, 2014</b>					
Current assets	\$ —	\$ 3	\$ 1,560	\$ (3)	\$ 1,560
Non-current assets	3,493	351	14,935	(3,844)	14,935
Current liabilities	—	5	821	(5)	821
Non-current liabilities	—	350	11,461	(2,459)	9,352
Non-controlling interests – Redeemable Partnership Units held by Brookfield	—	—	1,321	—	1,321
Non-controlling interests – in operating subsidiaries	—	—	1,444	—	1,444

1. Includes net income (loss) attributable to non-controlling interest – Redeemable Partnership Units held by Brookfield, general partner and limited partners.
2. Includes investments in all subsidiaries of the partnership under the equity method.
3. Includes investments in all subsidiaries of the partnership other than the Issuers on a consolidated basis.
4. Includes elimination of intercompany transactions and balances necessary to present Brookfield Infrastructure on a consolidated basis.

### 13. PARTNERSHIP CAPITAL

The partnership's capital structure is comprised of three classes of partnership units: limited partnership units, general partnership units and preferred partnership units and the Holding LP's capital structure is composed of four classes of partnership units: special limited partner units, managing general partner units, Redeemable Partnership Units held by Brookfield and preferred partnership units.

#### a) General and Limited Partnership Capital

UNITS MILLIONS	General partnership units		Limited partnership units		Total	
	As of and for the nine months ended September 30, 2015	As of and for the 12 months ended Dec. 31, 2014	As of and for the nine months ended September 30, 2015	As of and for the 12 months ended Dec. 31, 2014	As of and for the nine months ended September 30, 2015	As of and for the 12 months ended Dec. 31, 2014
Authorized to issue						
Opening balance	1.1	1.1	\$ 150.3	150.2	\$ 151.4	151.3
Issued for cash	—	—	13.4	0.1	13.4	0.1
Purchased and cancelled	—	—	(1.5)	—	(1.5)	—
Ending balance	<u>1.1</u>	<u>1.1</u>	<u>\$ 162.2</u>	<u>150.3</u>	<u>\$ 163.3</u>	<u>151.4</u>

The weighted average number of special limited partnership units outstanding for the three and nine months ended September 30, 2015 was 1.1 million and 1.1 million, respectively (2014: 1.1 million and 1.1 million, respectively). The weighted average number of limited partnership units outstanding for the three and nine months ended September 30, 2015 was 163.0 million and 158.3 million, respectively (2014: 150.3 million and 150.3 million, respectively).

US\$ MILLIONS	General partner		Limited partners		Total	
	As of and for the nine months ended September 30, 2015	As of and for the 12 months ended Dec. 31, 2014	As of and for the nine months ended September 30, 2015	As of and for the 12 months ended Dec. 31, 2014	As of and for the nine months ended September 30, 2015	As of and for the 12 months ended Dec. 31, 2014
Opening balance	\$ 19	\$ 19	\$ 3,201	\$ 3,199	\$ 3,220	\$ 3,218
Unit issuance	—	—	579	2	579	2
Purchased and cancelled	—	—	(61)	—	(61)	—
Ending balance	<u>\$ 19</u>	<u>\$ 19</u>	<u>\$ 3,719</u>	<u>\$ 3,201</u>	<u>\$ 3,738</u>	<u>\$ 3,220</u>

The partnership has a distribution reinvestment plan (the "Plan") that allows eligible holders of the partnership to purchase additional units by reinvesting their cash distributions. Under the Plan, units are acquired at a price per unit calculated by reference to the volume weighted average of the trading price for our units on the New York Stock Exchange for the five trading days immediately preceding the relevant distribution date. During the three and nine month periods ended September 30, 2015, the partnership issued less than 1 million units for proceeds of \$3 million (2014: less than 1 million units for proceeds of less than \$1 million and less than 1 million units for proceeds of \$2 million, respectively) under the Plan.

In April 2015, Brookfield Infrastructure issued 13.4 million limited partnership units at \$45 per unit under shelf registrations in the U.S. and Canada. In total, \$600 million of gross proceeds were raised through the issuance and \$24 million in equity issuance costs were incurred. Concurrently, Brookfield Infrastructure issued 8.1 million Redeemable Partnership Units to Brookfield for proceeds of \$350 million. As Brookfield participated in the unit offering at a percentage greater than its ownership interest in the Holding LP prior to the equity offering, this resulted in a decrease from 72% to 71% in the partnership's ownership interest in the Holding LP without resulting in a loss of control. The difference between the proportionate amount by which the non-controlling interest in Holding LP was increased and the proceeds of the Redeemable Partnership Unit offering resulted in a gain of \$39 million that was recognized directly in equity.

During the third quarter 2015, Brookfield Infrastructure repurchased and cancelled 2 million limited partnership units for \$61 million and incurred less than \$1 million in commission costs. As Brookfield's Redeemable Partnership Units were not repurchased concurrently, this resulted in a decrease of 71% to 70% in the partnership's ownership interest in the Holding LP without resulting in a loss of control. The difference between the proportionate amount by which the non-controlling interest in Holding LP was increased and the carrying value of the Redeemable Partnership Units resulted in a gain of \$10 million that was recognized directly in equity.

The gain on changes in ownership interest recognized in equity is recorded as ownership changes within the interim Condensed and Consolidated Statements of Partnership Capital. Amounts in accumulated other comprehensive income at the date of the unit offering that were attributable to the limited partners were ratably allocated to accumulated other comprehensive income attributable to non-controlling interest – Redeemable Partnership Units held by Brookfield.

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

UNITS MILLIONS	Non-controlling interest – Redeemable Partnership Units held by Brookfield	
	As of and for the nine months ended September 30, 2015	As of and for the 12 months ended Dec. 31, 2014
Opening balance	58.7	58.7
Issued for cash	8.1	—
Ending balance	66.8	58.7

The weighted average number of Redeemable Partnership Units held by Brookfield outstanding for the three and nine months ended September 30, 2015 was 66.8 million and 63.8, respectively (2014: 58.7 million and 58.7 million, respectively).

US\$ MILLIONS	Non-controlling interest – Redeemable Partnership Units held by Brookfield	
	As of and for the nine months ended September 30, 2015	As of and for the 12 months ended Dec. 31, 2014
Opening balance	\$ 1,178	\$ 1,178
Unit issuance	350	—
Ending balance	\$ 1,528	\$ 1,178

#### c) Preferred Unitholders' Capital

UNITS MILLIONS	Preferred Units	
	As of and for the nine months ended September 30, 2015	As of and for the 12 months ended Dec. 31, 2014
<b>Authorized to issue</b>		
Opening balance	—	—
Issued for cash	5.0	—
Ending balance	5.0	—

US\$ MILLIONS	Preferred Unitholders	
	As of and for the nine months ended September 30, 2015	As of and for the 12 months ended Dec. 31, 2014
Opening balance	\$ —	\$ —
Unit issuance	96	—
Ending balance	\$ 96	\$ —

In March 2015, Brookfield Infrastructure issued 5 million of cumulative rate reset Class A preferred limited partnership units, Series 1, at C\$25.00 with a fixed annual distribution of 4.5%, redeemable by Brookfield Infrastructure for a term of 5 years. In total, C\$125 million or \$100 million of gross proceeds were raised and \$4 million in equity issuance costs were incurred. Fixed, cumulative, preferential cash distributions, as and when declared by the general partner of the partnership, are payable

quarterly on the last day of March, June, September, and December, at an annual rate of 4.5% or \$1.125 per unit. For every five-year period after the issuance, the distribution rate will reset to the 5-Year Government of Canada bond rate plus 356 basis points. On September 30, 2020 and on September 30 every five years thereafter, holders of Series 1 Preferred Units will have the right to elect to convert any or all of their Series 1 Preferred Units into an equal number of Cumulative Floating Rate Class A Preferred Limited Partnership Units, Series 2. Series 2 Preferred Units pay a floating quarterly distribution equal to the 90-day Canadian Treasury Bill Rate plus 356 basis points on an actual day count basis.

On August 5, 2015 the Toronto Stock Exchange (“TSX”) accepted a notice filed by Brookfield Infrastructure to commence a normal course issuer bid for its preferred limited partnership units. Under the normal course issuer bid, Brookfield Infrastructure is authorized to repurchase up to 0.5 million preferred limited partnership units, representing 10% of the issued and outstanding preferred limited partnership units. Repurchases were authorized to commence on August 7, 2015 and will terminate on August 6, 2016, or earlier should Brookfield Infrastructure complete its repurchases prior to such date. All purchases will be made through the facilities of the TSX and all preferred limited partnership units acquired under the normal course issuer bid will be cancelled.

#### 14. DISTRIBUTIONS

For the three and nine months ended September 30, 2015, distributions to partnership unitholders were \$122 million and \$356 million, respectively, or \$0.53 per partnership unit (2014: \$101 million and \$303 million, respectively).

Additionally, incentive distributions were made to an affiliate of Brookfield, in its capacity as the special limited partner of the Holding LP, in the amount of \$17 million and \$49 million for the three and nine months ended September 30, 2015 (\$11 million and \$33 million for the three and nine months ended September 30, 2014).

For the three and nine months ended September 30, 2015 the partnership declared distributions of C\$1.4 million or C\$0.28 per preferred unit and C\$3.1 million or C\$0.62 per preferred unit, respectively.

#### 15. ACCUMULATED OTHER COMPREHENSIVE INCOME

##### a) Attributable to Limited Partners

US\$ MILLIONS	Revaluation Surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Available-for-sale	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance as at January 1, 2015	\$ 812	\$ (428)	\$ 36	\$ (96)	\$ 14	\$ (25)	\$ 342	\$ 655
Other comprehensive (loss) income	—	(478)	57	(27)	(19)	—	10	(457)
Other items (note 13)	(21)	11	(1)	1	—	(1)	(4)	(15)
Balance as at September 30, 2015	\$ 791	\$ (895)	\$ 92	\$ (122)	\$ (5)	\$ (26)	\$ 348	\$ 183

US\$ MILLIONS	Revaluation Surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Available-for-sale	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance as at January 1, 2014	\$ 652	\$ (94)	\$ (65)	\$ (63)	\$ 10	\$ (6)	\$ 254	\$ 688
Other comprehensive (loss) income	—	(170)	31	(15)	12	(1)	(59)	(202)
Balance as at September 30, 2014	\$ 652	\$ (264)	\$ (34)	\$ (78)	\$ 22	\$ (7)	\$ 195	\$ 486

##### b) Attributable to General Partner

US\$ MILLIONS	Revaluation Surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Available-for-sale	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance as at January 1, 2015	\$ 6	\$ (2)	\$ 1	\$ (1)	\$ —	\$ —	\$ 1	\$ 5
Other comprehensive loss	—	(3)	—	—	—	—	—	(3)
Balance as at September 30, 2015	\$ 6	\$ (5)	\$ 1	\$ (1)	\$ —	\$ —	\$ 1	\$ 2

US\$ MILLIONS	Revaluation Surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Available-for-sale	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance as at January 1, 2014	\$ 5	\$ —	\$ —	\$ (1)	\$ —	\$ —	\$ 2	\$ 6
Other comprehensive loss	—	(2)	—	—	—	—	—	(2)
Balance as at September 30, 2014	\$ 5	\$ (2)	\$ —	\$ (1)	\$ —	\$ —	\$ 2	\$ 4

### 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	Available-for-sale	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance as at January 1, 2015	\$ 335	\$ (160)	\$ 12	\$ (41)	\$ 6	\$ (8)	\$ 139	\$ 283
Other comprehensive (loss) income	—	(189)	22	(11)	(8)	—	3	(183)
Other items (note 12)	9	(11)	1	(1)	—	1	4	3
Balance as at September 30, 2015	\$ 344	\$ (360)	\$ 35	\$ (53)	\$ (2)	\$ (7)	\$ 146	\$ 103

US\$ MILLIONS	Revaluation Surplus	Foreign currency translation	Net investment hedges	Cash flow hedges	Available-for-sale	Unrealized actuarial losses	Equity accounted investments	Accumulated other comprehensive income
Balance as at January 1, 2014	\$ 272	\$ (30)	\$ (27)	\$ (28)	\$ 4	\$ (2)	\$ 106	\$ 295
Other comprehensive (loss) income	—	(65)	13	(7)	5	—	(25)	(79)
Balance as at September 30, 2014	\$ 272	\$ (95)	\$ (14)	\$ (35)	\$ 9	\$ (2)	\$ 81	\$ 216

## 16. RELATED PARTY TRANSACTIONS

In the normal course of operations, Brookfield Infrastructure entered into the transactions below with related parties on market terms. These transactions have been measured at fair value and are recognized in the consolidated interim and condensed financial statements.

The immediate parent of Brookfield Infrastructure is the partnership. The ultimate parent of Brookfield Infrastructure is Brookfield. Other related parties of Brookfield Infrastructure represent its subsidiary and operating entities.

### a) Transactions with the immediate parent

Throughout the year, the General Partner, in its capacity as the partnership's general partner, incurs director fees, a portion of which are charged at cost to the partnership in accordance with the limited partnership agreement. Less than \$1 million in director fees were incurred during the three and nine months ended September 30, 2015 (2014: less than \$1 million).

### b) Transactions with other related parties

Since inception, Brookfield Infrastructure had a management agreement with its external service providers, wholly-owned subsidiaries of Brookfield.

Pursuant to the Master Services Agreement, on a quarterly basis, Brookfield Infrastructure pays a base management fee, referred to as the Base Management Fee, to the Service Provider equal to 0.3125% per quarter (1.25% annually) of the market value of the partnership. The Base Management Fee was \$28 million and \$93 million for the three and nine months ended September 30, 2015 (\$26 million and \$78 million for the three and nine months ended September 30, 2014).

For purposes of calculating the Base Management Fee, the market value of the partnership is equal to the aggregate value of all the outstanding limited partnership units of the partnership (assuming full conversion of Brookfield's Redeemable Partnership Units in Brookfield Infrastructure into limited partnership units of the 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.

During the three and nine months ended September 30, 2015, \$2 million and \$6 million was reimbursed at cost to the Service Provider (\$2 million and \$6 million for the three and nine months ended September 30, 2014). These amounts represent third party costs that were paid for by Brookfield on behalf of Brookfield Infrastructure relating to general and administrative expenses, and acquisition related expenses of Brookfield Infrastructure. These expenses were charged to Brookfield Infrastructure at cost.

Brookfield Infrastructure has placed funds on deposit with Brookfield. Interest earned on the deposits is at market terms. At September 30, 2015, Brookfield Infrastructure's deposit balance with Brookfield was \$337 million (December 31, 2014: less than \$1 million) and earned interest of less than \$1 million and \$1 million for the three and nine months ended September 30, 2015 (2014: less than \$1 million and less than \$1 million for the three and nine months ended September 30, 2014).

Brookfield Infrastructure's North American district energy operation has various right of way easements and leases office space on market terms with subsidiaries of Brookfield Office Properties Inc. The North American district energy operation also utilizes consulting and engineering services provided by a wholly-owned subsidiary of Brookfield on market terms. For the nine months ended September 30, 2015, revenues of \$1 million were generated and expenses of less than \$1 million were incurred (September 30, 2014 revenues of \$1 million were generated and expenses of less than \$1 million were incurred).

## **17. SUBSEQUENT EVENTS**

### *a) Ferroports senior secured note investment*

On October 7, 2015, Brookfield Infrastructure invested \$200 million in 7-year senior secured notes with a coupon of 8.5% of PrumoPar, a Brazilian logistics company and 50% joint venturer in Ferroports, a Brazilian iron ore export terminal. The loan is secured by PrumoPar's stake in Ferroports and was issued at a 2% discount to face value. PrumoPar will utilize the funds to further invest in the terminal.

### *b) Issuance of Medium Term Notes*

On October 30, 2015, wholly-owned subsidiaries of Brookfield Infrastructure issued two tranches of medium-term notes; C\$125 million of 3-year notes maturing October 30, 2018 with a coupon of 3.0% and C\$375 million of 5-year notes maturing October 30, 2020 with a coupon of 3.5%. The 3-year and 5-year medium term notes were swapped into U.S. dollars on a matched maturity basis at an all-in rate of 3.32% and 3.95%, respectively.